Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	910 224 166
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	IKEA HANDEL OG EIENDOM AS
Forretningsadresse:	1396 BILLINGSTAD

Regnskapsår

Årsregnskapets periode:	01.09.2020 - 31.08.2021

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	-

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Inger-Helene Østby
Dato for fastsettelse av årsregnskapet:	11.11.2021

Grunnlag for avgivelse

År 2021: Årsregnskapet er elektronisk innlevert
År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 21.02.2023

Resultatregnskap

Beløp i: NOK	Note	2021	2020
RESULTATREGNSKAP			
Kostnader			
Annen driftskostnad	2	241 770	370 196
Sum kostnader		**241 770**	**370 196**
Driftsresultat		**-241 770**	**-370 196**
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap		306 813 631	402 029 219
Renteinntekt fra foretak i samme konsern		12 596 164	8 286 170
Annen renteinntekt			421 061
Annen finansinntekt			3 866 618
Sum finansinntekter		**319 409 795**	**414 603 068**
Rentekostnad til foretak i samme konsern		39 243 519	46 900 902
Annen rentekostnad			612 825
Sum finanskostnader		**39 243 519**	**47 513 727**
Netto finans		**280 166 276**	**367 089 341**
Ordinært resultat før skattekostnad		**279 924 506**	**366 719 145**
Skattekostnad	7	17 583 392	50 056 819
Ordinært resultat etter skattekostnad		**262 341 115**	**316 662 326**
Årsresultat		**262 341 115**	**316 662 326**
Årsresultat etter minoritetsinteresser		**262 341 115**	**316 662 326**
Totalresultat		**262 341 115**	**316 662 326**
Overføringer og disponeringer			
Ordinært utbytte		250 000 000	500 000 000
Overføring fra(-) /til annen egenkapital	5	12 341 115	-183 337 674
Sum overføringer og disponeringer		**262 341 115**	**316 662 326**

Balanse

Beløp i: NOK	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Finansielle anleggsmidler			
Investering i datterselskap	3	4 697 190 303	4 697 190 303
Sum finansielle anleggsmidler		**4 697 190 303**	**4 697 190 303**
Sum anleggsmidler		**4 697 190 303**	**4 697 190 303**
Omløpsmidler			
Varer			
Fordringer			
Konsernfordringer	6	1 000 010 725	1 584 026 342
Sum fordringer		**1 000 010 725**	**1 584 026 342**
Bankinnskudd, kontanter og lignende			
Kasse, bankinnskudd		1 274 707	33 192 767
Sum bankinnskudd, kontanter og lignende		**1 274 707**	**33 192 767**
Sum omløpsmidler		**1 001 285 431**	**1 617 219 109**
SUM EIENDELER		**5 698 475 734**	**6 314 409 412**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Aksjekapital (100 aksjer à kr 20.000)	4	2 000 000	2 000 000
Sum innskutt egenkapital		**2 000 000**	**2 000 000**
Opptjent egenkapital			
Annen egenkapital		2 971 862 812	2 959 521 697
Sum opptjent egenkapital		**2 971 862 812**	**2 959 521 697**

Balanse

Beløp i: NOK	Note	2021	2020
Sum egenkapital	5	**2 973 862 812**	**2 961 521 697**
Gjeld			
Langsiktig gjeld			
Utsatt skatt	7	15 452	19 315
Sum avsetninger for forpliktelser		**15 452**	**19 315**
Annen langsiktig gjeld			
Sum langsiktig gjeld		**15 452**	**19 315**
Kortsiktig gjeld			
Betalbar skatt	7	20 562 144	46 825 244
Skyldige offentlige avgifter		175 289 084	180 507 156
Utbytte	4, 7	250 000 000	500 000 000
Kortsiktig konserngjeld	6	2 278 731 730	2 625 489 699
Annen kortsiktig gjeld		14 512	46 300
Sum kortsiktig gjeld		**2 724 597 470**	**3 352 868 400**
Sum gjeld		**2 724 612 922**	**3 352 887 715**
SUM EGENKAPITAL OG GJELD		**5 698 475 734**	**6 314 409 412**

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Til generalforsamlingen i IKEA Handel og Eiendom AS

Uavhengig revisors beretning

Uttalelse om revisjonen av årsregnskapet

Konklusjon

Vi har revidert IKEA Handel og Eiendom AS' årsregnskap som viser et overskudd på kr 262 341 114. Årsregnskapet består av balanse per 31. august 2021, resultatregnskap og kontantstrømoppstilling for regnskapsåret avsluttet per denne datoen og noteopplysninger til årsregnskapet, herunder et sammendrag av viktige regnskapsprinsipper.

Etter vår mening er det medfølgende årsregnskapet avgitt i samsvar med lov og forskrifter og gir et rettvisende bilde av selskapets finansielle stilling per 31. august 2021, og av dets resultater og kontantstrømmer for regnskapsåret avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.

Grunnlag for konklusjonen

Vi har gjennomført revisjonen i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder de internasjonale revisjonsstandardene International Standards on Auditing (ISA-ene). Våre oppgaver og plikter i henhold til disse standardene er beskrevet i Revisors oppgaver og plikter ved revisjon av årsregnskapet. Vi er uavhengige av selskapet slik det kreves i lov og forskrift, og har overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Etter vår oppfatning er innhentet revisjonsbevis tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

Øvrig informasjon

Ledelsen er ansvarlig for øvrig informasjon. Øvrig informasjon omfatter informasjon i årsrapporten bortsett fra årsregnskapet og den tilhørende revisjonsberetningen.

Vår uttalelse om revisjonen av årsregnskapet dekker ikke øvrig informasjon, og vi attesterer ikke den øvrige informasjonen.

I forbindelse med revisjonen av årsregnskapet er det vår oppgave å lese øvrig informasjon med det formål å vurdere hvorvidt det foreligger vesentlig inkonsistens mellom øvrig informasjon og årsregnskapet, kunnskap vi har opparbeidet oss under revisjonen, eller hvorvidt den tilsynelatende inneholder vesentlig feilinformasjon.

Dersom vi konkluderer med at den øvrige informasjonen inneholder vesentlig feilinformasjon er vi pålagt å rapportere det. Vi har ingenting å rapportere i så henseende.

Styrets ansvar for årsregnskapet

Styret (ledelsen) er ansvarlig for å utarbeide årsregnskapet i samsvar med lov og forskrifter, herunder for at det gir et rettvisende bilde i samsvar med regnskapslovens regler og god regnskapsskikk i Norge. Ledelsen er også ansvarlig for slik internkontroll som den finner nødvendig for å kunne utarbeide et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil.

Ved utarbeidelsen av årsregnskapet må ledelsen ta standpunkt til selskapets evne til fortsatt drift og opplyse om forhold av betydning for fortsatt drift. Forutsetningen om fortsatt drift skal legges til grunn for årsregnskapet så lenge det ikke er sannsynlig at virksomheten vil bli avviklet.

Revisors oppgaver og plikter ved revisjonen av årsregnskapet

Vårt mål med revisjonen er å oppnå betryggende sikkerhet for at årsregnskapet som helhet ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil, og å avgi en revisjonsberetning som inneholder vår konklusjon. Betryggende sikkerhet er en høy grad av sikkerhet, men ingen garanti for at en revisjon utført i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, alltid vil avdekke vesentlig feilinformasjon som eksisterer. Feilinformasjon kan oppstå som følge av misligheter eller utilsiktede feil. Feilinformasjon blir vurdert som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke økonomiske beslutninger som brukerne foretar basert på årsregnskapet.

Som del av en revisjon i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, utøver vi profesjonelt skjønn og utviser profesjonell skepsis gjennom hele revisjonen. I tillegg:

- identifiserer og anslår vi risikoen for vesentlig feilinformasjon i regnskapet, enten det skyldes misligheter eller utilsiktede feil. Vi utformer og gjennomfører revisjonshandlinger for å håndtere slike risikoer, og innhenter revisjonsbevis som er tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon. Risikoen for at vesentlig feilinformasjon som følge av misligheter ikke blir avdekket, er høyere enn for feilinformasjon som skyldes utilsiktede feil, siden misligheter kan innebære samarbeid, forfalskning, bevisste utelatelser, uriktige fremstillinger eller overstyring av internkontroll.

- opparbeider vi oss en forståelse av den interne kontroll som er relevant for revisjonen, for å utforme revisjonshandlinger som er hensiktsmessige etter omstendighetene, men ikke for å gi uttrykk for en mening om effektiviteten av selskapets interne kontroll.

- evaluerer vi om de anvendte regnskapsprinsippene er hensiktsmessige og om regnskapsestimatene og tilhørende noteopplysninger utarbeidet av ledelsen er rimelige.

- konkluderer vi på hensiktsmessigheten av ledelsens bruk av fortsatt drift-forutsetningen ved avleggelsen av regnskapet, basert på innhentede revisjonsbevis, og hvorvidt det foreligger vesentlig usikkerhet knyttet til hendelser eller forhold som kan skape tvil av betydning om selskapets evne til fortsatt drift. Dersom vi konkluderer med at det eksisterer vesentlig usikkerhet, kreves det at vi i revisjonsberetningen henleder oppmerksomheten på tilleggsopplysningene i regnskapet, eller, dersom slike tilleggsopplysninger ikke er tilstrekkelige, at vi modifiserer vår konklusjon om årsregnskapet og årsberetningen. Våre konklusjoner er basert på revisjonsbevis innhentet inntil datoen for revisjonsberetningen. Etterfølgende hendelser eller forhold kan imidlertid medføre at selskapet ikke fortsetter driften.

- evaluerer vi den samlede presentasjonen, strukturen og innholdet, inkludert tilleggsopplysningene, og hvorvidt årsregnskapet representerer de underliggende transaksjonene og hendelsene på en måte som gir et rettvisende bilde.

Vi kommuniserer med styret blant annet om det planlagte omfanget av revisjonen og til hvilken tid revisjonsarbeidet skal utføres. Vi utveksler også informasjon om forhold av betydning som vi har avdekket i løpet av revisjonen, herunder om eventuelle svakheter av betydning i den interne kontrollen.

KPMG

Revisors beretning - 2021
IKEA Handel og Eiendom AS

Uttalelse om andre lovmessige krav

Konklusjon om årsberetningen

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, mener vi at opplysningene i årsberetningen om årsregnskapet, forutsetningen om fortsatt drift og forslaget til resultatdisponering er konsistente med årsregnskapet og i samsvar med lov og forskrifter.

Konklusjon om registrering og dokumentasjon

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, og kontrollhandlinger vi har funnet nødvendig i henhold til internasjonal standard for attestasjonsoppdrag (ISAE) 3000 «Attestasjonsoppdrag som ikke er revisjon eller forenklet revisorkontroll av historisk finansiell informasjon», mener vi at ledelsen har oppfylt sin plikt til å sørge for ordentlig og oversiktlig registrering og dokumentasjon av selskapets regnskapsopplysninger i samsvar med lov og god bokføringsskikk i Norge.

Oslo, 16. november 2021
KPMG AS

Øivind Karlsen
Statsautorisert revisor
(elektronisk signert)

Signaturene i dette dokumentet er juridisk bindende. Dokument signert med "Penneo™ - sikker digital signatur". De signerende parter sin identitet er registrert, og er listet nedenfor.

"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Øivind Karlsen
Partner
På vegne av: KPMG AS
Serienummer: 9578-5997-4-377389
IP: 80.232.xxx.xxx
2021-11-16 13:54:13 UTC

bank ID

Penneo Dokumentnøkkel: B81C8-YBNJE-8C42E-FHIXE-ZZECP-UZDQD

Årsregnskap og årsberetning

IKEA HANDEL OG EIENDOM AS

31. august 2021

IKEA HANDEL OG EIENDOM AS
Styrets Årsberetning 2020/2021

Virksomheten
Selskapet har ingen egen aktivitet utover å eie aksjer i de heleide datterselskapene IKEA AS og IKEA Eiendom Holding AS. IKEA AS driver salg av hjemmeinnredningsartikler ut fra 7 varehus lokalisert i Oslo, Asker, Bergen, Stavanger, Trondheim, Lillesand og Ringsaker, samt fra nettbutikk og et separat planleggingsstudio i Oslo. IKEA Eiendom Holding AS eier gjennom sine datterselskap IKEA-varehusene i Norge med tilhørende tomter.

Selskapets forretningskontor ligger i Asker. Selskapets regnskapsår er fra 1. september til 31. august.

Fortsatt drift
I samsvar med Regnskapslovens § 3-3 bekreftes det at forutsetningene for fortsatt drift er til stede. Basert på datterselskapenes inntjening vil IKEA Handel & Eiendom AS motta utbytte/ konsernbidrag som vil være tilstrekkelig til å betjene morselskapets gjeld. IKEA AS har levert et godt resultat for FY21 til tross for at koronapandemien har fulgt selskapet også gjennom dette året, og sikter mot nok ett godt år i FY22.

Arbeidsmiljø
Selskapet har ikke ansatte.

Ytre miljø
Virksomheten forurenser ikke det ytre miljø. I likhet med de øvrige IKEA-selskaper og virksomheter i Norge er målsetningen at virksomhetene skal ha en samlet positiv virkning på mennesker og miljø og det arbeides herunder målbevisst med en høy grad av gjenvinning i alle ledd av virksomheten.

Konsernregnskap
Det utarbeides ikke konsernregnskap. Selskapet med underliggende datterselskap er konsolidert inn i konsernregnskapet til INGKA Holding B.V. Dette regnskapet kan fås utlevert ved henvendelse til IKEA Handel og Eiendom AS, Nesbruveien 42, 1396 Billingstad.

Redegjørelse for årsregnskapet
Det er inntektsført totalt NOK 107 millioner i konsernbidrag og NOK 200 millioner i utbytte fra datterselskap.

Etter styrets oppfatning gir årsregnskapet en rettvisende oversikt over utvikling og resultatet av virksomheten og dens stilling.

Markedsrisiko/ Kredittrisiko og likviditetsrisiko
Selskapet er eksponert for endringer i rentenivået ved at Selskapets kortsiktige gjeld samt innskudd i konsernkonto har flytende rente.

Likviditeten i Selskapet vurderes som god og det er ikke besluttet å innføre tiltak som endrer likviditetsrisiko.

Fremtidig utvikling
Selskapet vil fortsatt være et rent eierselskap som vil motta konsernbidrag og utbytte basert på datterselskapenes inntjening.

