



IKEA UK Annual Summary

FINANCIAL YEAR 2023



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Better Homes

 **3**
new Plan & Order Points
opened in the North West
of England

 **31.9%**
of total sales represented
by People and Planet
Positive products

 **New collection
launched to celebrate
80 years of IKEA**

 **National rollout of
Click & Collect points
in partnership with
Tesco**

Better Lives

 **£12m**
invested in co-worker
salary increases

 **89%**
of our UK co-workers believe
in IKEA's commitment to
driving a culture of diversity
and inclusion

 **Long-term charity
partnership with
Shelter launched**

 **2023 Living Wage
Foundation rates
met**

Better Planet

 **52,380**
furniture pieces brought
back throughout our
Buyback & Re-sell scheme,
an increase of 187% from
2022

 **£4.5m.**
investment in nationwide
electrical charging
infrastructure

 **Food waste
reduced 50%
compared to 2017**

 **532,347**
spare parts given
out

Better Business

 **2.46bn**
annual turnover

 **11.9%**
growth in sales

 **4.5%**
operating profit
(of total turnover)

 **1m**
new visits to our stores
(up by 2.2% since 2022).

*The IKEA UK financial year 2023 runs from
September 2022 – August 2023. '2023' in this
report refers to this time period.

Our UK Presence



20 IKEA Stores

1

City Store in
Hammersmith



3

Distribution
Centres



1

Remote Customer
Meeting Point

with hubs in
Peterborough, Sheffield
and Aston.



1

Order and
Collection Point
in Aberdeen



3

Plan and Order
Points

in Aintree, Preston
and Stockport



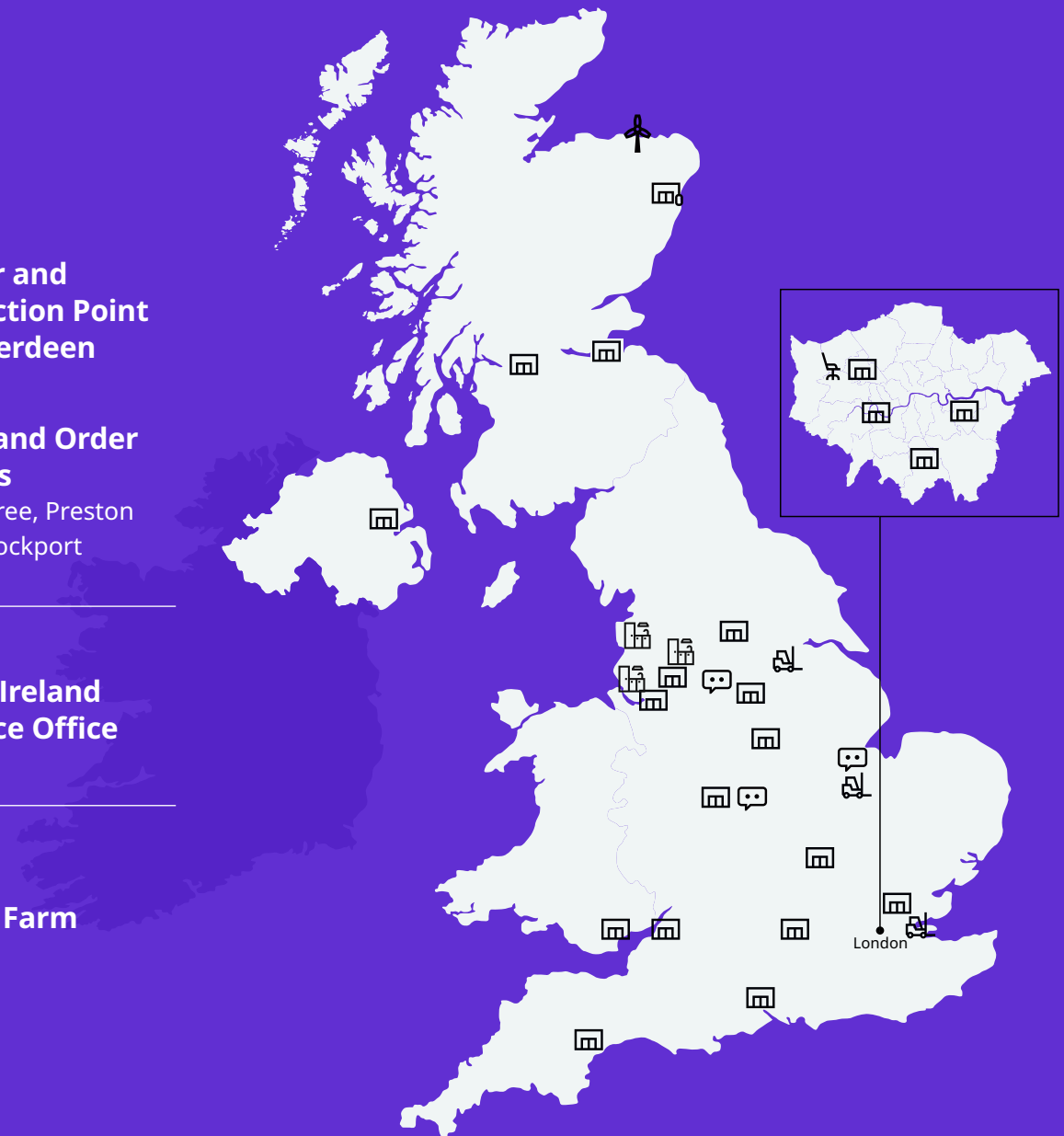
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UK & Ireland
Service Office



1

Wind Farm



Creating a better IKEA

In IKEA's 80th year, it is a privilege to reflect upon our history, from humble beginnings as a small mail-order business to a successful global home furnishing brand. Here in the UK, the first IKEA store opened in Warrington in 1987 and since then we have continued to grow across the country. This year we've been working hard to become more accessible, affordable, and sustainable, all while continuing to be led by our vision to create a better everyday life for the many.

As I reflect upon 2023, I am proud to share our strong business performance, achieving an 11.9% growth in sales, combined with a healthy net operating profitability, which grew to 4.5%. At the same time, we have managed to reduce costs and improved our gross margin, which grew to 31.7%. Our profitability over the past two years, empowers us to steer our business towards sustained growth. Our focus is now on reducing the prices on many of our favourite products. This commitment to lower

prices, underscores our dedication to being on the side of the many people, ensuring affordability for our customers.

A personal highlight this year has been the development of a more accessible and relevant IKEA that reflects evolving needs of the many people. We have introduced smaller format, Plan and Order points, three of which opened in the North West, alongside the expansion of our Click & Collect service with the national roll out of our partnership with Tesco. We opened our new Customer Distribution Centre in Dartford which enhances our operational efficiency and ensures seamless supply chain management to meet the growing demands of our customers in London and the South East. These newly opened meeting points and service propositions are pivotal in our approach to providing an improved and tailored experience for everyone who chooses IKEA. In the coming years we look forward to bringing IKEA closer to many more people with new stores opening on Oxford Street and in Brighton.

The success of IKEA in the UK depends on our many co-workers, and supporting them is an essential part of who we are. This year we ramped up our existing benefits package and invested in additional, physical and mental wellbeing support measures. We also





remain committed to building a workplace where everyone not only fits in but also thrives, contributing to a culture of unity and mutual respect.

To create a better everyday life for the many, our ambition goes beyond just home furnishing: IKEA must have a positive impact beyond the four walls of home, in our local communities too. We firmly believe that everyone deserves a place to call home which is why we continue to collaborate with our partners, like homelessness charity Shelter and The Royal Foundation Homewards programme. With a focus on stability, and the fundamental right for everyone to have a safe place to live, IKEA continues to advocate for the construction of 90,000 social houses a year by 2030.

In 2023 we also remained resolute in achieving our goal of becoming climate positive by 2030 and continued to make progress on reducing our environmental impact and contributing to a sustainable future. From improving energy efficiency across our stores to reducing waste and increasing our recycling rates. We have also been transforming our delivery operations with a £4.5 million investment in nationwide electrical charging infrastructure which will help us to get to 100% zero emissions deliveries by 2025.

These initiatives all contribute to the UK's climate commitments and pledge to reduce greenhouse gas emissions by 2050. As we navigate this transformation, we require steadfast leadership and guidance. We urge government to uphold their commitments and retain the Net Zero targets in 2050 and carry through key sustainability policies. The transition to Net Zero isn't just a wish, it's what our customers and co-workers expect of us, for the sake of the future of our planet and economic prosperity.

In this milestone year marking IKEA's 80th anniversary, I feel inspired reflecting upon the remarkable journey this company has undertaken. To all who contributed to making 2023 a resounding success for IKEA, a heartfelt thank you. As we look to the future, our long-term purpose remains clear: to create a better everyday life for the many. Guided by the foundations set out 80 years ago, we'll continue building a business that contributes to better homes for our customers, better lives for co-workers and communities, and a better planet for all.

Peter Jelkeby, CEO and Chief Sustainability Officer

Better Homes





At IKEA we believe that the home is the most important place in the world and we have been committed to making a positive difference for the many since it was founded 80 years ago. IKEA's founder Ingvar Kamprad recognised that people had tight budgets but believed that everyone deserved to be able to afford good quality, well designed furniture: affordability was at the centre of his vision for IKEA.

Similarly, in 2023, we understand that as the cost-of-living crisis continues, customers are seeking affordable products that can enhance their lives at home whilst also delivering cost savings. IKEA is uniquely placed to offer products designed in alignment with our Democratic Design principles. Each product is designed to be simple and avoid waste. We are mindful that the products we come up with today should still be relevant tomorrow.



At IKEA, we believe we are well placed to offer solutions that can help our customers save people money. Baked into our DNA is the art of sustainability and affordability. This year we have focused on different ways that we can support people to embrace thriftiness and help them live richer lives by making smart choices. Not just through our range of products, but also through our solutions, home furnishing expertise and services.

**Michaela Quinlan, Commercial Manager,
IKEA UK**



**New collection
launched to
celebrate 80
years of IKEA**



10
**years of the Life
at Home Report
celebrated**



3
**new Plan & Order points
opened dedicated to
kitchen, bedroom, and
living room planning,
helping customers
design their ideal space**



**New
Plantdog
released**

Products

Enhancing Home Life and Cost Savings with Innovative Products

In the aftermath of the pandemic, a clear change in lifestyle patterns has emerged, with individuals spending more time at home. This transformation is not only driven by the continuation of remote work, prompting customers to seek durable solutions for hybrid work arrangements, but it is also influenced by a broader societal challenge - the cost of living crisis.

In response to economic strain, there is a growing need among customers to find practical ways to save money and optimise their spending. In this context, homes have taken on a dual role as workplaces and as havens offering respite from the financial uncertainties outside. Individuals are seeking to make investments in products that not only enhance their daily lives within the home but also contribute to long-term cost savings.

This can be seen in the increase in sales of IKEA's highly adaptable PAX and KOMPLEMENT wardrobe systems which have increased by 49% and 39% respectively, with sales of the modular and customisable BESTÅ storage system growing by 25%.



Product Safety

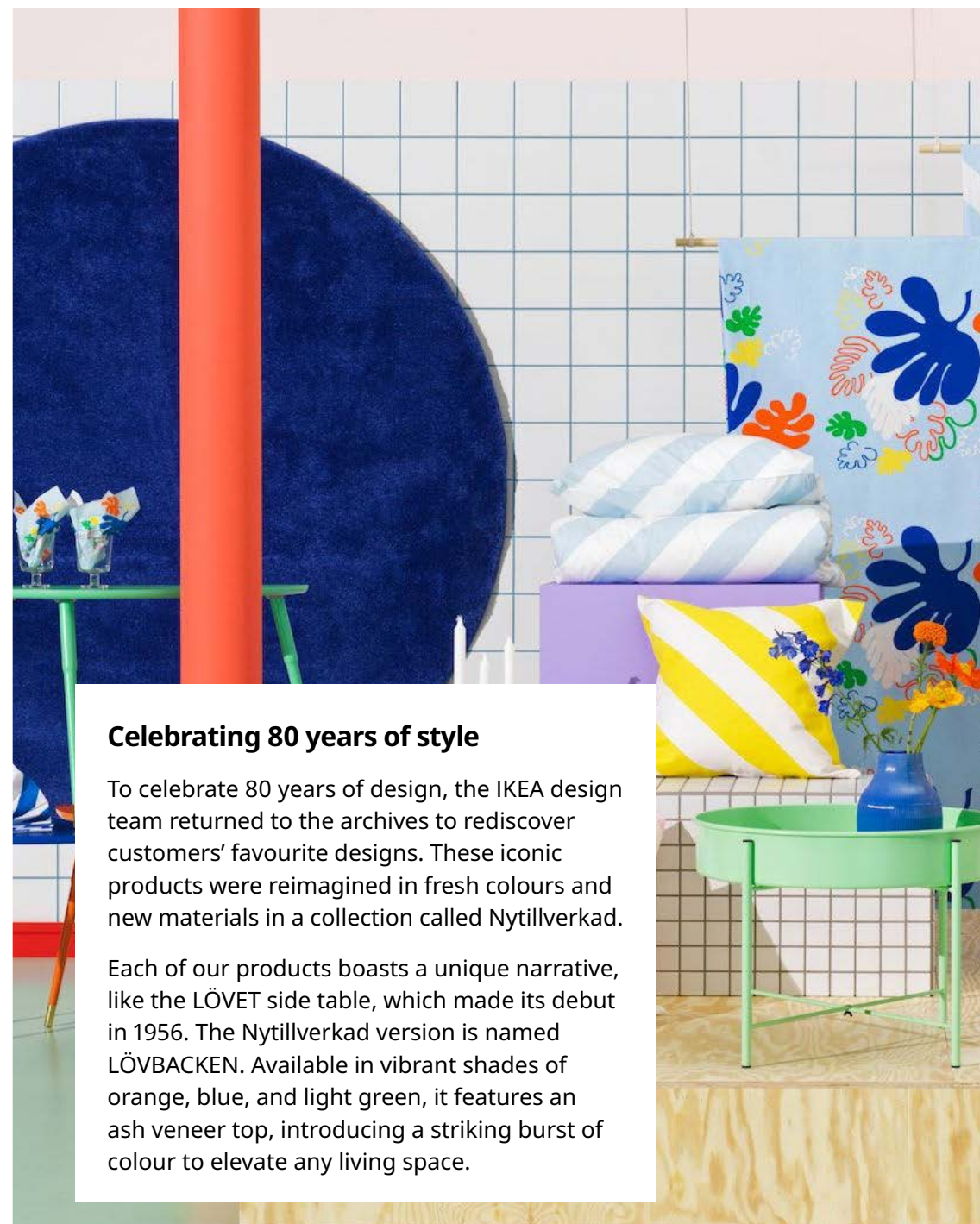
The safety of our customers is always a top priority for IKEA. This year we announced our first patent pledge, enabling other furniture manufacturers to implement Anchor and Unlock, a new anti tip-over innovation designed to enhance the safety of customers' homes. Launched across our VIHALS chest of drawers range, this feature enhances stability. Before the furniture is secured to a wall, only a limited number of drawers can open at a time. Once secured, the unlock mechanism is enabled and multiple drawers can be opened simultaneously.