Resultatdisponering
Styret foreslår at årsresultatet på NOK 262 341 114 disponeres som følger:

Avsatt til utbytte	NOK 250 000 000
Overført til annen egenkapital	NOK 12 341 114
Sum overføringer	**NOK 262 341 114**

Billingstad, 11. november 2021
Styret for IKEA Handel og Eiendom AS

Mikael Palmquist	Carl Johan Viktor Aaby	Per Henrik Olshov
styreleder	styremedlem	styremedlem

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IKEA HANDEL OG EIENDOM AS

Resultatregnskap

NOTE	DRIFTSINNTEKTER OG DRIFTSKOSTNADER	01/09/2020 - 31/08/2021	01/09/2019 - 31/08/2020
2	Annen driftskostnad	-241 770	-370 196
	Sum driftskostnader	**-241 770**	**-370 196**
	Driftsresultat	**-241 770**	**-370 196**
	FINANSINNTEKTER OG FINANSKOSTNADER		
	Inntektsført konsernbidrag fra konsernselskap	106 813 631	262 029 219
	Inntektsført utbytte fra datterelskap	200 000 000	140 000 000
	Renteinntekt fra foretak i samme konsern	12 596 164	8 286 170
	Annen renteinntekt	0	421 061
	Annen finansinntekt	0	3 866 618
	Rentekostnad til foretak i samme konsern	-39 243 519	-46 900 902
	Annen rentekostnad	0	-612 825
	Netto finansresultat	**280 166 276**	**367 089 341**
	Resultat før skatt	**279 924 506**	**366 719 145**
7	Skattekostnad	17 583 392	50 056 819
	Ordinært resultat	**262 341 114**	**316 662 326**
	ÅRSRESULTAT	**262 341 114**	**316 662 326**
	OVERFØRINGER		
5	Overføring fra(-) /til annen egenkapital	12 341 114	-183 337 674
	Avsatt til utbytte	250 000 000	500 000 000
	Sum overføringer	262 341 114	316 662 326

IKEA HANDEL OG EIENDOM AS

Balanse

NOTE	EIENDELER	31/08/2021	31/08/2020
	Anleggsmidler		
	Immaterielle eiendeler		
7	Utsatt skattefordel	0	0
	Sum immaterielle eiendeler	0	0
	Finansielle anleggsmidler		
3	Investering i datterselskap	4 697 190 303	4 697 190 303
6	Fordringer på selskap i samme konsern	0	0
	Sum finansielle anleggsmidler	4 697 190 303	4 697 190 303
	Sum anleggsmidler	**4 697 190 303**	**4 697 190 303**
	Omløpsmidler		
	Fordringer		
	Andre fordringer	0	0
6	Fordring på selskap i samme konsern	1 000 010 725	1 584 026 343
	Sum fordringer	1 000 010 725	1 584 026 343
	Bankinnskudd, kontanter o.l.	1 274 707	33 192 767
	Sum omløpsmidler	**1 001 285 432**	**1 617 219 110**
	SUM EIENDELER	**5 698 475 735**	**6 314 409 413**

IKEA HANDEL OG EIENDOM AS

Balanse

NOTE	EGENKAPITAL OG GJELD	31/08/2021	31/08/2020
	Egenkapital		
	Innskutt egenkapital		
4	Aksjekapital (100 aksjer à NOK 20 000)	2 000 000	2 000 000
	Sum innskutt egenkapital	2 000 000	2 000 000
	Opptjent egenkapital		
	Annen egenkapital	2 971 862 811	2 959 521 697
	Sum opptjent egenkapital	**2 971 862 811**	**2 959 521 697**
5	**Sum egenkapital**	**2 973 862 811**	**2 961 521 697**
	Gjeld		
	Avsetning for forpliktelser		
7	Utsatt skatt	15 452	19 315
	Sum avsetning for forpliktelser	**15 452**	**19 315**
	Kortsiktig gjeld		
	Leverandørgjeld	0	0
4, 7	Avsatt utbytte	250 000 000	500 000 000
7	Betalbar skatt	20 562 144	46 825 244
	Skyldige offentlige avgifter	175 289 084	180 507 156
6	Gjeld til selskap i samme konsern	2 278 731 730	2 625 489 699
	Annen kortsiktig gjeld	14 512	46 300
	Sum kortsiktig gjeld	**2 724 597 470**	**3 352 868 399**
	Sum gjeld	**2 724 612 922**	**3 352 887 714**
	SUM EGENKAPITAL OG GJELD	**5 698 475 735**	**6 314 409 413**

Billingstad, 11. november 2021

I styret for IKEA HANDEL OG EIENDOM AS

Mikael Palmquist	Carl Johan Viktor Aaby	Per Henrik Olshov
styreleder	styremedlem	styremedlem

IKEA HANDEL OG EIENDOM AS

Kontantstrømoppstilling

(i NOK 1 000)

	01/09/2020 - 31/08/2021	01/09/2019 - 31/08/2020
KONTANTSTRØMMER FRA OPERASJONELLE AKTIVITETER:		
Resultat før skattekostnad	279 925	366 719
Resultatført inntekt på investering i datterselskaper	-306 814	-402 029
Periodens betalte skatt	-43 850	-15 789
Endringer i konsernmellomværender, ekskl konsernkontoordning	356 781	-298 543
Endring i andre omløpsmidler og andre gjeldsposter	-5 250	-74 588
Netto kontantstrømmer fra operasjonelle aktiviteter	**280 792**	**-424 230**
KONTANTSTRØMMER FRA INVESTERINGSAKTIVITETER:		
Utbetalt utbytte	-500 000	0
Netto kontantstrøm fra investeringsaktiviteter	**-500 000**	**0**
KONTANTSTRØMMER FRA FINANSIERINGSAKTIVITETER:		
Innbetalt konsernbidrag og utbytte	402 029	48 813
Netto endring kortsiktig utplassering/lån	211 504	-333 075
Netto endring i konsernkontoordning	-426 243	707 050
Netto kontantstrøm fra finansieringsaktiviteter	**187 290**	**422 788**
Netto endring i bankinnskudd, kontanter og lignende	-31 918	-1 442
Beholdning av bankinnskudd, kontanter og lignende pr 01.09.	33 193	34 635
Beholdning av bankinnskudd, kontanter og lignende pr 31.08.	**1 275**	**33 193**

IKEA HANDEL OG EIENDOM AS
Noter til regnskapet 2020/2021

Note 1 Regnskapsprinsipper

Årsregnskapet er satt opp i samsvar med regnskapsloven av 1998 og god regnskapsskikk i Norge.

Selskapet har som de øvrige selskapene i IKEA konsernet avvikende regnskapsår fra 01.09. til 31.08.

Hovedregel for vurdering og klassifisering av eiendeler og gjeld
Eiendeler bestemt til varig eie eller bruk er klassifisert som anleggsmidler. Andre eiendeler er klassifisert som omløpsmidler. Fordringer som skal tilbakebetales innen ett år er klassifisert som omløpsmidler. Ved klassifisering av kortsiktig og langsiktig gjeld er tilsvarende kriterier lagt til grunn.

Fordringer klassifisert som anleggsmidler er balanseført til anskaffelseskost og nedskrevet til virkelig verdi ved verdifall som ikke forventes å være forbigående.

Omløpsmidler er vurdert til laveste av anskaffelseskost og virkelig verdi.

Annen langsiktig gjeld og kortsiktig gjeld er vurdert til pålydende beløp.

Eiendeler og gjeld i utenlandsk valuta
Pengeposter i utenlandsk valuta er i balansen omregnet til balansedagens kurs.

Investering i datterselskap
Investeringer i datterselskap er i morselskapet vurdert etter kostmetoden. Investeringen er vurdert til anskaffelseskost for aksjene med mindre nedskrivning har vært nødvendig. Det er foretatt nedskrivning til virkelig verdi når verdifallet ikke antas å være forbigående. Nedskrivninger er reversert når grunnlaget for nedskrivning ikke lenger er tilstede.

Utbytte og konsernbidrag fra datterselskapene er inntektsført som finansinntekt i avsetningsåret. I den grad utbytte og konsernbidrag overstiger tilbakeholdte resultater i egen eierperiode anses utdelingen som tilbakebetaling av kapital og er ført som reduksjon av investeringen. Som en forenkling er det ikke tatt hensyn til avskrivning på merverdi ved vurdering merverdi ved vurdering av inntektsføring av utbytte og konsernbidrag.

Det er ikke utarbeidet konsernregnskap. Selskapet med datterselskap er konsolidert inn i INGKA Holding B.V.

Bankinnskudd, kontanter o.l.
Bankinnskudd, kontanter ol. inkluderer kontanter, bankinnskudd og andre betalingsmidler med forfallsdato som er kortere enn tre måneder fra anskaffelse. Selskapet er kontoeier i en konsernkontoordning. Innskudd/trekk for øvrige selskaper med i ordningen er klassifisert som konserngjeld/-fordring.

Skatter
Skattekostnaden sammenstilles med regnskapsmessig resultat før skatt. Skatt knyttet til egenkapitaltransaksjoner er ført mot egenkapitalen. Skattekostnaden består av betalbar skatt (skatt på årets direkte skattepliktige inntekt) og endring i netto utsatt skatt. Skattekostnaden er fordelt på ordinært resultat og resultat av ekstraordinære poster i henhold til skattegrunnlaget. Utsatt skatt og utsatt skattefordel er presentert netto i balansen.

Usikre forpliktelser hvor det er sannsynlighetsovervekt for at den ikke vil komme til oppgjør, er ikke regnskapsført. Med bakgrunn i en Høysterettsdom fra desember 2013 er likevel ligningsvedtak regnskapsført i tråd med vedtak selv om selskapet mener det er sannsynlighetsovervekt for at det til slutt ikke vil komme til oppgjør.

Kontantstrømoppstilling
Kontantstrømoppstillingen er utarbeidet etter indirekte metode.

IKEA HANDEL OG EIENDOM AS

Noter til regnskapet 2020/2021

Note 2 Godtgjørelser til ledende ansatte, styret og revisor

Det er ingen ansatte i selskapet.

Fra juli 2021 har selskapet ingen adm.dir. Tidligere adm.dir. har ikke fått egen godtgjørelse for denne stillingen.

Det er ikke gitt lån eller sikkerhetsstillelse til fordel for daglig leder, styremedlemmer eller øvrig ansatte.

Det er ikke utbetalt honorar til styret. Det er ikke avtale om sluttvederlag eller egen bonusordning for styremedlemmene.

Godtgjørelse til revisor og samarbeidende selskaper fordeler seg slik:

(NOK 1 000, eksklusiv merverdiavgift)	2021	2020
Lovpålagt revisjon	35	55
Andre tjenester utenfor lovpålagt revisjon	0	0

Note 3 Investering i datterselskap

Firma	Ansk. tidspunkt	Forretnings-kontor	Stemme og Eierandel
IKEA AS	Januar 2004	Asker	100 %
IKEA Eiendom Holding AS, med datterselskapene:	Desember 2007	Asker	100 %
Landbruksveien 2 AS (anskaffet mai 2007)		Asker	100 %
Grenseveien 2 AS (anskaffet mai 2007)		Asker	100 %
Strømsveien 303 AS (anskaffet mai 2007)		Asker	100 %
Nesbruveien 40 AS (anskaffet mai 2007)		Asker	100 %
Dalaveien AS (anskaffet mai 2007)		Asker	100 %
Forus-Nord AS (anskaffet mai 2007)		Asker	100 %
Snelledalen AS (anskaffet februar 2008)		Asker	100 %
Danebuåsen AS (anskaffet september 2009)		Asker	100 %
Nydal Øst AS (anskaffet juni 2013)		Asker	100 %
Stormåsan Lager AS (anskaffet september 2016)		Asker	100 %
Vestby Sør To AS (anskaffet juni 2017)		Asker	100 %

Selskap (tall i NOK 1 000)	Bokført verdi per 31.08.21	Årsresultat FY21	Egenkapital FY21
IKEA AS	1 980 000	323 767	419 110
IKEA Eiendom Holding AS, med datterselskapene;	2 717 190	-98 838	2 636 157
Landbruksveien 2 AS		27 952	179 012
Grenseveien 2 AS		20 858	58 338
Strømsveien 303 AS		21 879	264 179
Nesbruveien 40 AS		19 175	244 291
Dalaveien AS		22 207	132 319
Forus-Nord AS		-2 690	57 816
Snelledalen AS		17 916	112 851
Danebuåsen AS		-19 927	10 270
Nydal Øst AS		23 407	57 348
Stormåsan Lager AS		-2 434	14 087
Vestby Sør To AS		-16 493	-5 626
Sum bokført verdi	**4 697 190**		

IKEA HANDEL OG EIENDOM AS
Noter til regnskapet 2020/2021

I FY21 har datterselskapet IKEA Eiendom Holding AS fusjonert med datterdatterselskap Langnes Nord AS, Vestmoa AS og Vestby Sør AS. Fusjonen er gjennomført etter reglene om vederlagsfri fusjon mellom mor og heleid datterselskap.

I årsresultatet for IKEA Eiendom Holding AS inngår TNOK 12 000 (FY20 TNOK 225 818) i inntekt på investering i datterselskap. Bokført verdi av aksjer i datterselskap i IKEA Eiendom Holding AS er TNOK 2 160 309 (FY20 TNOK 2 282 727).

Note 4 Aksjekapital og aksjonærinformasjon

Selskapet er 100% eiet av Inka Pro Holding BV. Alle aksjene har lik stemmerett. Aksjekapitalen pr. 31.08.21 består av 100 aksjer á NOK 20 000.

Selskapet med underliggende datterselskap er konsolidert inn i konsernregnskapet til INGKA Holding B.V. Dette regnskapet kan fås utlevert ved henvendelse til IKEA Handel og Eiendom AS, Nesbruveien 42, 1396 Billingstad.

Note 5 Egenkapital

(NOK 1 000)	Aksjekapital	Annen egenkapital	Sum
Egenkapital 31.08.20	2 000	2 959 521	2 961 521
Årets endring i egenkapital:			
Årets resultat		262 341	262 341
Avsatt utbytte		-250 000	-250 000
Egenkapital 31.08.21	**2 000**	**2 971 862**	**2 973 862**

Note 6 Mellomværende med selskap i samme konsern

Av kortsiktige fordringer på selskap i samme konsern er TNOK 466 791 (FY20 TNOK 369 303) knyttet til konsernkontoordningen. Tilsvarende er TNOK 2 263 324 (FY20 TNOK 2 623 997) av kortsiktig gjeld til selskap i samme konsern knyttet til konsernkontoordningen.

Selskapet har en trekkfasilitet hos Fami Ltd. Det er ikke trukket opp på denne per 31.08.21. Selskapet har per 31.08.21 utplassert TNOK 47 827 hos Fami Ltd.

Note 7 Skattekostnad

(NOK 1 000)

Årets skattekostnad fremkommer slik:	2021	2020
Betalbar skatt	17 587	45 821
Endring i utsatt skattefordel/ utsatt skatt	-4	4 236
Skattekostnad	**17 583**	**50 057**

IKEA HANDEL OG EIENDOM AS
Noter til regnskapet 2020/2021

Avstemming fra nominell til faktisk skattesats	2021	2020
Årsresultat før skatt	279 925	366 719
Forventet inntektsskatt etter nominell skattesats (22%)	61 583	80 678
Skatteeffekten av følgende poster:		
Inntektsført utbytte	-44 000	-30 800
Øvrige permanente forskjeller	0	179
Skattekostnad	**17 583**	**50 057**
Effektiv skattesats	**6,3 %**	**13,7 %**

Betalbar skatt i balansen fremkommer som følger:	2021	2020
Kostnadsført betalbar skatt	17 587	45 821
Netto avsatt for tidligere år	2 975	1 004
Betalbar skatt i balansen	**20 562**	**46 825**

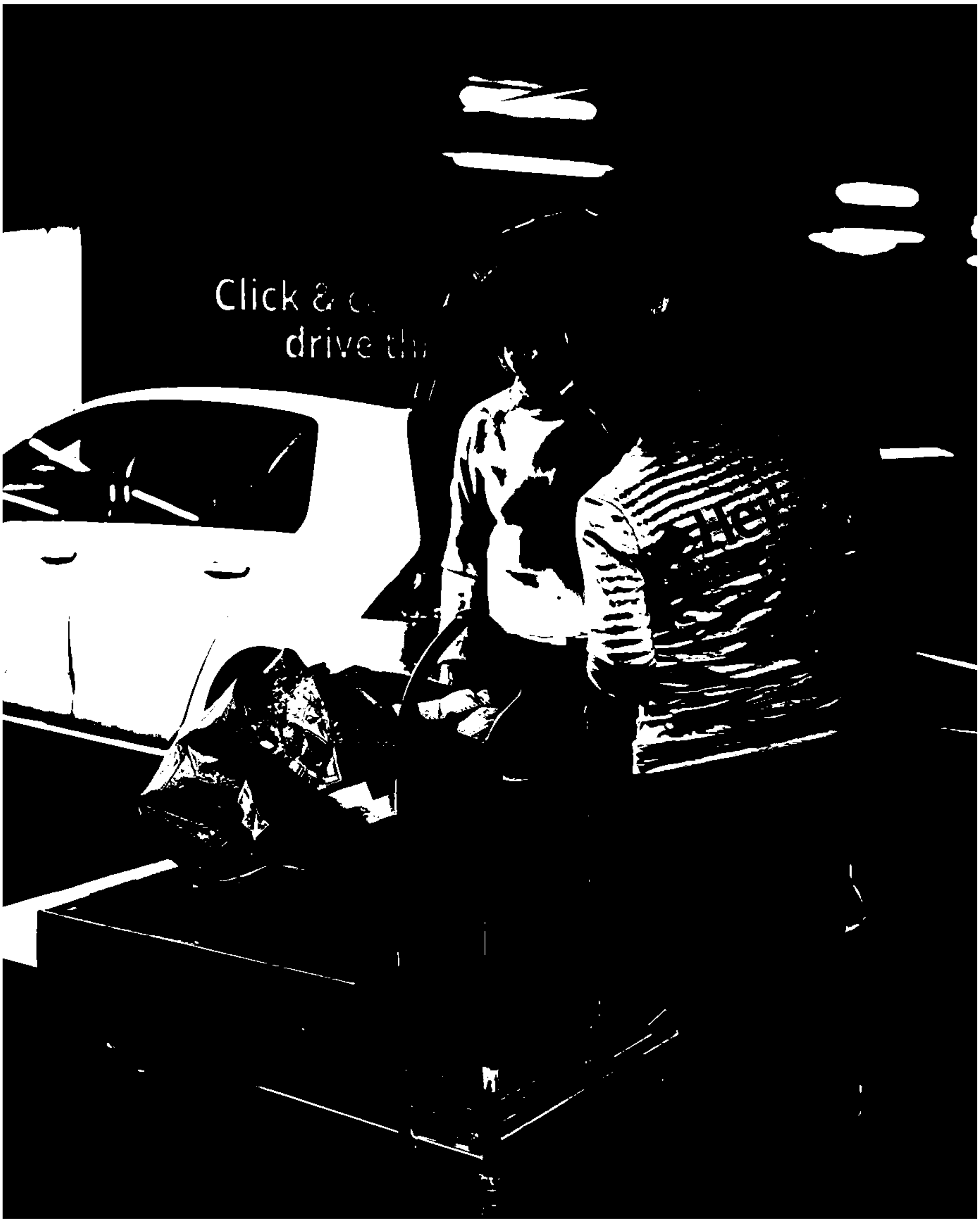
Spesifikasjon av skatteeffekt av midlertidige forskjeller og underskudd til fremføring

	2021		2020	
	Fordel	Forpliktelse	Fordel	Forpliktelse
Gevinst og tapskonto	0	15	0	19
Fremførbart rentefradrag	0	0	0	0
Underskudd	0	0	0	0
Sum	0	15	0	19
Netto utsatt fordel/forpliktelse i balansen	**0**	**15**	**0**	**19**

ANNUAL REPORT FOR FINANCIAL YEAR 2021

Ingka Holding B.V.