Celebrating 80 years of style

To celebrate 80 years of design, the IKEA design team returned to the archives to rediscover customers' favourite designs. These iconic products were reimaged in fresh colours and new materials in a collection called Nytillverkad.

Each of our products boasts a unique narrative, like the LÖVET side table, which made its debut in 1956. The Nytillverkad version is named LÖVBACKEN. Available in vibrant shades of orange, blue, and light green, it features an ash veneer top, introducing a striking burst of colour to elevate any living space.



Accessibility

At IKEA we are continuously transforming to ensure we are meeting the needs of our customers. In 2023, that has involved becoming more accessible, so that customers are able to interact with our products, services and co-workers in more convenient ways.



We opened three new Plan & Order points in Stockport, Aintree and Preston. These smaller stores are specifically designed for kitchen and bedroom planning, offering customers the opportunity to collaborate with our planning specialists to craft bespoke kitchen and bedroom solutions.



After a successful pilot in 2022, throughout 2023 we expanded our Click & Collect service in partnership with Tesco, allowing customers to conveniently receive their IKEA purchases from their local Tesco stores. This partnership exemplifies our commitment to providing seamless and accessible solutions for our valued customers.



We invested in a new Customer Distribution Centre in Dartford. The facility enables faster, more sustainable home deliveries to IKEA customers in London and the southeast of England. The launch of the facility created over 300 jobs and is operated by British logistics firm and longstanding IKEA service provider, Wincanton.

Affordability

In 2023, we launched our savvy campaign aimed at helping people live more affordably. Deeply rooted in our vision to create a better everyday life for the many people, this campaign focused on offering solutions that can help to save people money.

One of the top barriers to people taking action on helping the planet is cost. With our savvy campaign we have demonstrated that you can help the planet and save money at the same time. Whether it's an attachable water nozzle to save water, food containers for fridge and freezer storage and oven use, or blinds which help to prevent draughts in winter and keep it cool inside in summer, there are always inventive options that bring a new level of sustainability to the UK's homes so everyone can do their part, while saving money. Products that can help customers take action on food waste saw an increase in sales with IKEA's 365+ food containers increasing by 41%, and KORKE storage jars and reusable bottle purchases grew by 23%.

Our increased range of sustainable living products (31.9% of our total product range sales in 2023) provide affordable solutions to cut energy, water and waste, and help to re-use and prolong the life of products which is more important than ever in the face of rising energy prices. We display many of our energy and resource-saving products in multiple areas within our stores and have dedicated sustainable living shops so customers can gain new ideas for saving money and helping the planet when visiting.



We also launched our 'savviest day out' designed to help families keep children entertained during the school holidays. Almost half of parents and grandparents in the UK (47%) have said they've cut down on days out with the family in the last 12 months, with takeaways (67%) and meals out together (63%) other areas they've reduced spending. As part of the 'savviest day out' promotion and beyond, kids were able to eat for just 95p in the IKEA Restaurant.

In participating stores, customers were able to pick up a treasure map which guided them around the store, challenging them to interact with activities as they went – from creating shadow puppets using the BETTORP lamp and designing a robot inspired by products in the IKEA Circular Hub, to measuring their height in FABLER BJORN bears.



Sustainability

Live LAGOM

Lagom means “just enough” in Swedish. This is our digital and in-store behaviour change programme that encourages customers to enjoy this Swedish approach to life and supports the concept that living sustainably is easy, affordable and desirable.

The programme provides workshops and online resources to offer customers and co-workers tips, advice, inspiration, and community support. Members sign up for the programme via our loyalty scheme. Alongside this initiative, our People and Planet product range showcases simple solutions to help customers live a more healthy and sustainable life.

- **214** households participated in 2023
- Changes in environmental behaviours before and after the programme:
 - » Commitment to maintain, repair or upcycle furniture increased from 50% to **76%**
 - » Commitment to hire, share or lend products increased from 21% to **35%**
- **96%** of people said that living a Lagom lifestyle would be good for their wellbeing

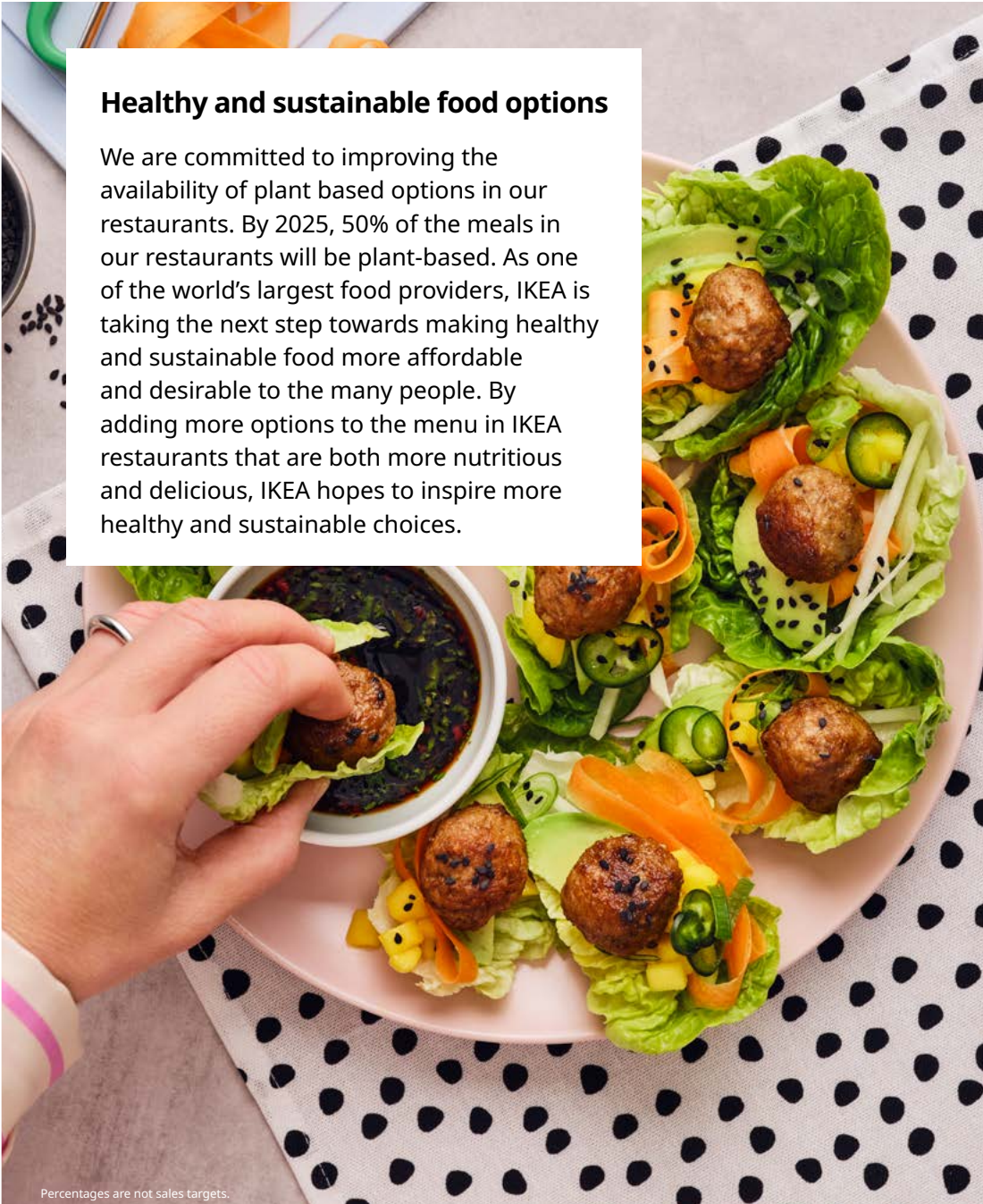
Choose to refuse

The small changes you make can have a big impact - that's the power of our Live LAGOM

Find out more inside

Healthy and sustainable food options

We are committed to improving the availability of plant based options in our restaurants. By 2025, 50% of the meals in our restaurants will be plant-based. As one of the world's largest food providers, IKEA is taking the next step towards making healthy and sustainable food more affordable and desirable to the many people. By adding more options to the menu in IKEA restaurants that are both more nutritious and delicious, IKEA hopes to inspire more healthy and sustainable choices.



Percentages are not sales targets.

Introducing...Plantdog

A staple of the customer experience at IKEA is the food. The well-deserved hotdog after increasing your step count around the store, has been revolutionised. In 2023 we launched a new plant-based version of the iconic hotdog, the plantdog. The new plant-based alternative contains rice protein, onion, apple, salt pepper and smokiness to give it the characteristic sausage flavour.



Celebrating ten years of Life at Home Research

Every year, IKEA conducts research into people's lives at home. For the past 10 years, IKEA has been mapping the ever-shifting reality of Life at Home for people across the world, exploring what "home" means to a diverse range of people in a myriad of family dynamics, circumstances and contexts.

Through this research, we have identified a series of "8 Needs" that emerge across cultures and countries as consistent, foundational requirements to the sense that "home" is a place that nourishes us. *Control, Comfort, Security, Nurturing, Belonging, Enjoyment, Accomplishment and Aspiration.*



According to the report,

45%

of people in the UK say that home is their favourite place in the world.

The most important factors in making a home are

- Comfort (85%)
- Security (82%)
- and Enjoyment (80%)



In 2023

45%

of the population said household finances and disposable income remained their biggest concern

an improved outlook compared to 12 months ago, when **58%** of respondents highlighted this as their main worry.



3 in 10

(31%) of the population named their mental health as a main concern around their life at home.

Thankfully, people are finding ways to take care of their mental wellbeing when spending time at home – with relaxing to TV, music or a good book taking the top spot (44%), while having a clean and tidy home helped a third of people feel better.



With almost

1 in 3

of people noting that they sometimes work from home,

above the global average of **24%**, home working spaces are key. At the other end of the spectrum, having space for hobbies and activities at home is the second most important thing within an ideal home, with **38%** of people agreeing it's importance.

Better Lives





As a values-driven business, IKEA has always recognised that when our co-workers grow, so does our business. Our goal is to ensure that co-workers feel supported and valued through a variety of benefits that contribute to their financial, mental and physical wellbeing; supporting our vision to create a better everyday life for the many people.

This vision also focuses on the wider community in which we work, particularly vulnerable groups. This year we announced a long-term partnership with the homelessness charity Shelter. Our aim is to work with them to address the housing emergency that is affecting so many people across the UK.



At the heart of IKEA's vision is the desire to create a better everyday life for the many people. This includes the lives of our co-workers and the communities in which we work. In 2023, we continued to make meaningful investments in our people to make sure they receive a fair wage, are provided with opportunities to develop their skills, and are supported in their physical and mental wellbeing.