This report was adopted by the Shareholder on November 25, 2021



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Report from the Board of Managing Directors

(in millions of EUR, unless otherwise indicated)

Corporate information

Ingka Holding B.V. is the parent company of Ingka Group of companies ('Ingka Group') and is located at Bargelaan 20, 2333 CT in Leiden, the Netherlands. Ingka Group's financial year covering the 12-month period ended August 31, 2021, is referred to as 'FY21.' The comparable year is referred to as 'FY20.' For more corporate information, please refer to note 1 of the consolidated financial statements.

We have always had a clear purpose – to create a better everyday life for the many people. This is what unites us – to create better homes for customers, better lives for people, a better planet for all and a better company now – and for future generations.

Ingka Group operates three businesses: IKEA Retail, Ingka Centres and Ingka Investments. IKEA Retail is the core business, and as the largest IKEA franchisee, it operates 392 IKEA stores including city stores, and 73 IKEA shops and IKEA planning studios in 32 countries.

Ingka Centres operates 47 shopping centres (meeting places) in 16 countries under different trademarks – always anchored by an IKEA store – with powerful retailing attraction, supporting visitation to IKEA stores and the presence of IKEA in city centres.

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

Ingka Group operates under franchise agreements with Inter IKEA Systems B.V., the worldwide IKEA franchisor.

Key figures:	**FY21**	**FY20**
Revenue (EUR million)	39,784	37,368
Number of employees	174,225	166,350
Number of IKEA stores (blue box and city stores)	392	382
Number of IKEA shops and IKEA planning studios	73	58
Countries with IKEA stores and other customer meeting points owned by the Company	32	30
Number of meeting places (shopping centres)	47	45
Countries with meeting places owned by the Company	16	15

Summary of the year

Our purpose is more relevant than ever

FY21 has been a year where Ingka Group overall delivered a good performance with growing revenues. Thanks to the entrepreneurship of our co-workers and transformation of our business, we met the needs and dreams of our customers and kept IKEA open with digital capabilities, despite COVID-19 related store closures. We are proud to have served millions of customers in a time when life at home has never been more important and to have led in the pandemic in a professional, caring way with people and business at heart.

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

Empowered by our healthy financial position, we were flexible, agile and quick to act on opportunities. It is part of our culture and values to ensure we are financially strong and resilient. Our profit gives us resources to continue investments so that we can deliver to our vision and create more happy customers.

Reflections on our overall achievements

Being on the way: a transformation journey

We believe in always being on the way and continuously ask ourselves how what we are doing today can be done better tomorrow. In FY19, we started our three-year strategic direction, called '10 Jobs in three Years,' setting out to create a better IKEA and to build an omnichannel IKEA fit for the future.

In FY21, we successfully completed the third year. Together with our co-workers, we have unleashed the entrepreneurial spirit, created a new world of IKEA, moved further into big cities, made meetings with customers more affordable, accessible and inspirational – in all our channels – and raised our voice for things that matter to the many people.

A few highlights from our transformation journey so far:

- With a huge part of the world needing to stay safe inside, home became the most important place. More than ever before, we have continued to develop IKEA into a strong and unique leader in life at home, serving many more of the many people in a true omnichannel environment, with an affordable and sustainable offer. Customers could choose to engage with IKEA wherever, whenever, however they wanted.
- Our approach to omnichannel has contributed to our growth and has helped us maintain our lead as a home furnishing retailer in disruptive times.
- We made our stores better than ever and stepped into the digital future, doing our utmost to create a better customer experience. We welcomed over 4.6 billion visits to our improved IKEA.com sites and 33.5 million users on the IKEA app.
- We continued to expand our physical customer meeting points, moving further into big cities, closer to where people live, work and socialise. We also better used our current stores for ecommerce fulfilment.
- We continued to build a culture and workplace of equality, diversity and inclusion, which is good for our co-workers, our customers and our business. We want to be a leading example in equality. Throughout the year, we stood up for fair treatment and equal opportunities, including through our ongoing work with gender-equal pay and LGBT+ inclusion and by manifesting our commitments with campaigns supporting International Women's Day, IDAHOT, World Refugee Day and World Pride.
- We continued to invest with impact, generating lasting financial returns while delivering positive impact for customers and the environment. Attention was put on investments in digitalisation, customer fulfilment, fintech and sustainability, which support our ongoing transformation to become even more affordable, accessible and sustainable.
- We continued to put sustainability at the core of our business, with a focus on co-worker competence, integrated sustainability messages in our channels and stores, circular initiatives such as buyback and resell, investments towards 100% renewable energy, acceleration of home deliveries made using electric vehicles and social impact projects such supporting refugees with skills for employment.

Coping with another year of COVID-19

As the COVID-19 pandemic entered its second year, the health and economic crisis continued to impact communities and businesses.

- Our primary focus has been the *safety and well-being* of our co-workers, customers and the community. We have put people at the forefront of our response with several actions, such as the co-worker campaign, 'Are You OK,' to stimulate dialogue and maintain connection.
- More than half a million people were supported through the 'A Place Called Home' COVID-19 Emergency Community Support fund, Skills for Employment initiative and product donations.
- We have faced the persistent *challenges* of the pandemic, lockdowns and product availability (due to global transport issues).
- We *performed better* than expected throughout FY21. Despite many countries facing even longer restriction-based store closures than in FY20, we showed a solid business performance with 6.3% retail sales growth.
- We focused on providing *customers* with alternatives to in-store shopping, such as contactless and drive-thru Click & Collect to ensure a safe and good customer experience.

The pandemic has helped us accelerate some of our transformations, triggering true IKEA entrepreneurship across the whole organisation and enabling a strong result for Ingka Group.

Ingka Group financial performance

Total Ingka Group revenue for FY21 amounts to EUR 39.8 billion and increased by 6.5% compared to FY20. Operating income amounted to EUR 1.9 billion, resulting in an operating income ratio of 4.7% compared to 3.8% in FY20. The ratio increased due to improved cost adaptation in the pandemic and fewer impairments recognised in FY21.

Income before tax amounts to EUR 2.2 billion (EUR 1.6 billion in FY20). Ingka Group pays taxes in all countries where it operates. The taxes we pay are an important part of our wider economic and social contribution to society. The effective tax rate of 29.3% (FY20: 24.1%) corresponds to an amount of EUR 0.7 billion corporate income taxes (FY20: EUR 0.4 billion).

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

Our financial approach is based on 75 years of earning money before we spend it, which allows us to be financially independent and purpose-driven in our decisions. We think in generations, not quarters, and invest in the long-term good of our customers, our business, people, society and our planet.

We continued to invest in our business transformation in our stores, distribution and customer fulfillment networks, the digital customer experience and shopping centres and continued our sustainability investments in renewable energy and forestry, amounting to a capital expenditure of EUR 3.2 billion.

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

IKEA Retail

IKEA Retail continued development of the IKEA omnichannel business model, securing better accessibility to the IKEA offer. During FY21, we have truly created a new omnichannel world of IKEA.

FY21 highlights:

- During the year, due to COVID-19 related closures, we experienced a small decrease in store visitation and a large increase in online visitation. *The improved buying journey* on IKEA.com resulted in an increase of online sales share from 18% in FY20 to 30% of total retail sales in FY21.
- The *new IKEA app* has been successfully launched in all Ingka Group markets, offering a simple and enjoyable way to find, choose and buy products fast. The app has 33.5 million users and an average rating of 4.6/5 stars. The number of downloads of the app more than doubled and the number of visits using the app almost tripled, compared to FY20.
- We continued with *physical expansion* and opened 10 new IKEA stores (including city stores) and opened 4 new IKEA shops and 12 new planning studios. We also opened one Customer Distribution Centre. Notable openings include new and innovative small-format stores in urban centres, mini malls in China (called the 'Home Experience of Tomorrow') and a sustainable city store in Vienna with a GREENPASS design certification.
- We worked on adopting the IKEA fulfilment model to *omnichannel needs* with stores acting as fulfilment centres. New capabilities were added like the automated warehouse in Zagreb, which increases store capacity to fulfil ecommerce orders.
- We started to offer STRÖMMA, a new and exciting *energy service* that is good for the planet and for people's wallets. Sweden is the first IKEA market to start offering electricity from wind and solar through STRÖMMA service.

Ingka Centres

Ingka Centres, Ingka Group's arm of shopping centres, moved forward in developing the meeting places concept where the many people can meet, find what they need and connect with their communities and the world.

FY21 highlights:

- *First acquisition in the USA.* The 6X6 building in San Francisco, a downtown retail destination, will be anchored by IKEA and complemented with mixed-use offerings that are uniquely suited for San Franciscans and their lifestyles.
- *Entry to the Canadian market*. The Aura Retail Podium in downtown Toronto was acquired, where a new, smaller format store will open in FY22.
- *Entry to the Indian market*. A land plot in Noida was acquired to become an 'IKEA anchored' meeting place destination in India.
- *Meeting places in China.* With the opening of two meeting places in FY21, Livat Fuzhou and Livat Changsha, China has now five meeting places operational. Livat Changsha is the first mixed-use, retail and work-live destination in China.
- Overall, the meeting places welcomed 372 million visitors, which is index 100.8 compared with FY20.

Ingka Investments

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

Ingka Investments' activities are organised in six portfolios: Business Development Investments, Prioritised Cities Real Estate Investments, Venture & Growth Capital, Renewable Energy Investments, Forestland Investments and Financial Markets Investments.

FY21 highlights:

- *Investments into financial services.* Ingka Investments acquired a 49% stake in Ikano Bank as part of the IKEA transformation journey. The objective is to make financial services for a more affordable, convenient life at home for the many.
- *Finding fast-moving, cutting-edge companies to back.* We acquired minority shareholdings in Fluid Truck (app-based rental solution), DST (electric vehicle rental), what3words (global addressing system) and Jifiti (leading fintech company).
- *Developing a recycling company.* By investing in RetourMatras, who opened their fourth mattress recycling facility in the Netherlands, we contribute to the IKEA circular agenda.
- *Large-scale support for renewable energy in Russia.* Ingka Investments acquired a 49% stake in eight photovoltaic parks in Russia. The parks will produce enough electricity as used in all 17 IKEA stores in Russia plus part of the MEGA shopping centres around the country.
- *Increasing responsible forest management.* In FY21, we bought additional forestland in Estonia and USA protecting biodiversity. Acquired land in New Zealand will be used to plant new forests, which creates long-term employment in the region and supports increased biodiversity while removing CO2 from the atmosphere and storing it in high-quality forests and the land.
- *Continued to invest in renewable energy.* To support the transition towards a renewable energy future, we committed ourselves during FY21 to an additional EUR 4 billion investment up to 2030, on top of EUR 2.5 billion in the past decade.

Sustainability

Sustainability is firmly rooted in our IKEA direction, strategies and day-to-day business operations. Ingka Group's People & Planet positive strategy is based on the overall IKEA sustainability strategy direction that sets out how all companies connected to the IKEA Brand are working to make a positive difference for people and the environment.

The focus is on three areas where we believe to have the most positive impact:

- Inspire and enable 1 billion people to live a better life within the boundaries of the planet.
- Strive for zero waste and become circular and climate positive in our own operations.
- Improve the well-being of millions of people by becoming a truly inclusive and people-centred brand, company and employer.

At Ingka Group, we support and contribute to the United Nations Sustainable Development Goals, with specific focus on gender equality; affordable and clean energy; decent work and economic growth; reduced inequalities; responsible consumption and production; and climate action.

We will report on how we progress towards our goals for FY21 in the Ingka Group Annual Summary including ESG performance, which will be publicly available on Ingka.com in January 2022.

FY21 highlights:

- *A new Chief Sustainability Officer.* Karen Pflug joined August 1 as CSO to strengthen the focus on our people and planet agenda.
- *Reinforcing our commitment to tackling climate change*. We are investing more into companies, solutions and our operations to enable the transition to a net-zero carbon economy. Examples:
    - *Towards a renewable energy future.* Entering a critical decade for climate action, this acceleration, by Ingka Investments, to EUR 6.5 billion frame for renewable portfolio marks the next step towards our commitment to become climate positive by 2030.
    - *Travel and home deliveries.* We are now providing access to electric vehicle (EV) charging stations in all stores where parking is provided to meet the long-term ambition to reduce relative emissions from customer and co-worker travel by 50%. Additionally, we started zero-emission home deliveries in 22 countries, with Shanghai and Amsterdam already achieving 100% customer deliveries through EV.

- *Contributing role of IKEA in communities*. During the year, more than half a million people have been supported through our various initiatives, such as:
  - *A Place Called Home*, continuation of the COVID-19 Emergency Community Support fund that was launched in March 2020. Through this initiative, we provided product donations and direct financial support, reaching over 500,000 people – primarily parents with children experiencing poverty, people experiencing homelessness, victims of domestic gender-based violence, refugees and asylum seekers.
  - *Skills for Employment*. We reached 802 refugees and asylum seekers with our job training and local language skills initiatives in 22 countries. On average 60% of the participants have found a job after the training either inside IKEA or outside. By the end of 2022, we aim to support 2,500 refugees and asylum seekers across 30 countries. With our skills for Employment initiative, we are also supporting other vulnerable groups in some countries including single parents, women over 50, and youth not in education, employment, or training.
  - *Social enterprises*. We are testing new partnerships with social entrepreneurs.
- *Promoting positive change*. In FY21, Ingka Group engaged in various events and initiated the action-orientated, virtual event ONE HOME, ONE PLANET (OHOP) that included nearly 300 purpose-driven doers and key influencers from different fields.

Reflecting the many people

Ingka Group is committed to take a leading role when it comes to equality. We work actively with diversity at all levels of the business, including when identifying and selecting members to boards of managing and supervisory directors. We want our values and strategy to be reflected in the composition of the boards – from our inclusion and diversity approach to the combined experience and expertise of its members. Two out of eight Supervisory Board members are women. The target ratio of women is 30%. This ratio can only be realised when vacancies become available. The two members of the Management Board are men, as well as the general counsel who is a permanent invitee. Group management consists of 11 members, of which five are women. Half of all managers are women, and almost half (45%) of all co-workers across Ingka Group are men.

Research and development

Research and development activities within Ingka Group are focused on omnichannel retailing, including meetings with customers, distribution and digital technology. We continue to work towards achieving the IKEA vision to “create a better everyday life for the many people” by improving our meeting with the customer, providing more home furnishing inspiration and deepening our understanding of life at home. We are bringing IKEA closer to the many people through new city centre locations such as Shanghai and Vienna, an improved digital experience and better, more affordable services. We continue to invest in sustainable business through developing circular business models, reducing waste in new ways and expanding our plant-based food offer. In the meantime, we have continued to develop digital capabilities to improve the co-worker experience on and off the shop floor.

Governance

The governance and legal structure within Ingka Group is designed to secure each group company is well-governed and managed. It also aims to ensure that each Ingka Group company is efficient, lean and simple with respect to decision-making and is organised for compliance. The Company has two main governing bodies: a Management Board and a Supervisory Board, supported by Committees at both levels. Ingka Group relies on strong values and a culture that promotes the responsibility of everyone to do the right thing. This is summarised in our IKEA key values and continuously communicated to co-workers as part of our Code of Conduct.