**Darren Taylor, People & Culture Manager,
IKEA UK**



**£12
million**

**invested in our
co-worker salary
increases**



90
**work
placements
offered to
refugees**



**new charity
partnership
with Shelter
launched**



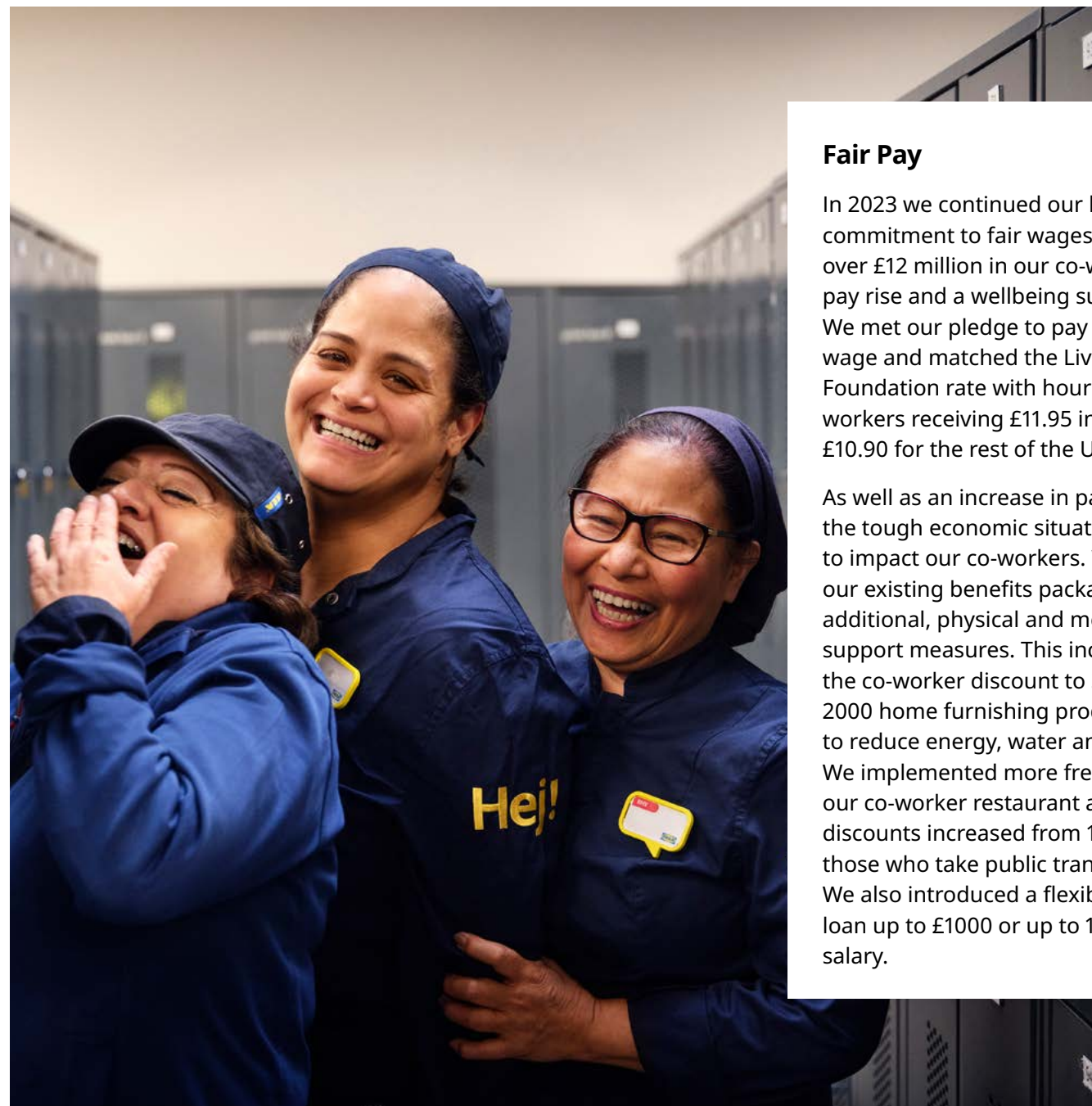
14
**apprenticeship
programmes
across the
business**

Making IKEA an attractive place to work

Flexibility

At IKEA, we want to provide the conditions for our co-workers to thrive, where individual needs are acknowledged and considered, with an ambition to support better work-life balance and co-workers' wellbeing. One way we have done this is by putting flexibility at the heart of our employment offer.

We are on a journey of updating and enhancing our flexible working policies to ensure we are ahead of the curve and a leader on flexibility. We will be trialling a pilot scheme that will empower co-workers to co-create their own schedules by being able to select/fix up to 50% of their base contracted hours providing greater predictability and control. We will also be testing a pilot where co-workers can work flexibly across store locations and roles.



Fair Pay

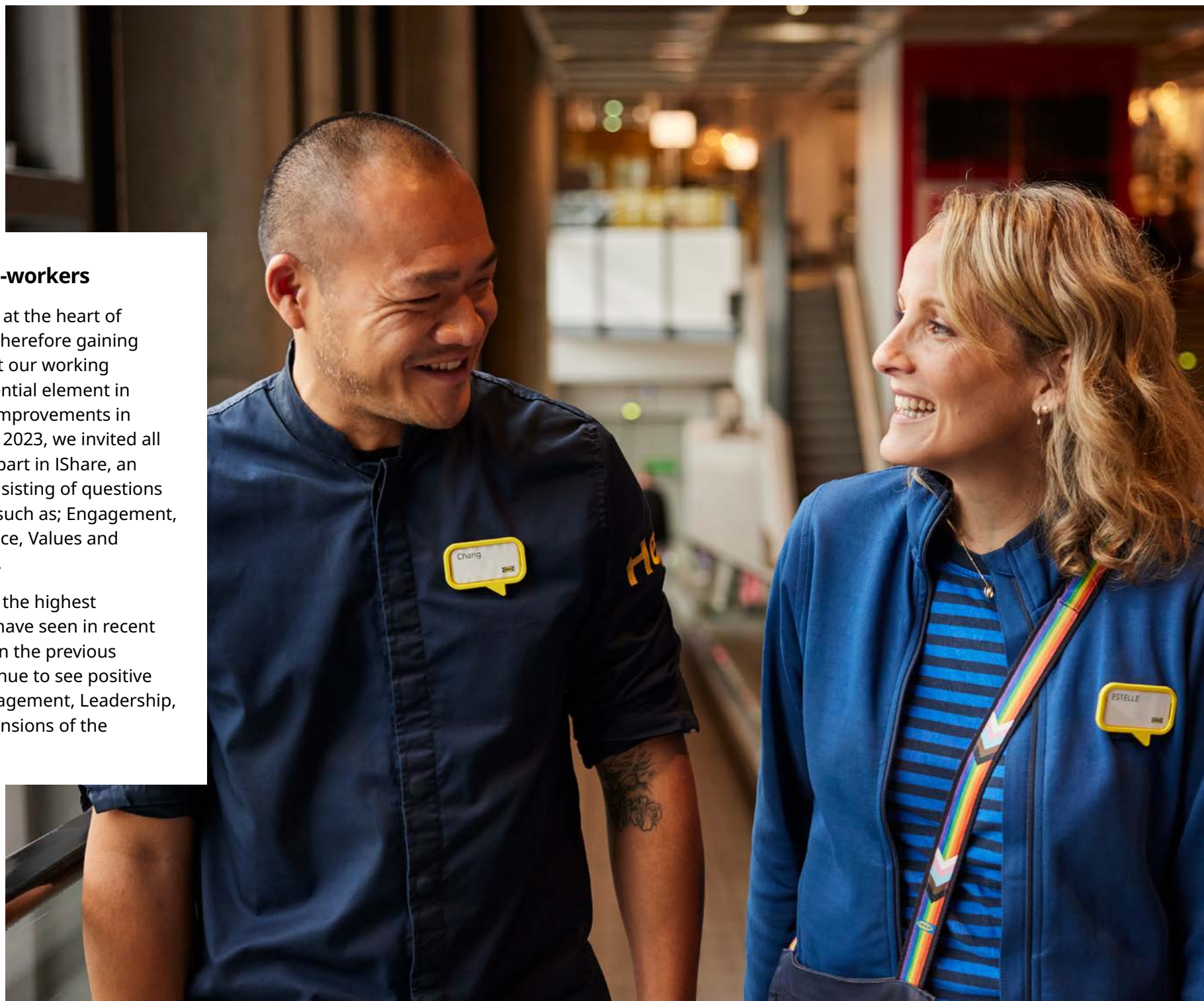
In 2023 we continued our long-term commitment to fair wages and invested over £12 million in our co-workers with a pay rise and a wellbeing support package. We met our pledge to pay the real living wage and matched the Living Wage Foundation rate with hourly paid co-workers receiving £11.95 in London and £10.90 for the rest of the UK.

As well as an increase in pay, we recognised the tough economic situation has continued to impact our co-workers. We ramped up our existing benefits package, investing in additional, physical and mental wellbeing support measures. This included doubling the co-worker discount to 30% across over 2000 home furnishing products which help to reduce energy, water and food waste. We implemented more free meal options in our co-worker restaurant and season ticket discounts increased from 15% to 25% for those who take public transport to work. We also introduced a flexible interest-free loan up to £1000 or up to 10% of co-workers' salary.

Listening to our Co-workers

We put our co-workers at the heart of everything we do and therefore gaining regular feedback about our working environment is an essential element in achieving continuous improvements in our business. In spring 2023, we invited all our coworkers to take part in IShare, an anonymous survey consisting of questions connected to subjects such as; Engagement, Leadership, Performance, Values and Diversity and Inclusion.

In 2023, we saw one of the highest participation rates we have seen in recent years (85%). Building on the previous year's results, we continue to see positive movements in the Engagement, Leadership, and Performance dimensions of the feedback.



Equality, Diversity and Inclusion

New co-worker groups

At IKEA, we believe that equality is a human right. We want to create an environment where every co-worker can be their authentic selves in a diverse and inclusive workplace.

Our culture of diversity and inclusion is strong, scoring a positive 78% response in our annual IShare engagement survey, maintaining a positive trend from the year before. We also saw that the topic of diversity and inclusion was the number two most proud theme of written comments in I-share with 43% positive comments and only 7% of negative comments. We also saw 89% of our co-workers believe in IKEA's commitment to driving a culture of diversity and inclusion.

Through listening to our co-workers, we identified gaps that exist across different diversity groups when it comes to advancing career progression and not having to cover or downplay aspects of identity. This feedback has given us areas and priorities to focus on.

One of our priorities is investment in leadership education. We delivered training on Transgender Inclusion and Neurodiversity, in which 150 managers attended. We launched the Win-Win Mentorship Initiative, reaching 96 co-mentors across the organisation, pairing co-workers from under-represented groups with senior leaders and delivered unconscious bias training for 83 managers.

We launched three new Co-worker Resource Groups. The groups will take us a step further in creating a listening culture where all co-workers can have their voices heard and feel as though they belong, no matter their differences.

The three groups for LGBTQ+, Disability and Women's inclusion aim to create safe spaces where co-workers can come together to discuss their lived experiences, engage with unique perspectives, and collaborate to drive inclusion and improve the experience of all co-workers.



89%

**of UK co-workers believe
in IKEA's commitment
to driving a culture of
diversity and inclusion.**

Time to face the gap

Pride Month is a time for celebration, it is also about recognising where we are today and where we want and need to be as a society and as an organisation. During Pride Month in 2023, we focused on building on our long-standing LGBTQ+ commitments with a call-to-action to close inclusion gaps within the workplace with our #facethegap campaign.

Launched on the International Day Against Homophobia, Transphobia and Biphobia (IDAHOBT), the #facethegap campaign was developed following the results of the Ingka Includes survey, which revealed our own inclusion gaps. Whilst we have a lot to be proud of with 81% of our LGBTQ+ co-workers feeling comfortable to be themselves at work, we still have work to do as 24% do not feel a sense of belonging at IKEA.

We are working to close our inclusion gaps through:

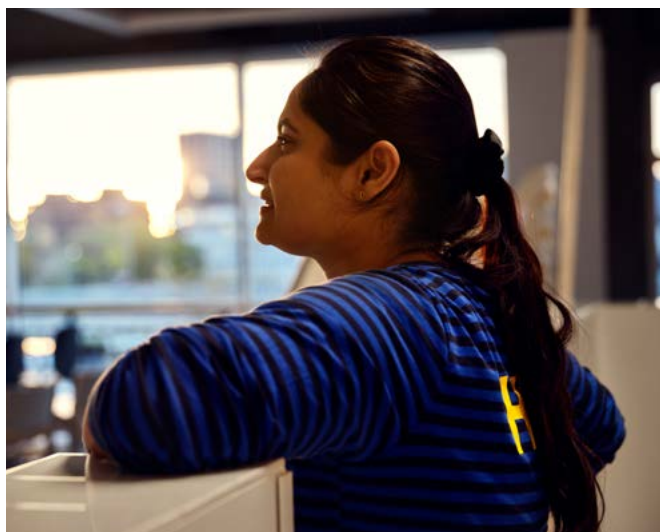
- Continuing with a strong listening culture
- Career path and talent development
- Leveraging partnerships with leading LGBTQ+ organisations
- Safer working practices and wellbeing at work



£48,787

was raised In 2023 from donations through the sales of our rainbow cake, a 26% increase on the year before.

Supporting our co-workers to grow



Apprenticeships

We currently have 14 apprenticeship programmes across retail, hospitality, logistics and HR. We recently launched a new apprenticeship pilot in hospitality. There are eight co-workers enrolled onto this apprenticeship (Hospitality Food & Beverage Level 2 and Production Chef Level 2). The introduction of this apprenticeship is part of our broader strategy to build career paths and develop leadership capabilities.



Stepping Up

Our Stepping Up programme, aimed at developing apprentices, has a high success rate of 82% of apprentices completing their apprenticeships (10% higher than the industry average) and 86% progressing to leadership or specialist roles. In 2023, we welcomed a new cohort of 16 new apprentices onto the Stepping Up programme in our Peterborough Customer Distribution Centre and Remote Customer Meeting Point.

We also have a Stepping Up programme which aims to transition line managers to senior unit management teams. In 2023, we welcomed 38 participants (40% male and 60% female).



Bloom

Our Bloom programme identifies and develops talent at the beginning of their career to become Market managers in 3 - 5 years. In 2023, we had six participants on year three of the programme.

Our ambition is to inject diversity in key leadership roles, to unlock the potential we have in the organisation today through creating equal opportunities for co-workers, whilst also inviting new talent in, to ensure key succession and bring new critical competences into the business to secure IKEA for generations to come.