Risk management

At Ingka Group, we strive to achieve healthy growth and an even better customer experience. This requires conscious risk-taking, which is about striking the right balance between avoiding risk when it could have a negative impact on the company and being comfortable to take risks that can enable us to grow. This balance requires a high level of understanding of how to manage risks, a clear overview of the risks we face and clarity on the potential impact those risks could have.

We strive to focus on the highest risks first and design effective solutions to mitigate them. We believe that integrating and applying risk and compliance within the ways of working enables us to secure a responsible, risk-aware organisation, which results in better performance. This empowers co-workers and the business to grasp the many opportunities and to take responsible risks every day, while safeguarding and strengthening customer relationships, co-workers, assets, the IKEA Brand and the company as a whole.

Risks are present in all our business activities and include those relating to strategic goals, business performance, compliance with internal requirements and external laws and regulations, as well as risks critical to sustainability priorities. The quality and safety of our products and ensuring a safe and secure customer experience for physical and digital interactions, is always top of mind for all co-workers. A holistic and enterprise-wide approach is applied to manage risk and ensure compliance, based on our new framework. The aim of the approach is to successfully meet objectives with fewer unexpected surprises, empower risk-informed decision-making and enable stronger company resilience.

Key risks and related mitigating actions:

- *Geopolitics, supply chain disruptions and resource scarcity.* In FY21, the retail industry has faced unprecedented global supply chain disruptions from the ongoing pandemic and resource scarcities, which resulted in product availability challenges across our markets. The risk is expected to remain high for Ingka Group in the short- to mid-term and will require strong efforts to build agility and resilience across to overcome.
- *Commercial relevance*. For a global retailer, constant adaptation to changing customer behaviour and the need for more convenience and availability is key. The speed of omnichannel transformation and development of the digital capabilities meeting customer expectations on seamless customer experience is a risk. Multiple strategic initiatives are underway to mitigate the risks involved.
- *Post-pandemic economic and social changes*. We recognise the far-reaching impact of the pandemic on the global economy and society. It is expected to continue to have an impact in the short- to mid-term, as the economic recovery is uneven, and the risk of new vaccine-resistant variants remains probable. Customer confidence and ability to purchase could be negatively impacted, so this is an important risk we will monitor over the coming year.
- *Cyber security and data privacy*. As we continue our transformation journey to becoming an omnichannel retailer, the number of digital interactions with our customers will increase, and in parallel, we are also conscious that cyber and data privacy risks are on the rise and have become more sophisticated globally. Therefore, we are working to minimise those risks when developing digital solutions and maintaining a robust approach to continuously protect our systems, assets and data.
- *Well-being of our people*. At Ingka Group, we recognise that our people are our greatest resource, and during the pandemic, our co-workers have shown outstanding leadership and resilience. We know there have been health and operational challenges to overcome. This is likely to continue as the pandemic is still a reality across the globe, and the speed of transition to meet the increased demand for our products and services will require a lot from our co-workers. As always, the safety and well-being of our co-workers is a top priority, so initiatives are ongoing to support them throughout these challenging times.
- *Climate change*. The physical impact of climate change such as changing weather patterns, flooding, droughts, hurricanes or temperature increases could impact our ability to operate.

This will require quick response and adaptation of our business to growing sustainability expectations and taking mitigation actions against climate change. We are committed to integrating sustainability into our business model and taking action against climate change.

- *Financial and regulatory.* As global company, we are facing currency volatility, credit risks and tax risks. Unexpected movement in interest rate, equity price or bond prices in stressed financial markets can lead to major losses and/or liquidity constraints of financial assets, which is an inherent business risk. More information on financial risk management is described in note 24 to the consolidated financial statements.

Looking forward to FY22: on our way to 100% happy customers

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

Efforts across the value chain will continue to mitigate the challenges with product availability and transport that are expected to continue into FY22.

Solving the climate crisis has become critical, calling for sustainable business models and radical collaboration to reach the Paris Agreement and limit the global temperature rise to 1.5°C. Climate change will challenge humanity and alter business conditions. We are committed leaders in dealing with climate change together with businesses and governments. We will continue to integrate sustainability fully into our business model and maintain our holistic approach on performance that steers our business for growth, a better planet, better lives and better homes for customers. We will take the next steps in our decade of People and Planet actions towards the IKEA ambition to become climate positive, circular and enable 1 billion people to live within the boundaries of the planet by the end of 2030.

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

We have an active portfolio management of our assets to secure the right investments in both maintenance and development of existing assets, together with some selected divestments. We will continue to expand in our prioritised markets and city centre locations and to realise our transformational investments, securing that our purpose and financial ambition go together. In FY22 Ingka Investments signed a conditional purchase agreement to acquire a property in London (214 Oxford Street). Part of the vacant retail space will be used by IKEA Retail and the purchase price is GBP 378 million (EUR 446 million).

All in all, we will navigate forecasted, stormy waters with flexibility, speed and increasing simplicity. We will make optimal use of the potential we have in our existing business while ensuring a resilient company for future generations.

We will thrive by building on our strengths: our products, customers, fantastic people, dedication to life at home and most of all – our culture and values, while creating the future. We have a positive view and will play our part in circularity for a better life for the many people. Life at home has never been so important, and our vision to create a better life for the many people has never been so relevant.

Most things remain to be done. Glorious future!

BOARD OF MANAGING DIRECTORS

Leiden, November 24, 2021

J. Brodin (Chairman)

J.P. Maeztu Herrera

CONSOLIDATED BALANCE SHEET AS AT 31 AUGUST
(before profit appropriation)

ASSETS

(in millions of EUR)	2021	2020
Intangible fixed assets (4)	2,511	2,217
Tangible fixed assets (5)	24,633	23,853*
Financial fixed assets (6)	2,186	1,428
Total fixed assets	**29,330**	**27,498**
Inventories (7)	1,966	1,979*
Construction contracts (8)	0	-
Trade and other receivables (9)	1,676	2,361*
Securities (10)	21,215	19,063
Cash and short-term deposits (11)	907	1,347
Total current assets	**25,764**	**24,750**
TOTAL ASSETS	**55,094**	**52,248**

(The accompanying notes on pages 15 to 49 are an integral part of these consolidated financial statements)

*These comparative numbers are reclassified for comparability purposes.

CONSOLIDATED BALANCE SHEET AS AT 31 AUGUST
(before profit appropriation)

GROUP EQUITY AND LIABILITIES

(in millions of EUR)	2021	2020
Group equity		
Capital Stock	1	1
Additional paid-in capital	51	51
Revaluation reserves	230	244
Legal reserves participations	279	271
Other reserves	43,084	41,382
Result for the year	1,579	1,189
Total shareholder's equity (12)	**45,224**	**43,138**
Minority interest	**9**	**28**
Total Group equity	**45,233**	**43,166**
Provisions (13)	**1,851**	**1,932***
Non-current liabilities (15)	**587**	**511**
Current liabilities (16)	**7,423**	**6,639**
GROUP EQUITY AND LIABILITIES	**55,094**	**52,248**

(The accompanying notes on pages 15 to 49 are an integral part of these consolidated financial statements)

*These comparative numbers are reclassified for comparability purposes.

CONSOLIDATED INCOME STATEMENT

Year ended August 31

(in millions of EUR)	2021	2020
Retail - sale of goods	37,404	35,192
Service income	1,261	1,225
Rental and construction contracts income	852	746
Renewable energy and forestland income	267	205
Revenue (17)	**39,784**	**37,368**
Cost of sales and services (18)	(26,909)	(25,643)
Gross profit	**12,875**	**11,725**
Selling expenses	(8,610)	(7,886)
General and administrative expenses	(2,633)	(2,568)
Total operating expenses (19)	**(11,243)**	**(10,454)**
Other income (20)	242	160
Operating income	**1,874**	**1,431**
Income from investments	42	129
Interest income and similar income	257	285
Changes in value of investments	94	(216)
Interest expenses and similar charges	(30)	(57)
Total financial income and expense (21)	**363**	**141**
Income before income taxes and minority interests	**2,237**	**1,572**
Income taxes (22)	(655)	(378)
Income before minority interests	**1,582**	**1,194**
Minority interests	(3)	(5)
Net income	**1,579**	**1,189**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended August 31

	2021	2020
Net income	**1,579**	**1,189**
Translation differences foreign activities	435	(1,025)
Remeasurements IAS 19	86	196
Change in unrealised derivatives	-	-
Realized revaluations through income statement	(14)	(14)
Total of items recognised directly in shareholders' equity	**507**	**(843)**
Total result of the legal entity	**2,086**	**346**

(The accompanying notes on pages 15 to 49 are an integral part of these consolidated financial statements)

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended August 31

(in millions of EUR)	2021	2020
Cash flow from operating activities		
Operating income	1,874	1,431
Adjustments for:		
Depreciation, amortization and impairment of fixed assets	1,798	1,728
Movements in provisions	(51)	(68)
Gains and losses on disposal of fixed assets	14	(2)
Changes in working capital	842	482
Other	(11)	(6)
Cash flow from operations	*4,466*	*3,565*
Interest received	258	296
Interest paid	(30)	(59)
Revaluations of securities excl. equity investments	(84)	(219)
Other financial items received/(paid)	-	-
Corporate income tax paid	(437)	(662)
Cash flow from operating activities	**4,173**	**2,921**
Additions fixed assets	(3,236)	(1,939)
Disposals fixed assets	315	196
Dividend received	4	23
Proceeds from repayment of loans receivable	545	467
Issue of loans receivable	(185)	(630)
Acquisition of subsidiaries	(173)	(233)
Divestment of subsidiaries	6	18
Sales and purchases of equities	(341)	(124)
Cash flow from investing activities	**(3,065)**	**(2,222)**
Proceeds from short- and long-term loans payable	129	61
Repayment of short- and long-term loans payable	(109)	(2,785)
Dividends paid	-	-
Cash flow from financing activities	**20**	**(2,724)**
Exchange gain/(loss)	**85**	**(323)**
Increase/(decrease) cash and cash equivalents	**1,213**	**(2,348)**
Cash and cash equivalents at beginning	19,827	22,175
Cash and cash equivalents at end	21,040	19,827
Net movement in cash and cash equivalents	**1,213**	**(2,348)**

The cash and cash equivalents included in the cash flow statements consist of:

(in millions of EUR)	2021	2020
Cash and short-term deposits	907	1,347
Securities, excl. equity investments	20,133	18,480
Total	**21,040**	**19,827**

(The accompanying notes on pages 15 to 49 are an integral part of these consolidated financial statements)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(all amounts in EUR million, unless otherwise indicated)

1. CORPORATE INFORMATION

Ingka Group ownership

Ingka Holding B.V. ('the Company'), Bargelaan 20, 2333 CT Leiden, is the ultimate parent company of the Ingka Group of companies ('Ingka Group'). The Company was incorporated on July 14, 1982, registered in Amsterdam, the Netherlands. The Company is a private limited liability company under Dutch law and is registered in the trade register under number 33173748. Ingka Group's financial year covering the 12-month period ended August 31, 2021, is referred to as '2021' and the comparable year is referred to as '2020'.

Ingka Group is owned by a Dutch Foundation, Stichting INGKA Foundation. INGKA Foundation does not have any owners; it owns itself. It also does not have any beneficial owners but holds its assets only on its own behalf. This means that nobody is entitled to the assets of the Foundation.

Charitable purpose INGKA Foundation

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

The funding INGKA Foundation provides to IKEA Foundation originally comes from the dividends INGKA Foundation receives from Ingka Group.

INGKA Foundation is committed to secure the long-term ownership and independence of Ingka Group. As its owner, INGKA Foundation can reinvest funds into Ingka Group.

Ingka Group Long-term focus on customers, business, people, society and planet

Ingka Group pays taxes in all countries it operates in. The taxes we pay are an important part of our wider economic and social contribution to society. We invest part of our net income back into our business. This allows us to keep our prices low, accelerate growth, ensure employability, transform our business and reach our sustainability and societal goals. Part of the net income that is not reinvested in the business, is paid as dividend to INGKA Foundation. INGKA Foundation ultimately uses the dividend to support the IKEA Foundation in its charitable purpose.

This structure together with a financial approach based on 75 years of earning the money before we spend it, allows us to be financially independent and purpose-driven in our decisions. We think in generations not quarters and invest in the long-term good of our customers, our business, people, society and our planet.

Ingka Group operations and franchise agreement

Ingka Group operates three businesses: IKEA Retail, Ingka Centres and Ingka Investments. IKEA Retail is the core business, and as the largest IKEA franchisee, it operates 392 IKEA stores, and 73 IKEA shops and IKEA planning studios in 32 countries.

Ingka Centres operates 47 shopping centres (meeting places) in 16 countries under different trademarks – always anchored by an IKEA store – with powerful retailing attraction, supporting visitation to IKEA stores and the presence of IKEA in city centres.

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

Ingka Group operates under franchise agreements with Inter IKEA Systems B.V., the worldwide IKEA franchisor.
The financial statements in this report contain the financial information of both the Company and the consolidated companies of the Company.

2. BASIS OF PREPARATION

Both the company financial statements and the consolidated financial statements have been prepared in accordance with Part 9 of Book 2 of the Netherlands Civil Code. The financial statements were prepared on 24 November 2021.

The financial information of the Company is included in the consolidated financial statements. For this reason, the Company presents a condensed Company Income Statement, using the exemption of Article 402 of Part 9, Book 2, of the Dutch Civil Code.

The consolidated financial statements of the Company are presented in euro (EUR), which is the Company's functional currency. All amounts have been rounded to the nearest million. The financial statements of the company have been prepared on the basis of the going concern assumption.

3. 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. A liability is recognised in the balance sheet when it is expected to result in an outflow of resources embodying economic benefits and the amount of the obligation can be measured reliably. Assets and liabilities that are not recognised in the balance sheet are considered off- balance sheet items.

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 reality with respect to the asset or liability. An asset or liability is no longer recognised 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.

Income is recognised in the income statement when an increase in future economic potential related to an increase in an asset or a decrease of a liability has arisen, of which the size can be measured reliably. Expenses are recognised when a decrease in the economic potential related to a decrease in an asset or an increase of a liability has arisen, of which the size can be measured with sufficient reliability.

Revenue and expenses are allocated to the period to which they relate. Revenues (sale of goods, service income and rental income) are recognised when the Company has transferred the significant risks and rewards of ownership of the goods to the buyer respectively when the services have been performed.

Certain reclassifications to the comparative financial information have been made to present the comparative financial information in line with current year's presentation.

Properties under construction that the entity intends to sell, previously recorded under tangible fixed assets, are now presented under inventories. Also, a defined plan asset that was previously netted with defined benefit obligations is presented gross.

	2020 after reclass	Reclassification	2020 before reclass
Tangible fixed assets	23,853	-34	23,887
Inventories	1,979	+34	1,945
Trade and other receivables	2,361	+42	2,319
Provisions	1,932	+42	1,890

Change in accounting policy with respect to provisions

Until September 2020, provisions were measured at the nominal value of the best estimate of the cash outflows expected to be required to settle the liabilities and losses. Following the change in RJ 252, 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.

Discounting of the best estimate of cash outflows takes place using a discount rate that reflects current market interest rates and the risks specific to the respective liabilities, without any reflection of risks that are already considered in estimating future cash outflows. Any changes in provisions measured at present value are recognised as interest expense.

Management concluded that the time value of money is not material to the provisions recognised as at the end of financial year 2019, 2020 and 2021. As such no adjustments have been recognized, and the comparative figures have not been adjusted for this change in accounting policy.

Assumptions and 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 principal judgements and estimates, including underlying assumptions relate to the useful life of fixed assets, fair value disclosure of investment property, provisions, impairments and recoverability of deferred tax assets.

Basis of consolidation

The consolidated financial statements include the financial information of the Company and its group companies as at August 31, 2021 and the year then ended. Group companies are legal entities and companies over which the Company exercises control. In connection with this, financial instruments containing potential voting rights that can be exercised immediately are also taken into account.

The consolidated financial statements include the accounts of the Company and its participating interests over which management control is exercised. Group companies are fully consolidated as from the date on which control is obtained and until the date that control no longer exists.

A list containing the Company's investments is filed at the Chamber of Commerce.