Making a Difference in Our Local Communities

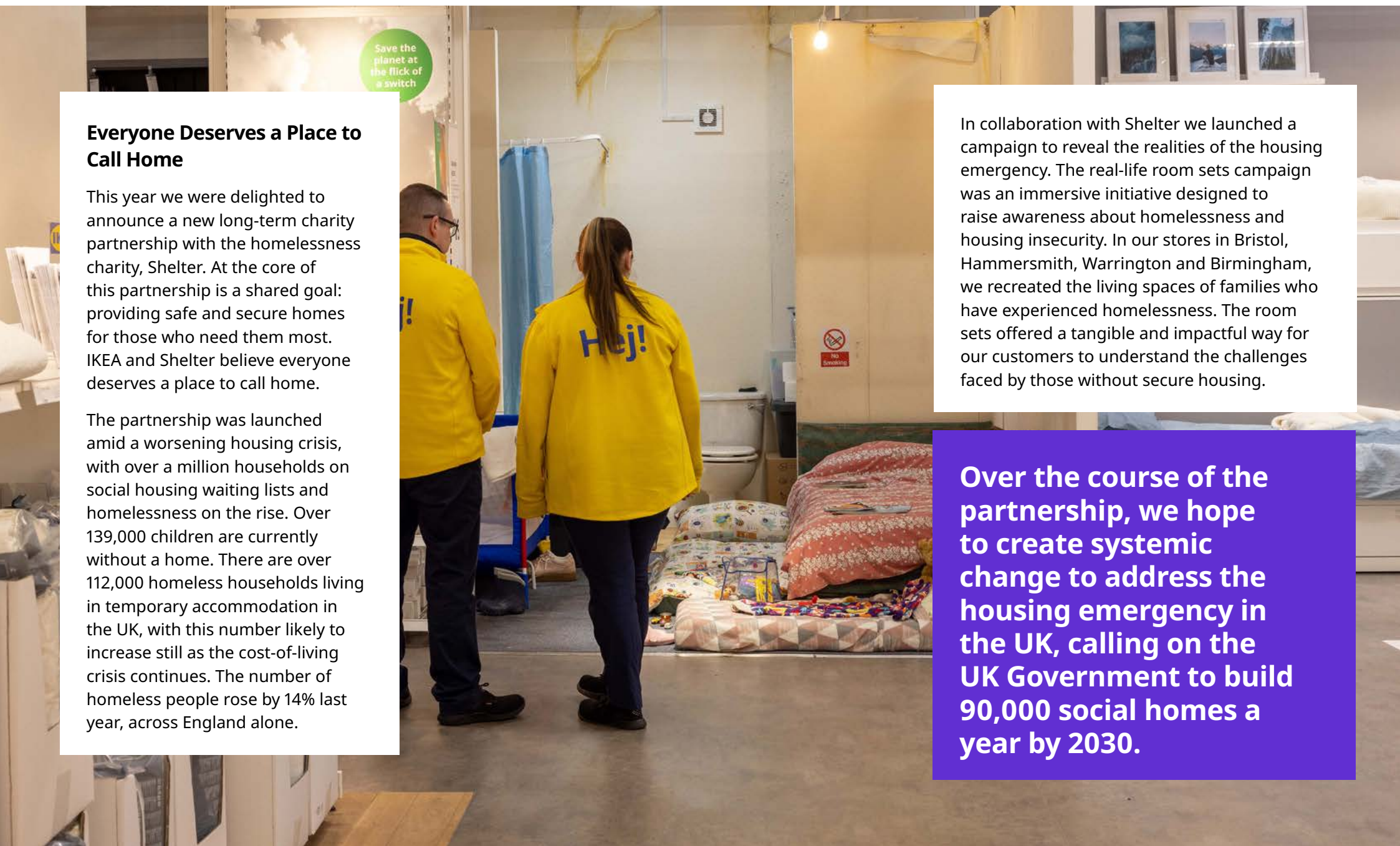
Everyone Deserves a Place to Call Home

This year we were delighted to announce a new long-term charity partnership with the homelessness charity, Shelter. At the core of this partnership is a shared goal: providing safe and secure homes for those who need them most. IKEA and Shelter believe everyone deserves a place to call home.

The partnership was launched amid a worsening housing crisis, with over a million households on social housing waiting lists and homelessness on the rise. Over 139,000 children are currently without a home. There are over 112,000 homeless households living in temporary accommodation in the UK, with this number likely to increase still as the cost-of-living crisis continues. The number of homeless people rose by 14% last year, across England alone.

In collaboration with Shelter we launched a campaign to reveal the realities of the housing emergency. The real-life room sets campaign was an immersive initiative designed to raise awareness about homelessness and housing insecurity. In our stores in Bristol, Hammersmith, Warrington and Birmingham, we recreated the living spaces of families who have experienced homelessness. The room sets offered a tangible and impactful way for our customers to understand the challenges faced by those without secure housing.

Over the course of the partnership, we hope to create systemic change to address the housing emergency in the UK, calling on the UK Government to build 90,000 social homes a year by 2030.



The Royal Foundation

As part of our campaign to end homelessness, this year, we also became part of a national project spearheaded by The Royal Foundation. Homewards, launched by His Royal Highness The Prince of Wales, is a five-year locally led programme which will demonstrate that together it is possible to end homelessness: making it rare, brief and unrepeated. Together with organisations from a range of sectors and industries, IKEA will contribute with skills and resources to support the programme to deliver the solutions needed to prevent homelessness.

"In a modern and progressive society, everyone should have a safe and secure home, be treated with dignity and given the support they need. Through Homewards, I want to make this a reality and over the next five years, give people across the UK hope that homelessness can be prevented when we collaborate."

HRH The Prince of Wales

We have also pledged our support to another campaign championed by The Royal Foundation and its Centre for Early Childhood. The Business Taskforce for Early Childhood, which aims to transform the way in which society supports children in their early years and those who care for them, has been spearheaded by Her Royal Highness The Princess of Wales and this year brought together businesses to look at how they can provide support and resources needed to help young children thrive. We will be working with other businesses to research and report on the role we can play in affecting long-term societal change.



Barnardos

In 2023, we marked the 6th year of our partnership with Barnardos, dedicated to supporting young people leaving the care system. This year, we saw almost 4,000 individuals engage with our LifeLabs Portal, an interactive platform, co-created with care-experienced young people to offer tips and guidance on how to make a house a home on a limited budget. As part of our commitment to outreach, we packaged 220 Care Crates that were utilised across the UK. The Care Crates were packed with essential IKEA products, handpicked by the young individuals themselves. The aim of the project was to recognise the unique challenges faced by young people in care during this pivotal transition and to enhance their journey to independent living.



UPPNÅ

Through our long-standing employment programme UPPNÅ, which means “to achieve” in Swedish, we have offered 181 placements across the UK and Ireland over the three years 2021- 2023 to provide work experience for refugees both within retail and our distribution units.

Partnerships have been established with British, Scottish and Welsh Refugee Councils to help refugees back into meaningful employment or to develop essential employability skills, whether that be with IKEA or another employer. We want to create even more opportunities for refugees to rebuild their lives, provide opportunities to be a part of a co-worker community and to earn an income.

93

refugees successfully offered work placements during 2023 through the UPPNÅ programme across the UK&IE.

69%

of these, have remained at IKEA, with permanent contracts.