Consolidation method

The items in the consolidated financial statements are determined in accordance with consistent accounting policies. All significant intercompany balances, transactions and profits are eliminated. If transactions take place with a non-consolidated participating interest, the gain or loss resulting from this transfer is recognised directly and in full in the consolidated incomestatement.

Minority interests represent the portion of profit or loss and net assets not held by the Group and are stated separately in the consolidated financial statements.

Joint ventures

Joint ventures are activities in which the Group has a joint controlling influence over the operational and financial management through collaborative agreement with one or more parties. In the consolidated accounts, joint ventures are accounted for on a net asset value basis.

Mergers, acquisitions and divestments

Acquisitions are accounted for using the purchase accounting method. This means that any assets and liabilities acquired are carried at fair value as at the acquisition date. The difference between cost of the acquisition (transaction price) and the Company's share of the fair value of the identifiable assets and liabilities acquired at the time of the transaction of a participating interest is recognised as goodwill. The transaction price is the cash consideration or equivalent agreed as part of the acquisition and transaction costs that are directly attributable to the acquisition are allocated to the transaction price. In case of deferred payment of the consideration, the transaction price is the discounted value of the consideration.

An agreed possible adjustment to the purchase price that is contingent on future events is included in the purchase price if the adjustment is probable and the amount can be measured reliably. It is also possible that a previous estimate of the adjustment to the purchase price must be revised. Such adjustments to the purchase price, that are recorded as changes in estimates, will also result in an adjustment to (positive or negative) goodwill. The adjusted goodwill is amortised prospectively from the date of the adjustment of the purchase price. Comparative figures are not adjusted.

In the event of a common control transaction it is accounted for using the pooling of interest method. In the event of a sale, the difference between the consideration and the carrying amount is recorded in financial income and expense. The value of the consideration is subject to judgmental factors, including potential provisions and indemnifications included in the sale and purchase agreement.

Translation of foreign currencies

The consolidated financial statements are prepared in euro, the functional and presentation currency of the Company. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions denominated in foreign currencies are initially carried at the functional exchange rates at the date of transaction. Monetary balance sheet items denominated in foreign currencies are translated at the functional exchange rates at the balance sheet date. Non- monetary balance sheet items that are measured at historical cost in a foreign currency are translated at the functional exchange rates at the date of transaction. Non-monetary balance sheet items that are measured at current value are translated at the functional exchange rates ruling at the date of valuation.

Exchange differences arising on the settlement or translation of monetary items denominated in foreign currencies are taken to the income statement, with the exception of exchange differences resulting from net investments in foreign activities, or from loans taken out to finance or effectively hedge net investments in foreign activities. These exchange differences are taken directly to the foreign currency translation reserve.

Exchange differences arising on the translation of non-monetary balance sheet items denominated in foreign currencies that are carried at current value are taken directly to the revaluation reserve, provided the changes in value of the non-monetary items are likewise taken directly to reserves. Goodwill and fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign activity are treated as assets and liabilities of the foreign activity and translated at the rate of exchange ruling at the balance sheet date.

The assets and liabilities of foreign activities are translated into the functional currency at the rate of exchange ruling at the balance sheet date and the income and expenses of these foreign activities are translated at the average rate of exchange for the year (when this is an appropriate proxy for the rate of exchange at transaction date). Resulting exchange differences are taken directly to the foreign currency translation reserve. On the disposal of a foreign activity, the cumulative exchange differences, taken directly to the reserves, are taken to the income statement as part of the gain or loss on the sale.

Financial instruments

Financial instruments include investments in shares and bonds, trade and other receivables, cash items, loans and other financing commitments, derivative financial instruments, trade payables and other amounts payable. These financial statements include the following financial instruments: securities, loans and receivables granted and other financial liabilities and
derivatives.

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 considerate part of the contractual risks or rewards with respect to that financial instrument being transferred to a third party.

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 income statement at the initial recognition. After initial recognition, financial instruments are valued in the manner described below.

Securities

Securities consists of investments in shares and bonds and following initial measurement, are carried at fair value without deduction of any transaction costs on sale. Gains and losses arising from changes in the fair value are taken to the income statement.

Receivables

Receivables are short-term in nature, initially measured at fair value and subsequently at amortised costs (except for derivatives) less allowance for uncollectible amounts.

Financial liabilities
Financial liabilities are recognised initially at fair value, which includes directly attributable transactions costs, and subsequently carried at amortised cost.

Derivatives and hedge accounting
Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to their fair value (except for options), taking into account the credit risk arising from default of the counterparty (Credit Valuation Adjustment, CVA) in the case of derivatives holding a positive fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques (such as discounted cash flow models and option pricing models), as appropriate. All derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument.
The commercial flows of the Company are subject to currency risk. As part of its treasury activities, the Company designates certain derivatives as hedges of highly probable future cash flows attributable to a forecast transaction in foreign currencies. As from FY20 hedge accounting is not applicable. As a result, all fair value changes related to the derivates are recognised directly in the income statement.

Embedded derivatives
The Company separates an embedded derivative from the host contract if the following conditions are met:

- There is no close relationship between the economic characteristics and risks of the embedded derivative and those of the host contract;
- A separate instrument having the same characteristics as the embedded derivative would be classified as a derivative; and
- The compound instrument is not measured at fair value with changes in fair value recognised through the incomestatement.

Separable embedded derivatives are recognised at fair value in the balance sheet upon inception of the contract. Changes in fair value are recorded in the income statement.

Impairment of financial assets
Financial assets, e.g. long-term loans receivable, which are measured at (amortised) cost, 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 negative impact on the estimated future cash flows of that asset, which can be estimated reliably.

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 exitprice.
- 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.

Fair value

The fair value of the financial instruments is determined using available market information or estimation methods. Under these estimating methods, the fair value is estimated:

- on the basis of the fair value of its components or a similar instrument if the fair value of its components or similar instruments can be reliably measured; or
- by using generally accepted valuation models and techniques.

Amortised cost

Amortised cost is calculated using the effective interest rate method less any reductions for impairment or uncollectibility. The calculation takes into account any discounts as well as transaction cost at the transaction date.

Offsetting

Assets and liabilities are only offset in the financial statements, if and to the extent that:

- an enforceable legal right exists to offset the assets and liabilities and settle them simultaneously; and
- the firm intention is to settle the assets and liabilities on a net basis or simultaneously.

Intangible fixed assets

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

Costs relating to intangible fixed assets not meeting the criteria for capitalisation (for example, cost of research, internally developed brands, logos, trademark rights and client databases) are taken directly to the income statement account.

Intangible fixed assets are carried at the lower of cost of acquisition or production net of accumulated amortisation and impairment losses and their recoverable amount (being the higher of value in use and fair value less costs to sell). Intangible fixed assets, except for land lease rights, are amortised on a straight-line basis over their expected useful economic lives, subject to a maximum of 20 years. The land lease rights are amortised over the contractually agreed period. If the estimated useful life exceeds 20 years, an impairment test is performed at each financial year-end. Expenditures made after the initial recognition of an intangible fixed asset are capitalised if it is probable that the expenditures will lead to an increase in the expected future economic benefits and can be measured reliably.

Expenditures made after the initial recognition of an intangible fixed asset are included to the 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 determination and recognition of impairments are included under the section Impairments of fixed assets.

Development costs

Development costs are capitalised if they satisfy the technical, commercial, financial feasibility criteria set for them and the company has the ability to use or sell the assets and it is probable that the asset will generate future economic benefits.

Goodwill

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

Land lease rights

Land lease rights recognised as an intangible fixed asset relates to an ownership of a temporary right to lease land, which has been paid in advance.

Green certificates

Green certificates are measured at cost or lower market value. Green certificates are not amortized.

Tangible fixed assets

A tangible fixed asset is recognised in the balance sheet if it is probable that the future economic benefits that are attributable to the asset will flow to the company and the cost of the asset can be reliably measured. Tangible fixed assets (both assets in use by the Company and investment properties) are carried at the cost of acquisition or production (less any investment grants) net of accumulated depreciation and accumulated impairment losses. The cost comprises the price of acquisition or construction, plus other costs that are necessary to get the assets to their location and condition for their intended use. Expenditure is only capitalised when it extends the useful life of the asset.
Investment property is property held to earn rental income and/or for capital appreciation, rather than for own use.

Maintenance costs are expensed when they occur unless they are related to major pluriannual maintenance costs, which are capitalised in the book value of the asset if they meet the requirements for capitalization.

Depreciation is calculated on a straight-line basis over their expected useful economic lives, taking into account their residual value. Changes in the expected depreciation method, useful life and/or residual value over time are treated as changes in accounting estimates. No depreciation is recognised on land, tangible fixed assets under construction and prepayments on tangible fixed assets. Depreciation starts as soon as the asset is available for its intended use and ends at decommissioning or divestment.

The costs of dismantling, removing and restoring after the use of an asset are recognised as part of the carrying amount of the asset, with a provision being formed for an equal amount at the same time.

Retired tangible fixed assets are carried at the lower of cost and their fair value less costs.

A tangible fixed asset is derecognised upon sale or when no further economic benefits are expected from its continued use or sale. Gains or losses on disposal or decommissioning are determined based on the difference between the net proceeds and the carrying amount of the asset and are recognised in the income statement.

Financial fixed assets

The Company has the following subcategories for financial fixed assets:

Long-term loans receivable

Loans granted and other receivables are financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these loans and receivables are carried at amortised cost based on the effective interest rate method.

Gains and losses are taken to the income statement, when the receivables are transferred to a third party or impaired.

Investment in participating interests

Participating interests over which financial and operating policies the Company exercises significant influence are valued using the equity method. Under this method, participating interests are carried at the Company's share of their net asset value plus its share in the results of the participating interests from the acquisition date, determined in accordance with the accounting policies disclosed in these financial statements. The Company's share in the results of the participating interests is recognised in the income statement. If and to the extent the distribution of profits is subject to restrictions, these are included in a legal reserve.

In assessing whether the Company has significant influence over the business and financial policies of a participating interest, all facts and circumstances and contractual relationships, including potential voting rights, are taken into account.

Other investments

Other investments, not forming part of a trading portfolio, are carried at the lower of cost or market value. Gains and losses are taken to the income statement, when the investments are transferred to a third party or impaired.

Dividends are taken to the income statement when declared.

Impairment of fixed assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, the Group estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The impairment loss is recognised in the income statement under other general and administrative expenses.

In assessing the value in use, the estimated future cash flows are discounted to their present value using a market based pre-tax discount rate. In determining fair value less cost to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. For Centres investment properties an external valuation is performed on a yearly basis to determine the fair value.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited up to the amount of the original cost, net of depreciation, if no impairment loss had been recognised in prior years. Such reversal is recognised in the income statement.

For all categories of financial assets carried at amortised cost, the Company assesses at each balance sheet date whether that asset or group of financial assets is impaired. Only if there is an objective evidence of impairment the impairment loss will be recorded in the income statement.

Inventories

Inventories mainly comprise finished products and are carried at the lower of cost (first-in, first- out basis) or net realisable value, net of a provision for obsolescence. Cost includes the expenses for acquisition, plus other expenditure to bring the inventories to their present location and condition. Net realisable value is based on estimated selling price, less further costs expected to be incurred for completion and disposal.

Construction contracts

Construction contracts concern the construction of properties for which an unconditional sales contract has been entered into before or during the construction. Construction contracts consists of realised contract costs, attributable profits, recognised losses and progress billings. Included in the valuation of construction contracts are the costs which directly relate to the specific project (for example, personnel costs for employees whose activities relate directly to the project, costs of materials used in construction, costs of land and sites, and depreciation of plant and equipment used on the project), the costs which are attributable to contract activity in general and can be allocated to the project (including insurance, costs of design and technical assistance, construction overheads, and the interest on debt attributable to the project during the period), as well as other costs chargeable to the customer under the terms of the project. Construction contracts represent an amount receivable from the customer if an asset, or an amount payable if a liability, for activities still to be performed or an amount received in advance. For further details on construction contracts refer to section *Construction contracts income*.

Cash and short-term deposits

Cash and cash equivalents are carried at nominal value, which are readily available within 12 months.

Shareholder's equity

Amounts contributed by the shareholder of the Company in excess of the nominal share capital, are accounted for as share premium.

The revaluation reserve does not exceed the difference between the carrying value based on historical cost and the carrying value based on fair value. The revaluation reserve is reduced by any realised revaluation (in connection with systematic depreciation or amortisation of the asset). Decreases in the value of the asset in question other than due to systematic depreciation or amortisation are charged against the revaluation reserve.

If an asset is sold, any revaluation reserve pertaining to that asset is released and credited to other reserves. Any related deferred tax liability, calculated at the current tax rate, is offset against the revaluation reserve.

Minority interests are valued at the proportionate share of third parties in the net value of the assets and liabilities of a consolidated entity, determined in accordance with the Company's measurement principles.

Provisions

A provision is formed for a legal or constructive obligation (including claims, disputes and lawsuits), arising from a past event if it is probable that they will have to be settled and the amount of the liability can be reliably estimated. The amount of the provision is determined based on a best estimate of the amounts required to settle the liabilities and losses concerned at the balance sheet date. Provisions are carried at non-discounted value, with the exception of:

- the provision for pensions which is carried at discounted value; and
- provisions for other employee benefits carried at discounted value if the effect of the time value is material.

If expenses required to settle a provision are probable to be reimbursed by a third party, the reimbursement is recognised as a separate asset.

In certain cases, the criteria for recognising a provision or liability in the balance sheet of the Company may not be met. Under contingencies and commitments, the Company discloses contingent liabilities, where there is a potential material impact on the financial statements dependent on the occurrence of uncertain future events.

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.

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. The Company applies IAS 19 to all post-employment benefits.

Defined contribution plans

The contributions related to defined contribution plans are charged to the income statement in the period to which these contributions relate.

Defined benefit plans

The net obligations of defined benefit plans are determined as the difference between the benefit obligations and the plan assets. Defined benefit plan pension commitments are calculated in accordance with the projected unit credit method of actuarial cost allocation. Under this method, the present value of pension commitments is determined on the basis of the number of active years of service up to the balance sheet date and the estimated employee salary at the time of the expected retirement date and is discounted using the market rate of interest on high-quality corporate bonds with lifetimes that corresponds to the Group's pension obligations. The net obligation comprises the discounted present value of the total earned future salaries less the fair value of any plan assets.

Remeasurements, comprising actuarial gains and losses, the effect of the asset ceiling, excluding any changes recorded as net interest and the return on plan assets (excluding net interest), are recognised immediately in the balance sheet and equity (retained earnings). Remeasurements are not reclassified to the income statement in subsequent periods.

Past service costs are recognised in the income statement on the earlier of the date of the plan amendment or curtailment and the date that the Group recognises restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Group recognises the following changes in the net defined benefit obligation under 'general and administrative expenses' in the consolidated income statement:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements.
- Net interest expense or income.

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

Current liabilities
The valuation of current liabilities is explained under the heading 'Financial instruments'.

Income taxes
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.

Current tax comprises the expected tax payable or recoverable on the taxable profit or loss for the financial year, calculated using tax rates enacted in accordance with local tax legislation or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax liabilities and deferred tax assets are carried on the basis of the tax consequences of the realisation or settlement of assets, provisions, liabilities or accruals and deferred income as planned by the Company at the balance sheet date. Deferred tax liabilities and deferred tax assets are carried at non-discounted value.

A deferred tax liability is recognised for all taxable temporary differences. A deferred tax asset is recognised for all deductible temporary differences and carry-forward losses, to the extent that it is probable that future taxable profit will be available for set-off.

Deferred and other tax assets and liabilities are netted off if the general conditions for netting off are met.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax legislation) that have been enacted or subsequently enacted at the balance sheet date.

Financial liabilities
Financial liabilities are recognised initially at fair value and in the case of loans and borrowings, carried at amortised cost, this includes directly attributable transaction costs.

Financial liabilities are carried at original measured amount less principal payments and amortisation. Gains or losses are recognised in the income statement when the liabilities are derecognised, as well as through the amortisation process.

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 are classified as finance leases. All other leases are classified as operating leases.
Assessing whether an agreement contains a lease is based on the substance at the inception date of the agreement. The agreement is regarded as a lease if the fulfilment of the agreement depends on the use of a specific asset and the lease contains the right of use of a specific asset.

The Group as lessee

Under operating leases, the lease payments are charged to the income statement on a straight- line basis over the term of the lease.

The Group as lessor

Under operating leases, the lease income is taken on a straight-line basis to the income statement over the term of the lease. Initial direct costs are amortised over the term of the lease against the lease income.

Income

Revenue consist of sale of goods, service income, rental income, construction contracts income, renewable energy and forestland income. Sale of goods represents the proceeds from the supply of goods and services, net of returns and discounts. The Company generates and recognises net sales to retail customers at the point of sale in its stores or pick-up points and upon delivery to home shopping customers.

Service income

Service income represents the consideration received or receivable, net of allowances and rebates. Service income is recognised in the income statement when the service is performed and the amount of the revenue can be determined reliably, collection of the related compensation to be received is probable and the costs already incurred.

Rental income

Rental income is recognised in the income statement on a straight-line basis over the term of the lease. Rental discounts given in regards of Covid-19 are recognised within the financial year. Lease incentives granted to lessees are recognised as an integral part of total rental income, over the term of the lease.

Construction contracts income

Construction contracts income, costs and profit are recognised with respect to the activity performed to complete the project as at balance sheet date (percentage of completion method). The level of activities performed for a construction project is determined on the basis of contract costs incurred to the balance sheet date in relation to estimated total contract costs.

Contract costs are recognised as an expense in the profit and loss account when activities in the project have been performed.

At the same time, revenues are recognized based on the activities performed as at balance sheet date which is the same as the recognized contract cost in the income statement plus the percentage of completion estimated result.

Renewable energy and forestland income

Renewable energy income represents the consideration received for produced electricity and related products and services. Renewable energy income is recognised in the income statement in the period to which it relates (e.g. when the electricity was produced and delivered). Forestland income represents the income of sales of timber and is recognised when the risks and rewards of the ownership are transferred to the buyer and the quantity sold is determinable.

Interest

Interest income is recognised on an accrual basis in the income statement using the effective interest rate method, provided the income can be measured and the income is probable to be received.

Expenses

Expenses that are incurred in order to generate revenues and other operating income, insofar these costs have been charged by third parties, including interest, are determined with due observance of the aforementioned accounting policies and allocated to the year to which they relate. Employee benefits are charged to the income statement in the period in which the employee services are rendered.
Termination benefits are employee benefits provided in exchange for the termination of the employment. A termination benefit is recognised as a liability and an expense when the Company is demonstrably and unconditionally committed to make the payment of the benefit. If the termination is part of a restructuring, the costs of the termination benefits as part of the restructuring provision. 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 forming provisions are met.

Cash flow statement

Cash and cash equivalents are defined as cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value. The above definition has been used for the cash flow statements, which has been prepared using the indirect method.
Receipts and payments of interest, receipts of dividends and income taxes are presented within the cash flows from operating activities. Payments of dividends are presented within the cash flows from financing activities.

The consideration of acquired group companies is presented under the cash flows from investment activities, for the considerations paid in cash and cash equivalents. The cash and cash equivalents obtained through the acquired group companies at the acquisition date, are deducted from the consideration paid.

Cash flows in foreign currencies are translated at the average rate of exchange for the year. Currency translation differences are presented separately in the statement of cash flows.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. If the grant relates to an asset, it reduces the carrying amount and is recognised as income over the useful life of the asset as reduced depreciation charge.

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, shareholders, directors and key management personnel. Transactions are transfers of resources, services or obligations, regardless 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

	2021	2020
Land lease rights	1,842	1,666
Goodwill	338	354
Software	287	146
Other	44	51
Total	**2,511**	**2,217**

	Land lease rights	Goodwill	Software	Other	Total
Cost					
Opening balance	**1,949**	**494**	**154**	**122**	**2,719**
Translation adjustment	133	-	2	-	135
Additions	74	-	162	21	257
Acquisitions	-	30	-	-	30
Disposals	-	-	-	(22)	(22)
Divestments	-	-	-	-	-
Impairments	-	(13)	-	-	(13)
Other	35	-	-	(1)	34
Closing balance	**2,191**	**511**	**318**	**120**	**3,140**
Accumulated amortisation					
Opening balance	**283**	**140**	**8**	**71**	**502**
Translation adjustment	16	(1)	-	-	15
Additions	50	34	23	5	112
Disposals	-	-	-	-	-
Divestments	-	-	-	-	-
Other	-	-	-	-	-
Closing balance	**349**	**173**	**31**	**76**	**629**
Net book value	**1,842**	**338**	**287**	**44**	**2,511**
Estimated useful life (years)	30-50	3-20	3-5	0-20	

The useful life of goodwill ranges from 3-20 years in accordance with the timeline of anticipated future economic benefits arising in the investment. The estimated useful life of land lease rights ranges from 30-50 years in accordance with the contractually agreed period.

Other intangible fixed assets mainly consist of capitalised franchise fees and intangible assets for capitalised renewable energy incentives.

The amortisation of intangible fixed assets is included under general and administrative expenses and cost of sales and services in the income statement.

5. TANGIBLE FIXED ASSETS

	2021	2020
Land and buildings	19,574	19,018
Building improvements	2,007	1,912
Machinery and equipment	1,322	1,212
Construction in progress	1,730	1,711
Total	**24,633**	**23,853**

	Land and buildings	Building improve-ments	Machinery and equipment	Construc-tion in progress	Total 2021	Total 2020
Cost						
Opening balance	**27,637**	**4,756**	**4,365**	**1,711**	**38,469**	**38,247**
Translation adjustment	314	46	63	50	473	(1,086)
Additions	649	142	302	1,155	2,248	1,653
Acquisitions	237	-	-	-	237	299
Disposals	(179)	(48)	(195)	(175)	(597)	(387)
Divestments	(8)	-	-	-	(8)	(31)
Impairment	(92)	(3)	-	(7)	(102)	(225)
Transfers	564	230	175	(969)	-	-
Other	-	-	1	(35)	(34)	(1)
Closing balance	**29,122**	**5,123**	**4,711**	**1,730**	**40,686**	**38,469**
Accumulated depreciation						
Opening balance	**8,619**	**2,844**	**3,153**	**-**	**14,616**	**13,796**
Translation adjustment	98	27	40	-	165	(362)
Additions	892	293	386	-	1,571	1,389
Disposals	(62)	(37)	(193)	-	(292)	(210)
Divestments	-	-	-	-	-	(1)
Transfers	9	(11)	2	-	-	-
Other	(8)	-	1	-	(7)	4
Closing balance	**9,548**	**3,116**	**3,389**	**-**	**16,053**	**14,616**
Net book value	**19,574**	**2,007**	**1,322**	**1,730**	**24,633**	**23,853**
Estimated usefull life (years)	25	10	3-15			

Land and construction in progress are not depreciated.

Tangible fixed assets carried at costs do not include capitalised interest charges. Land and buildings include windfarms and forestland for a net book value of EUR 1,580 million. The company holds the legal ownership of all material tangible fixed assets.

Of the depreciation of EUR 1,571 million, an amount of EUR 997 million (2020: EUR 828 million) is included in the selling expenses and the residual amount of EUR 574 million (2020: EUR 571 million) is mainly allocated to cost of sales and services.

During 2021 acquisitions of windfarms and forestland and others resulted in an increase in tangible fixed assets of EUR 232 million. Total consideration paid amounts to EUR 173 million.

The Company received investment grants in different jurisdictions. The investment grants received during 2021 were not material.

During 2021 impairments on tangible fixed assets to recoverable amounts have been recorded for an amount of EUR 106 million (2020: EUR 238 million). Reversals of previous years' impairments for an amount of EUR 4 million (2020: EUR 13 million) have been recognised, resulting in a net loss of EUR 102 million (2020: EUR 225 million loss) recognised in the income statement relating to 21 assets and Cash Generating Units ('CGU') within the following lines of business:

Description	Assets/ CGUs	Valuation approach	Forecasting period and discount rate Value in use	Amount
Renewable energy and forestland	1[1]	Value in use	15-21 years; 3-4%	0
Retail market	8[2]	Market value / Value in use	5 years; 7-9%	26
Investment property	11	Market value	-	59
Property under construction	1	Value in use	-	17

[1] Note that the CGU amount comprises the CGU with an impairment.
[2] Note that there are also impairments related to land plots which are not included in the Retail market CGU amounts presented in table above.

The retail and investment property impairments are mainly driven by decreased valuation of land plots, decrease of investment property valuation and lower business performance in few specific retail markets. The reversals of impairments are mainly driven by higher renewable energy prices forecasted.

Investment properties

The investment properties, rented out to third party tenants, form an integral part of the tangible fixed assets and have the following book value:

	2021	2020
Land and buildings	3,451	3,431
Building improvements	623	573
Machinery and equipment	52	54
Construction in progress	440	411
Total	**4,566**	**4,469**

	Land and buildings	Building improve-ments	Machinery and equipment	Construc-tion in progress	Total 2021	Total 2020
Cost						
Opening balance	**4,625**	**1,038**	**131**	**411**	**6,205**	**6,397**
Translation adjustment	72	25	3	22	122	(315)
Additions	112	27	2	287	428	286
Acquisitions	116	-	-	-	116	129
Disposals	(24)	(4)	(3)	(6)	(37)	(76)
Divestments	(8)	-	-	-	(8)	(30)
Impairments	(52)	-	-	(7)	(59)	(92)
Transfers	144	108	15	(267)	-	-
Other	(135)	-	-	-	(135)	(94)
Closing balance	**4,850**	**1,194**	**148**	**440**	**6,632**	**6,205**
Accumulated depreciation						
Opening balance	**1,194**	**465**	**77**	**-**	**1,736**	**1,580**
Translation adjustment	23	14	2	-	39	(115)
Additions	191	93	21	-	305	309
Disposals	(4)	(2)	(3)	-	(9)	(16)
Divestments	-	-	-	-	-	(7)
Transfers	(1)	1	-	-	-	-
Other	(4)	-	(1)	-	(5)	(15)
Closing balance	**1,399**	**571**	**96**	**-**	**2,066**	**1,736**
Net book value	**3,451**	**623**	**52**	**440**	**4,566**	**4,469**
Estimated useful life (years)	25	10	3-15			

Land and construction in progress are not depreciated.

The estimated useful lives of these investment properties are comparable to the estimated useful lives of the operational tangible fixed assets.

Rental income from third party tenants related to investment properties amounted to EUR 849 million (2020: EUR 746 million).

The estimated market value of the investment property amounts to EUR 9.6 billion (2020: EUR 8.7 billion) and is mainly based on external appraisal by independent and competent valuators. This amount includes related land lease rights with a net book value of EUR 1.0 billion (2020: EUR 0.8 billion). The valuation is determined based on open-market valuations, taken into account the size, nature, state and use of the investment property.

Operating leases – Group as lessor

The Group has entered into operating leases relating to investment property. The future minimum lease receipts on these non-cancellable leases can be broken down as follows:

	2021	2020
Within one year	944	615
After one year but no more than five years	2,182	1,958
More than five years	3,371	2,935
	6,497	**5,508**

6. FINANCIAL FIXED ASSETS

	2021	2020
Long term loans receivable	477	465
Deferred tax asset	476	479
Investment in participating interests	890	268
Other investments	343	216
Total	**2,186**	**1,428**

	Long term Loans receivable	Deferred Tax Asset	Investm. in part. interests	Other invest-ments	Total
Cost					
Opening balance (incl. due in one year)	**564**	**479**	**268**	**216**	**1,527**
Translation adjustment	3	6	2	1	12
Additions	97	213	584	128	1,022
Disposals	-	-	-	(1)	(1)
Utilised	-	(180)	-	-	(180)
Released	-	(41)	-	-	(41)
Share in result of part. interests	-	-	39	-	39
Repayments	(35)	-	-	-	(35)
Amounts due within one year	(152)	-	-	-	(152)
Dividend	-	-	-	-	-
Other	-	(1)	(3)	(1)	(5)
Transfer	-	-	-	-	-
Net book value	**477**	**476**	**890**	**343**	**2,186**

Additional investments in participating interests and other investments (EUR 584 million and EUR 128 million respectively) relate mainly to 49%-shares investments in Ikano Bank AB with the option to acquire the remaining shares at a later date, the 49%-shares investments in eight photovoltaic parks in Russia and minority shares in Fluid Truck (app-based rental solution), DST (electric vehicle rental), what3words (global addressing system) and Jifiti (leading fintech company).

Annual maturities of long-term loans receivable scheduled for repayment during the next years are as follows:

Financial Year	Amount
2021	152
2022	118
2023	111
2024	17
2025	13
Thereafter	217
Total	**628**

Impairment of EUR 2 million (2020: EUR nil) have been recognised during the year on other investments to reflect the expected recoverable value.

Refer to note 22 for details on the deferred tax assets.

The group has the following significant capital interests:

Name	Registered office	Share in issued capital
Ikano Insurance Holding AG	Zug, Switzerland	49%
Veja Mate Offshore Beteiligungsgesellschaft	Munich, Germany	31%
Sponsor VKI HoldCo LLC (Sage Solar Project)	USA	49%
Sponsor Misae I HoldCo LLC (Misae Solar Project)	USA	49%
Sixth Project Company LLC	Russia	49%
Sunlight Energy LLC	Russia	49%
Fifth Project Company LLC	Russia	49%
Ikano Bank AB	Sweden	49%

7. INVENTORIES

The inventory consists of finished goods and amounts to EUR 1,966 million (2020: EUR 1,979 million). The provision for obsolescence amounts to EUR 53 million as at August 31, 2021 (2020: EUR 63 million).
As at August 31, 2021 EUR 26 million (2020: 34 million) is recognised under inventories that is related to properties under construction.

8. CONSTRUCTION CONTRACTS

Construction contracts consists of properties under construction and amounts to EUR nil million (2020: EUR nil) of which EUR 3 million is a debit balance and EUR 3 million is a credit balance.

9. TRADE AND OTHER RECEIVABLES

	2021	2020
Trade debtors, less allowance	436	640
Current portion of long-term loans receivable	152	100
Short term loans and receivables	89	510
Income tax receivable	131	363
Other receivables	522	417
Prepaid expenses and accrued income	346	331
Total	**1,676**	**2,361**

The other receivables can be broken down as follows:

	2021	2020
VAT receivable	255	193
Receivable on suppliers	19	20
Other receivables	248	204
Total	**522**	**417**

Prepaid expenses and accrued income can be broken down as follows:

	2021	2020
Interest	2	3
Derivatives	21	40
Insurance premiums	24	23
Other prepaid and accrued income	299	265
Total	**346**	**331**

Derivatives include the unrealised gains on derivative financial instruments related to the management of interest rate and currency risk. For more information on financial risk management refer to note 24.

10. SECURITIES

The Company is actively managing its excess cash liquidity through its securities trading business. As at August 31, 2021, total securities amounted to EUR 21,215 million (2020: EUR 19,063 million). Securities, excluding equity and fund investments, amounted to EUR 19,562 million (2020: EUR 18,109 million), consisting mainly of highly creditworthy listed debt securities with a credit rating of at least AA as shown below. The amount attributable to listed equities was EUR 1,078 million as at 31 August 2021 (2020: EUR 583 million).

Maximum exposure limits of EUR 300 million and EUR 200 million are set for individual financial counterparties and non-financial counterparties respectively, as long as their credit rating is at least A-. Below A-, exposure limits of EUR 100 million apply to all counterparties with a BBB+ or BBB rating and EUR 50 million for those rated BBB-. No limits apply for government securities or their 100% owned agencies, unless the government's rating is below BBB where limits of EUR 500 million apply. A maximum exposure of EUR 800 million and a stricter approval process are applied to non- investment grade debt securities.
The credit risk profile of the debt securities portfolio is as follows (in %):

	2021	2020
AAA to AA	53	54
AA- to A-	26	30
BBB+ to BBB-	18	14
Non-Investment Grade	3	2
	100	**100**

The debt securities portfolio is diversified over the following issuer categories (in %):

	2021	2020
Sovereign	51	53
Government Sponsored	18	15
Financial Corporation	14	16
Asset backed securities	1	2
Non-Financial Corporate	8	7
Collateralized Loans Obligations	8	7
	100	**100**

The income statement includes a EUR 123 million loss (2020: EUR 285 million loss) in the value of debt securities. This amount is included in the financial income and expenses under revaluation gain/(loss). Changes in value of listed securities are not included in the revaluation reserve.

As at August 31, 2021, no bonds were pledged as collateral for short term borrowing (2020: no bonds).

11. CASH AND SHORT-TERM DEPOSITS

The total balance amounts to EUR 907 million as at August 31, 2021 (2020: EUR 1,347 million). An amount of EUR 695 million (2020: EUR 579 million) is readily available without restrictions to the Company, while an amount of EUR 212 million (2020: EUR 768 million) relating to short-term deposits with a set maturity date for a maximum duration of 3 months is restricted.

12. SHAREHOLDER'S EQUITY

For details on shareholder's equity, refer to note 3 in the Company financial statements.

13. PROVISIONS

	2021	2020
Deferred tax liabilities	599	564
Provision for pension commitments	722	748
Other	530	620
Total	**1,851**	**1,932**

For details on the provision for deferred taxation refer to note 22. For details on the provision for pensions commitments refer to note 14.

The movement in the other provisions is as follows:

	2021	2020
Opening balance	**620**	**821**
Currency translation	4	(16)
Additions	163	237
Utilised	(134)	(125)
Released	(124)	(204)
Transfer	-	(106)
Other	1	13
Closing balance	**530**	**620**

Other provisions include warranty and return (EUR 190 million), tax (EUR 121 million), restructuring (EUR 29 million) and other provisions (EUR 190 million). Of the total balance an amount of EUR 202 million (2020: EUR 256 million) is due within one year. Other provisions are measured at nominal value if the time value of money is not material or if the discounting period of the cash outflows is less than one year. Alternatively, in case the time value of money is material or if the discounting period of the cash outflows is more than one year, other provisions are measured at fair value.

14. PENSION AND OTHER POST-EMPLOYMENT BENEFITS

The Company has a number of defined benefit pension plans, predominantly in Sweden, the Netherlands, Germany, France and Switzerland.

The nature of the benefits provided by the Company are based on final salary pension plans (65%), contribution-based plans with guarantee (29%) and other (5%).

There are minimum funding requirements for the pension plans in Belgium, the Netherlands and Switzerland as set out by local legislation. The minimum funding requirements for these plans are met as per balance sheet date.

The key defined benefit plans with regards to the present value of net obligations are as follows:

	Netherlands	Sweden	Other	Total
Defined benefit obligation	862	369	642	1,873
Fair value of plan assets	900	-	337	1,237
Effect of asset ceiling	12	-	2	14
Net Defined Benefit Liability	**43**	**369**	**307**	**719**
Net Defined Benefit Asset	**(69)**			**(69)**

Net expense

The following table shows the pension and other post-employment benefit expenses recognised in the income statement.

	2021	2020
Current service cost	91	103
Past service cost	0	(14)
Company service cost	91	89
Net interest cost	9	4
Defined benefit plans	100	93
Defined contribution plans	191	184
Total expense	**291**	**277**

Liability for defined benefit obligations

	2021	2020
Defined benefit obligation – funded plans	1,262	1,151
Defined benefit obligation – unfunded plans	611	605
Less: Fair value of plan assets	(1,237)	(1,089)
Deficit	636	667
Restriction due to asset ceiling	14	33
Net Defined Benefit Liability and Defined Benefit Asset	**650**	**700**

The movements in the asset and liability for the net defined benefit obligations are as follows:

	2021	2020
Opening balance	**700**	**876**
Net expense for the year	101	95
Remeasurement (gain)/loss	(100)	(231)
Employer contributions	(44)	(39)
Net transfer in/out	1	0
Benefits paid directly by the Company	(14)	(17)
Reimbursement rights	1	-
Currency translation	5	16
Closing balance	**650**	**700**

The fair value of the reimbursement rights amounts to EUR 8 million at August 31, 2021 (2020: EUR 7 million).

Assets and liabilities

The following table shows the changes in benefit obligations and plan assets of the employee benefit plans.

The present value of the defined benefit obligation is detailed as below:

	2021		2020	
	Defined benefit obligation	**Fair value plan assets**	**Defined benefit obligation**	**Fair value plan assets**
Opening balance	**1,756**	**1,056**	**1,901**	**1,025**
Company service cost	91	-	89	-
Net interest	21	11	16	7
Benefits paid	(42)	(44)	(37)	(36)
Plan participant contributions	13	13	13	13
Employer contributions	-	58	-	54
Return on plan assets	-	112	-	22
Changes due to employee transfers	1	-	-	-
Changes in demographic assumptions	(60)	-	19	-
Changes in financial assumptions	101	-	(215)	-
Experience adjustments	(11)	-	(51)	-
Currency translation	3	(1)	21	4
Changes in effect of asset ceiling	-	19	-	(33)
Closing balance	**1,873**	**1,224**	**1,756**	**1,056**

	2021	**2020**
Final salary pension plans	1,225	1,124
Contribution based plans with a guarantee	547	537
Other	101	95
Closing balance	**1,873**	**1,756**

Allocation of plan assets

The major categories of plan assets of the fair value of the total plan assets are, as follows:

	2021		2020	
	Quoted	**Unquoted**	**Quoted**	**Unquoted**
Cash and cash equivalents	67	-	91	-
Equity instruments	420	-	371	-
Government bonds	486	-	328	-
Corporate bonds	-	-	92	-
Real estate	-	75	2	65
Insurance contracts	50	74	44	68
Other	63	-	27	1
Total	**1,086**	**149**	**955**	**134**

The plan assets do not include investments in shares, issued debt or property owned by the Company.

Asset volatility

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. If the return on the plan assets is less than the return on the liabilities implied by this assumption, this will create a deficit.

Interest rate risk

A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' fixed rate instruments.

Inflation risk

Some of the pension obligations are linked to inflation. Higher inflation will lead to higher liabilities. The majority of the plan assets are either unaffected by or loosely correlated with inflation, meaning that an increase in inflation will increase the deficit.

Life expectancy

The majority of the plans are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities.

Assumptions

The principal assumptions used in determining the defined benefit obligations are shown below:

	2021	**2020**
Discount rate	1.2%	1.2%
Future salary increases	2.5%	2.4%

The average duration of the defined benefit plan obligation at August 31, 2021 is 20.5 years (2020: 20.3 years).

The Company expects to contribute EUR 188 million to its defined benefit pension plans in 2022.

Sensitivity analysis

	Discount rate		**Salary increases**	
	0.50%	**(0.50%)**	**0.50%**	**(0.50%)**
Impact on defined benefit obligation	(173)	202	40	(36)

The methodology applied for the sensitivity analysis is equal to prior year.

15. NON-CURRENT LIABILITIES

The non-current liabilities of EUR 587 million (2020: EUR 511 million) consist of long-term debt of EUR 425 million (2020: EUR 409 million) and other non-current payables of EUR 162 million (2020: EUR 102 million). The majority of the long-term debt includes finance facilities related to the Company's investments in land and buildings.

The interest rates on these local currency facilities range between 0.95% (2020: 0.43%) and 4.9% (2020: 4.9%) with a weighted average of 4.01% in 2021 (2020: 4.44%). Of the total loan portfolio EUR 23 million (2020: EUR 23 million) has a fixed interest rate and EUR 434 million (2020: EUR 385 million) has a floating interest rate.

	2021	2020
Opening balance (including short term portion)	**613**	**731**
Translation adjustment	38	(25)
Additions	250	41
Acquisitions	-	137
Repayments	(173)	(271)
Amount due within one year	(141)	(102)
Closing balance	**587**	**511**

Annual maturities of debt scheduled for repayment during the next years are as follows:

Financial Year	Amount
2023	126
2024	145
2025	141
2026	35
Thereafter	140
Total	**587**

Pledged assets amount to EUR 1,698 million (2020: EUR 1,637 million) and mainly consist of property pledged (EUR 1,406 million) as collateral for external liabilities.

16. CURRENT LIABILITIES

	2021	2020
Current portion of long-term debt	141	102
Short-term borrowings	54	16
Accounts payable	3,104	3,159
Income tax payable	116	154
Other liabilities	1,629	1,523
Accrued liabilities and deferred income	2,379	1,685
Total	**7,423**	**6,639**

Short-term borrowings at different finance institutions bear market interest rates according to local conditions for currencies involved.

Other liabilities can be broken down as follows:

	2021	2020
VAT payable	492	473
Wage tax payable	48	43
Other taxes payable	216	209
Deposits received	119	105
Other liabilities	754	693
Total	**1,629**	**1,523**

Accrued liabilities and deferred income can be broken down as follows:

	2021	2020
Accrued wages	1,021	670
Accrued franchise fee	311	281
Accrued interest expense	5	6
Derivatives	33	29
Other accruals and deferred income	1,009	699
Total	**2,379**	**1,685**

The other accruals and deferred income balance at August 31, 2021 include a net amount payable of EUR 12 million (2020: EUR 12 million receivable) related to the fair value of derivatives, which are used to hedge foreign exchange risk of the expected purchase and sales transactions, i.e. the commercial flows, of the Group for the next financial year.

17. REVENUE

Revenue

	2021	2020
Europe	28,193	27,177
North America	7,098	6,139
Asia and Pacific	4,493	4,052
Total	**39,784**	**37,368**

18. COST OF SALES AND SERVICES

Cost of sales and services, amounting to EUR 26,909 million as at August 31, 2020 (2020: EUR 25,643 million) relates to the retail sales, service income, rental income and renewable and forestry income. The retail cost of sales of EUR 26,111 million consist mainly of the purchase price of the products sold and other costs incurred in bringing the inventories to the location and condition ready for sale.

19. OPERATING EXPENSES

Selling expenses of EUR 8,610 million (2020: EUR 7,886 million) represent retail core-business related cost, including marketing cost and the relevant portion of staff cost, operational cost and depreciation.

General and administrative expenses of EUR 2,633 million (2020: EUR 2,568 million) are related to non-retail activities, which are not (directly) associated with generating service income and rental income.

Personnel expenses

	2021	2020
Salaries and wages	5,062	4,440
Social charges	867	827
Pension expense	295	277
Total	**6,224**	**5,544**

Employees

The geographical distribution of the employees (based on average numbers) is as follows:

	2021	2020
The Netherlands	6,122	6,145
Europe (excluding the Netherlands)	119,236	114,074
North America	26,569	25,451
Asia and Pacific	22,298	20,680
Total	**174,225**	**166,350**

20. OTHER INCOME

Other income of EUR 242 million (2020: EUR 160 million) includes gain on sale of fixed assets (EUR 47 million) and service fees (EUR 10 million) and others.

21. FINANCIAL INCOME AND EXPENSE

	2021	2020
Income from investments	42	129
Interest income and similar income	257	285
Changes in value of investments	94	(216)
Interest expenses and similar charges	(30)	(57)
Total	**363**	**141**

The income from investments and change in value of investments can be broken down as follows:

	2021	2020
Share in profit participating interests	39	29
Result on sale of subsidiaries	-	12
Other financial income/(expense)	3	88
Income from investments	**42**	**129**
Currency gain/(loss)	20	(67)
Revaluation gain/(loss)	74	(149)
Change in value of investments	**94**	**(216)**

Share in profit of associates represents the share in the result of investments in participating interests (refer to note 6 – financial fixed assets). Result on sale of subsidiaries is the result on the sales of investment property.

Interest income and similar income include accrued interest for the financial year relating to financial assets.

Change in value of investments includes Currency gains and losses and Revaluation gains and losses. Currency gains and losses show the result of managing the currency rate risk on commercial flows and other currency translation in the Group (refer to note 24 – exchange rate risk). Revaluation gains and losses represent the fair value development of securities and derivatives.

Interest expenses and related charges relate to accrued interest for financial liabilities and net accruals on derivatives used to hedge internal funding (refer to note 24 – interest rate risk).

22. INCOME TAXES

Deferred income tax assets are mainly related to timing differences, primarily in connection with the valuation of pension provisions and depreciation. Deferred tax assets arising from tax loss carry- forwards are only recognised if recovery is reasonably certain and amounts to EUR 476 million. EUR 155 million of deferred tax assets (2020: EUR 99 million) is expected to be used for set-off within one year.

The Group has unrecognised tax loss carry forwards available related to losses incurred in several countries approximating EUR 886 million (2020: EUR 457 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 tax legislation in order to utilise the tax losses.

The movements in deferred tax assets are set out below:

	2021	2020
Opening balance	**479**	**482**
Currency translation	6	(3)
Additions	213	206
Utilised	(180)	(124)
Released	(41)	(84)
Other	(1)	2
Closing balance	**476**	**479**

Deferred taxation is provided for, using the balance sheet method, for all timing differences between tax and financial reporting. Provisions are substantially long-term in nature.

The movements in deferred tax liabilities are set out below:

	2021	2020
Opening balance	**564**	**575**
Currency translation	5	(6)
Acquisitions	-	-
Additions	114	72
Utilised	(60)	(53)
Released	(20)	(16)
Divestment	(4)	(8)
Closing balance	**599**	**564**

Of the movements in deferred tax, EUR 15 million impacted equity directly as per August 31, 2021 (2020: EUR 38 million) relating to actuarial remeasurements relating to the defined benefit pension obligation.

The major components of current income tax expense are as follows:

	2021	2020
Current income tax expense	642	591
Deferred tax expense	13	(43)
Tax expense based on changes in prior periods	0	(170)
Total tax expense	**655**	**378**

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

	2021	2020
Applicable tax rate	25.0	25.0
Different tax rates outside the Netherlands	(3.5)	0.3
Non-deductible expenses	3.2	5.5
Tax-exempt income	(1.7)	(4.3)
Utilisation of previously unrecognised tax losses	(0.4)	(4.0)
Unrecoverable losses	3.4	8.1
Adjustment income tax previous years	3.0	(7.3)
Other	0.3	0.8
Effective tax rate	**29.3**	**24.1**

23. COMMITMENTS AND CONTINGENCIES

Ingka Group is subject to corporate income and other taxes in various jurisdictions andexposed to tax uncertainties. Ingka Group is subject to various tax audits, in relation to direct as well as indirect taxes. With regard to uncertainties a liability is recognised if, as a result of a past event, Ingka Group has an obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Uncertainties that do not meet these criteria give rise to contingent liabilities that could have a future impact on recorded assets and liabilities but are not considered probable.

As per year-end, the Company and its subsidiaries have agreements to provide services in future years relating to distribution, storage and handling of inventory in distribution centres with third parties. Remuneration is variable and will be determined on a cost-plus basis for most of the agreements.

The commitments can be detailed as follows:

Guarantees
Issued guarantees towards external parties amounted to EUR 32 million as at August 31, 2021 (2020: EUR 32 million).

Construction commitments
Commitments for the construction of tangible fixed assets, including investment property, amounted to EUR 851 million as at August 31, 2021 (2020: EUR 615 million).

Purchase commitments
The Group has not entered into purchase agreements with significant commitments outside the normal course of business as at August 31, 2021 (2020: EURnil).

Legal proceedings
The Company is from time to time involved in legal proceedings in the ordinary course of business. Management believes that no pending litigation to which the Company is a party will have a material adverse effect to the financial position or the results from operations.

Operating leases – Group as lessee

The Company and its subsidiaries have entered into lease and rental agreements for various periods. Future minimum rental payable under non-cancellable operating leases as at August 31 is as follows:

	2021	2020
Within one year	158	158
After one year but no more than five years	429	400
More than five years	284	295
Total	**871**	**853**

Total lease payments of EUR 155 million (2020: EUR 140 million) are recorded in the income statement.

24. FINANCIAL RISK MANAGEMENT

General

The use of financial instruments is closely related to the commercial flows and the cash flows of the business. Treasury operations are centralised and executed according to the Policy, Standard & Rules for Investment and Treasury as set by the Board.

Interest rate risk

The Company has the policy to limit interest rate risk exposure on assets held by Treasury companies. These companies manage interest rate risk by limiting interest duration to a maximum of three years on financial assets and liabilities.

The assets mainly consist of a securities portfolio, which has a fixed interest rate profile as result of which the Company runs a fair value risk due to changing market rates of interest. Treasury companies receive fixed interest rates on internal funding provided to Ingka Group entities. The fair value risk which is considered in those internal funding positions has been partly swapped with external banks.

Group Treasury is actively monitoring the interest rate risk regarding the securities portfolio and enters into interest rate derivatives with the objective to limit interest duration. No hedge accounting is applied to the securities portfolio and the related interest rate derivatives. Fair value movements of those derivatives are reported through the income statement.

The following sensitivity analysis relates to the securities portfolio and derivatives for which no hedge accounting is applied as described above.

Sensitivity analysis Interest rate

	2021		2020	
	+1%	(1%)	+1%	(1%)
Impact on Total financial income (EUR million)	(520)	545	(520)	544

Non-current liabilities

Refer to note 15 for details on non-current liabilities.

Credit risk

The Company manages its credit risks on individual counterparties. Counterparty limits are based on credit ratings and total aggregated exposure to counterparties. This aggregated exposure includes the position held in securities. The Company's policy is that bank accounts are held with investment grade rated financial institutions. Credit risk on all derivative positions is covered using collateral margining process according to Credit Support Annex agreements in place with all external counterparties.

Credit risk arises principally from the Company loans and receivables presented under financial fixed assets, trade and other receivables, cash and the positive fair value of derivatives. The maximum amount of credit risk that the Company incurs is equal to the carrying amount of each financial instrument as reflected on the balance sheet. The credit risk is diversified against a large number of counterparties.

Liquidity and cash flow risk

The Company manages its liquidity and cash flow risk by liquidity planning with the objective to maintain readily available liquid assets equal to a percentage of the Group's revenues.

Of the total cash and cash equivalents an amount of EUR 212 million (2020: EUR 768 million), relating to short-term deposits with a set maturity date for a maximum duration of 3 months, is restricted. Furthermore, we refer to note 15 for the repayment schedules of long-term liabilities.

Equity price risk

In addition to interest bearing securities, the Company holds a portfolio of listed equities, whose market value was EUR 1,078 million on August 31, 2021 (2020: EUR 583 million). The Company is exposed to equity price risk, which is the risk that the fair value of equities decreases as a result of changes in the levels of equity indices and the value of individualstocks.

Exchange rate risk

The Company is exposed to foreign exchange rate risks arising from purchase and sales transactions as well as holding net positions denominated in foreign currency. The exchange rate risk of the Company is actively managed by using derivative contracts, except for long term I/C loans denominated in foreign currency.

At August 31, 2021, the total fair value of the derivatives used to manage exchange rate risk is negative EUR 4.3 million (2020: negative EUR 1 million). The fair value of these derivatives are part of the derivatives position in notes 9 and 15. The remainder of the total fair value in these two notes relates to interest rate derivatives.

The negative EUR 4.3 million can be broken down in the following portfolios:

	2021	**2020**
Commercial flows 2021	-	8
Internal funding	(6)	4
Investment portfolio hedge	2	(13)
Currency diversification	-	-
Total	**(4)**	**(1)**

The following sensitivity analysis relates to all currency derivatives for which no hedge accounting is applied. The +1% and (1%) indicate the weakening and strengthening of the euro or dollar, depending on the entity denominated currency versus other currencies.

	2021		2020	
	+1%	(1%)	+1%	(1%)
Impact on Total financial income and expense (derivative) (in EUR million)	10	(8)	16	(16)

Commercial Flows

Purchase and sales transactions are denominated in many different currencies. Management no longer uses forward foreign currency derivatives to hedge the future related foreign currency flows.

Therefore as at August 31, 2021, Ingka Group had neither entered into any derivatives to hedge commercial flows in 2021 (2020: EUR 764 million) nor did it have any to reduce currency risk from commercial flows in the next year (2020: EUR 794 million).

Internal Funding and Investment portfolio

The exchange rate risk associated with internal funding and securities (investment portfolio) in foreign currency is managed by use of currency derivatives. For existing internal funding and securities in foreign currency, currency derivatives are in place with an underlying amount of negative EUR 0.696 billion (2020: negative EUR 1.9 billion). This decline is due to a greater proportion of the funding to subsidiaries comprising term loans, whose associated foreign currency risk is hedged only a selective or “dynamic” basis.

The derivatives mainly relate to the following currencies and underlying positions (in EUR million):

Currency	*Derivative*	*Internal Funding*	*Investment Portfolio*
CNH	-	1,388	-
USD	(474)	1,350	508
JPY	(88)	688	-
SEK	(238)	670	137
INR	-	546	18
RUB	131	326	-
PLN	96	331	-

**EUR exposure in a company with functional currency in US dollar.*

Fair value

The fair value of most of the financial instruments recognised on the balance sheet, including receivables, securities, cash and short-term deposits, long term and current liabilities, is approximately equal to their carrying amount, unless otherwise disclosed within these financial statements. The fair value of the financial instruments recognised on the balance sheet which materially differs from their respective carrying values are separately disclosed in the notes to the balance sheet.

25. RELATED PARTIES

Any sales to and purchases from related parties are entered into at arm’s length prices.

COMPANY BALANCE SHEET AS AT August 31
(before profit appropriation)

ASSETS

(in millions of EUR)	2021	2020
Fixed assets		
Participating interests in group companies (2)	45,104	42,882
Total fixed assets	**45,104**	**42,882**
Current assets		
Other receivables	177	349*
Total current assets	**177**	**349**
TOTAL ASSETS	**45,281**	**43,231**

SHAREHOLDER'S EQUITY AND LIABILITIES

	2021	2020
Shareholder's equity (3)		
Capital Stock	1	1
Additional paid-in capital	51	51
Revaluation reserves	230	244
Legal reserves participations	279	271
Other reserves	43,084	41,382
Result for the year	1,579	1,189
Total shareholder's equity	**45,224**	**43,138**
Provisions (4)	**28**	**36***
Current liabilities		
Other payables to subsidiaries	28	44
Other payables and accrued liabilities	1	13
Total current liabilities	**29**	**57**
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES	**45,281**	**43,231**

(The accompanying notes on pages 52 to 57 are an integral part of these company financial statements)

*These comparative numbers are reclassified for comparability purposes.

COMPANY INCOME STATEMENT

Year ended August 31

(in millions of EUR)	2021	2020
Share in result of participating interests, after tax	1,608	1,094
Other income and expenses, after tax	(29)	95
Net income	**1,579**	**1,189**

(The accompanying notes on pages 52 to 57 are an integral part of these company financial statements)

NOTES TO THE COMPANY FINANCIAL STATEMENTS

(all amounts in EUR million, unless otherwise indicated)

The company (separate) financial statements are part of the 2021 statutory financial statements of the Company. The financial information of the Company is included in the Company's consolidated financial statements.

1. ACCOUNTING POLICIES

The accounting policies are the same as for the consolidated financial statements.

In addition, participating interests in group companies are accounted for in the separate financial statements according to the equity accounting method on the basis of net asset value. For details we refer to the accounting policy for financial fixed assets in the consolidated financial statements.

The share of result of participating interests concerns the Company's share of the profit or loss of these participating interests. Results on transactions involving the transfer of assets and liabilities between the Company and its participating interests and mutually between participating interests themselves, are eliminated to the extent that they can be considered as notrealized.

The Company is the head of the Dutch 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.

2. FINANCIAL FIXED ASSETS – Participating interests in group companies

Changes in participating interests in group companies are as follows:

	2021	2020
Opening balance	**42,882**	**42,973**
Foreign currency translation adjustment	435	(1,025)
Capital contributions	3,032	1,459
Share in net income for the year	1,608	1,094
Dividends received	(2,886)	(1,738)
IAS19 remeasurement	47	127
Realisation through income statement	(14)	(14)
Other	-	6
Total	**45,104**	**42,882**

In accordance with Article 403, Book 2 of the Civil Code of the Netherlands, the Company has guaranteed the liabilities of certain Dutch majority-owned subsidiaries. Separate financial statements of these subsidiaries are therefore not filed at the Trade Register of the Chamber of Commerce. In relation to the financial year 2021, 403-statements have been issued for the following companies:

- Ingka Holding Europe B.V.
- Finnish Real Estate B.V.
- Ingka Services B.V.
- Ingka Pro Holding B.V.
- IKEA Vastgoed B.V.
- Ingka Centres Europe B.V.
- Ingka Centres Asia B.V.
- Asia Center Holding B.V.
- Ingka Capital B.V.
- Ingka Investments Ventures B.V.
- Ingka Investments Ventures US B.V.
- Ingka Investments Ventures Europe B.V.
- FIXIT Investments I B.V.
- Ingka Centres China B.V.
- Ingka Centres Investment One B.V.
- Ingka Centres Investment Three B.V.
- Ingka Centres Investment Four B.V.
- Ingka Centres Investment Five B.V.
- Ingka Centres Investment Six B.V.
- Ingka Centres India B.V.
- Ingka Centres Holding B.V.
- Republic Holding I B.V.
- Republic Holding II B.V.
- Republic Holding III B.V.
- Ingka Centres UK Hammersmith B.V.
- Ingka Centres UK Car Park B.V.
- Ingka Digital Netherlands B.V.
- Ingka Investments Real Estate B.V.
- Ingka Centres Toronto B.V.
- Ingka Centres Berlin B.V.

3. SHAREHOLDER'S EQUITY

The issued and outstanding share capital of the Company is comprised of 726,000 ordinary shares, each with a par value of EUR 1.

Changes in shareholder's equity for the year ended August 31, 2021 are as follows:

	Share capital	Additional paid in capital	Revalua-tion reserves	Legal reserves participa-tions	Transla-tion reserves	Other reserves	Result for the year	**Total 2021**	**Total 2020**
Opening balance	**1**	**51**	**244**	**271**	**(1,695)**	**43,077**	**1,189**	**43,138**	**42,790**
Net income	-	-	-	-	-	-	1,579	1,579	1,189
Foreign translation	-	-	-	-	435	-	-	435	(1,025)
Dividend paid	-	-	-	-	-	-	-	-	-
Hedging reserve	-	-	-	-	-	-	-	-	-
Pension reserve	-	-	-	-	-	86	-	86	196
Realisation in income statement	-	-	(14)	-	-	-	-	(14)	(14)
Appropriation of result	-	-	-	-	-	1,189	(1,189)	-	-
Transfer	-	-	-	8	-	(8)	-	-	-
Other	-	-	-	-	-	-	-	-	2
Closing balance	**1**	**51**	**230**	**279**	**(1,260)**	**44,344**	**1,579**	**45,224**	**43,138**

The Company's issued capital, amounting to EUR 0.7 million, consists of 0.7 million shares of EUR 1.

In determining the revaluation reserve for tangible fixed assets, an amount was deducted for deferred tax liabilities, calculated at the current tax rate.

The legal reserves participations at August 31, 2021, are not available for dividend distributions and represent retained earnings set aside by law in certain countries.

The foreign currency translation reserve is used to record exchange differences arising from the translation of the reporting of foreign activities.

4. PROVISIONS

	2021	**2020**
Provision for pension commitments	28	36
Total	**28**	**36**

The provision for pension commitments is related to international pension plans for expats. We refer to note 14 of the consolidated financial statements for detailed information on the net pension expense, movement overview and allocation of the plan assets, defined benefit obligation and the principal assumptions used in determining the defined benefit obligations for the pension plans.

The movement in provisions is as follows:

	Pension provision
Opening balance	**36**
Currency translation	-
Additions	-
Utilised	-
Released	(8)
Acquisitions	-
Divestment	-
Closing balance	**28**

5. AUDIT FEES

The fees in relation to financial year 2021 by KPMG Accountants N.V. and Dutch member firms as Dutch auditor to legal entities within the group in connection with the audits of the statutory financial statements of these entities amount to EUR 2.1 million (2020: EUR 2.0 million). Audit related fees for services provided in financial year 2021 amount to EUR 0.1 million (2020: EUR 0.1 million). Non-audit fees for services amount to EUR 1.1 million (2020: EUR 0.8 million). Tax fees are EUR 0.3 million (2020: EUR 0.4 million).

6. INCOME TAXES

Since October 1, 2004, the Company is head of a fiscal unit with the Dutch subsidiaries with respect to Dutch income tax. This implies that the Company is individually liable for Dutch income Tax of the fiscal unit as a whole. Income taxes are accounted for as if each entity in the fiscal unity would have been taxable for its own results.

7. COMMITMENTS AND CONTINGENCIES

As part of the Transaction in 2016, Ingka Holding B.V. has provided certain indemnifications and warranties to the buyer in relation to the sold entities, including, but not limited to, corporate information, accounts, guarantees, assets, intellectual property, information technology, contracts and other agreements, employees, legal compliance, environment matters, litigation, insurance, products and taxes. The majority of indemnifications and warranties are capped to an aggregate maximum amount of EUR 1 billion. A provision is taken in the balance sheet for these items if the criteria are met as described in the relevant accounting policy around provisions.

8. EMPLOYEES

The Company has 2 employees as at August 31, 2021 (August 31, 2020: 2).

9. REMUNERATION BOARD OF DIRECTORS

Management Board
The management board of Ingka Group consists of the Group's CEO and Deputy CEO/CFO. The CEO and Deputy CEO/CFO are remunerated for all their tasks and duties for Ingka Group through their salary as employees of Ingka Holding B.V. These tasks and duties include membership of certain boards and committees, including the board of directors of Ingka Holding B.V.

As a general principle, employees of the Ingka Group (i.e. Ingka Holding B.V. and it's (in)direct subsidiaries) are remunerated through payment of salary, which consists of base salary, incentive plans, employer's pension commitments and any other periodic contributions. As appropriate for their roles, the task, and duties of certain employees of Ingka Group may include that they will assume board positions in Ingka Group companies or committees/councils. As a principle, no remuneration additional to employee salary is granted for such board, committee or council memberships for reason that this is part of the tasks and duties of the employee.

In accordance with the principle above, the CEO and Deputy CEO/ CFO do not receive any remuneration in addition to their salary for their task to act as management board of Ingka Holding B.V.

The total compensation (consisting of the salary elements mentioned above) to the current CEO and CFO amounts to EUR 5.1 million for 2021 (2020: EUR 4.2 million) of which EUR 21 thousand is related to social securities (2020: EUR 21 thousand) and EUR 0.7 million to pensions (2020: EUR 0.7 million).

Supervisory Board
Each member of the Supervisory Board receives a fixed annual fee. The total remuneration of the members of the Company's board of Supervisory directors amounts to EUR 1.1 million for 2021 (2020: EUR 0.9 million).

10. INVESTMENTS

A list containing the Company's investments is filed at the Chamber of Commerce.

The following affiliated companies, which are included in the consolidated group financial statements of Ingka Holding B.V. are in accordance with § 264b German Commercial Code ("HGB") relieved of drawing up, auditing and disclosing their financial statements, notes and management reports in line with the regulations on the second paragraph within the third book of the German Commercial Code:
- IKEA Holding Deutschland GmbH & Co. KG
- IKEA Deutschland GmbH & Co. KG
- IKEA Distribution Services GmbH & Co. KG

PROPOSED PROFIT APPROPRIATION

(in millions of EUR)	**2021**	**2020**
Dividend	237	-
Additions to reserves	1,342	1,189
Total	**1,579**	**1,189**

SUBSEQUENT EVENTS

No subsequent events occurred after balance sheet date that should be disclosed.

BOARD OF MANAGING DIRECTORS	BOARD OF SUPERVISORY DIRECTORS
Leiden, November 24, 2021	
J. Brodin (Chairman)	L-J. Jarnheimer (Chairman)
J.P. Maeztu Herrera	T. Bertilsson
	L. Delgado
	L. Fønss Schrøder
	J. Kamprad
	P. Kamprad
	M. Newton-Jones
	I. Worling

OTHER INFORMATION

NET INCOME APPROPRIATION

According to Article 12 of the Company's statutes, the annual meeting of shareholders will decide on the appropriation of the net income for the year.

Independent auditor's report

The financial statements have been audited and the independent auditor's report is included on the next three pages.

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Independent auditor's report

To: the Shareholder and the Supervisory Board of Ingka 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 2021 of Ingka Holding B.V., registered in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Ingka Holding B.V. as at 31 August 2021 and of its result for the year ended on 31 August 2021 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 2021;

2 the consolidated and company income statement for the year ended on 31 August 2021;

3 the consolidated statement of comprehensive income for the year ended on 31 August 2021;

4 the consolidated statement of cash flows for the year ended on 31 August 2021; and

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 Ingka 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 believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 that consists of:

— report of the Board of Managing Directors;

— other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

— is consistent with the financial statements and does not contain material misstatements;

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— contains the 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 Board of Managing Directors is responsible for the preparation of the other information, including the Report of the Board of Managing Directors, in accordance with Part 9 of Book 2 of the Dutch Civil Code, and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Description of the responsibilities for the financial statements

Responsibilities of the Board of Managing Directors and the Supervisory Board for the financial statements

The Board of Managing Directors 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 Board of Managing Directors is responsible for such internal control as the Board of Managing Directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud.

As part of the preparation of the financial statements, the Board of Managing Directors is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the Board of Managing Directors should prepare the financial statements using the going concern basis of accounting unless the Board of Managing Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Managing Directors 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:

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- 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 Board of Managing Directors;
- concluding on the appropriateness of management'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; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the Supervisory Board 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, 24 November 2021

KPMG Accountants N.V.

E.J.L. van Leeuwen RA

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