Local Community Projects

Alongside our national campaigns, each one of our stores across the UK is empowered and encouraged to take on local community projects. This year, our dedicated IKEA co-workers actively participated in the transformation of community centres and provided valuable assistance in home makeovers. This local engagement underscores our commitment to making a positive impact at the grassroots level, fostering meaningful connections within the communities where we work.

We also collaborated with the charity Nadiya, whose name means 'hope' in Ukrainian. Together we contributed to their 'Homestart' initiative, offering a solution to make the transition to new accommodation more comfortable for refugees, eliminating concerns about the financial burden of acquiring new furniture. Through this initiative refugees can access a diverse range of furniture items, including beds, tables, sofas, chairs, household appliances and more, at no cost, for as long as needed.

The 'Homestart' initiative operates on a no-cost basis. We use a redistribution model, allowing us to maintain legal ownership of all items. This enables the collected furniture to be reused, extending its life cycle, and assisting other families in need. By providing these resources we empower refugees to create homes that are comfortable and safe, fostering a sense of security and stability.



"Thank you again for helping us bring a community together. Last night I led the English session with the children and thanks to the amazing space and the kitchen, we made and ate pita pizza together. It has been a dream of ours to be able to cook with the children and you've made that possible."

Leanne Borshik, Ukrainian Family Hub Warrington

Better Planet





As the UK continues its journey to achieving net-zero, at IKEA we are more determined than ever to reach our commitment to become climate positive across our value chain by 2030, without the use of offsetting. In 2023, we made great strides towards the ambitious goals we have set ourselves. We stepped up our investment in electric vehicle infrastructure, taking significant steps in energy efficiency and have continued to roll out our EcoPilot scheme to even more stores. We have also made progress in our effort to become a fully circular business with our furniture buy back and resell service and investment in recycling mattresses. We continue to transition our stores away from gas usage which will have a considerable impact on becoming climate positive in our own operations in the UK.

As we look ahead to 2024, our commitment to achieving ambitious sustainability goals is unwavering. We believe additional investments in the business and a continued dedication to caring for both people and the planet will be integral to shaping a more sustainable future for all.



The IKEA vision is to create a better everyday life for the many people. Climate change threatens this, for people today and for generations to come. Becoming climate positive by 2030 means reducing more greenhouse gas emissions than the full IKEA value chain emits, while growing the IKEA business in line with the 1.5 degree target.

Greg Lucas, Sustainability Manager, IKEA UK



100%
of our electricity
comes from
renewable sources



50%
reduction in food
waste compared
to 2017



**13,960,263
kWh**
produced by our
Dummunies wind
farm - enough to
power three IKEA
stores for a year



532,347
spare parts
given out



515,419
plant balls sold



52,380
items brought back
throughout our
buy back and resell
scheme, an increase
of 187% from 2022.

Sustainable Operations

Reducing waste

We are prioritising actions to prevent, reduce, reuse and recycle waste. Most of the waste we produce is mainly packaging material. The rest includes product waste from damaged products, food waste from our restaurants and cafés and a small amount of other waste. Each of our stores has a Working Group that brings together co-workers from across the business to help us reduce waste (including operational waste, product waste and food waste) and drive circular resource flows.

We track monthly progress and calculate the greenhouse gas emissions associated with

our waste to understand our climate footprint. We aim to reduce our operational waste and are striving for 100% recycling of waste generated in our operations by 2030.

Our waste reduction initiatives have helped to reduce total waste by 5.6% in 2023 compared with 2022. Reducing the impact of our food on the environment we strive for zero waste in all our operations, including our food offering. In the UK, we now use AI technology in our stores to track food waste from our store kitchens. This has enabled us to reduce food waste by 50% compared to 2017.



Energy efficiency

The biggest impact we can have on our IKEA UK operational climate footprint is to transform IKEA UK to renewable heating and cooling by 2030. This has been completed in three stores by utilising air source and ground source heat pumps. This transition is currently underway in four more stores.

It is also important to reduce the amount of energy we use. In 2023, we achieved a 6.9% reduction in energy use, through the roll out of a national energy efficiency initiative. EcoPilot, a part of our wider energy efficiency initiative, aims to reduce our energy consumption, without compromising the customer experience of our stores. The solution improves the indoor climate by boosting energy storage capacity and optimising internal heat sources, resulting in energy savings of 20% to 40%. EcoPilot also takes the local weather forecast into account, including the outdoor temperature, wind direction, sunshine hours and precipitation. This optimises energy consumption across the entire heating and cooling system. We started out with trials in just 3 of our stores, the project is now live in 8 stores.



Investing in EV charging infrastructure

This year we announced a £4.5 million investment in nationwide electrical charging infrastructure as part of our goal to reach 100% zero emissions deliveries by 2025. This will be one of the biggest EV charging infrastructure projects for last mile fleets in the UK. So far, we have installed 102 out of 196 chargers which will be located at IKEA stores across the country. At the newly opened Dartford Distribution Centre, we have installed 28 rapid HGV chargers and an additional 60 chargers to deliver overnight charging.



Sustainable Services

Putting secondhand first

Every year, millions of pieces of second-hand furniture go to waste. That's why we're buying back used IKEA furniture, to give chairs, shelves or chests of drawers as many lives as possible. With Buyback & Resell, customers sell us used IKEA furniture they don't need and get IKEA in-store credit to refresh their home. In 2023, 52,380 items were brought back through our Buyback & Resell scheme, this was an increase of 187% on last year.

The secondhand furniture brought in by customers is re-sold in our Re-shop & Re-use areas, located in all our stores and online. In 2023, we sold 38,723 products from Re-shop & Re-use. Last year we launched the online platform and since then have been working to improve the service. This year we sold 12,432 items on Re-shop & Re-use online.



Mattress take back

In November 2023, we launched a new mattress removal and recycling scheme in collaboration with The Furniture Recycling (TFR) Group, giving UK customers a convenient way to recycle old mattresses that would otherwise go to waste. IKEA customers can book a collection for their mattresses, either online or in-store for £40 per item. Following collection, mattresses are transported to a dedicated recycling facility operated by IKEA partner, TFR Group – the UK's leading mattress recycling and circular economy specialist.

TFR Group diverts 100% of the mattresses it collects or receives from landfill, by deconstructing them manually using specialist cutting tools – enabling the materials

3.5 million

**mattresses recycled since 2012
by TFR Group, with 30,000 tonnes
of material flowing back into the
economy.**

Sustainable Behaviours

Let's Go Zero partnership

In 2023, we continued to support Let's Go Zero, a coalition campaign led by climate solution charity Ashden. By giving school leaders the tools and resources to become more sustainable. The campaign is gathering momentum and has engaged over 100 local authorities, who have the potential to reach over 6 million young people.

This year we ran a competition for member schools to help their teachers and pupils do more to tackle climate change. Following a raft of applications from schools across the UK, we are now working with the winning four schools to bring their visions to life through our products, solutions, co-worker expertise and funds. Projects include school swap shops to reduce waste and preventing uniforms and other clothes ending up in landfill.

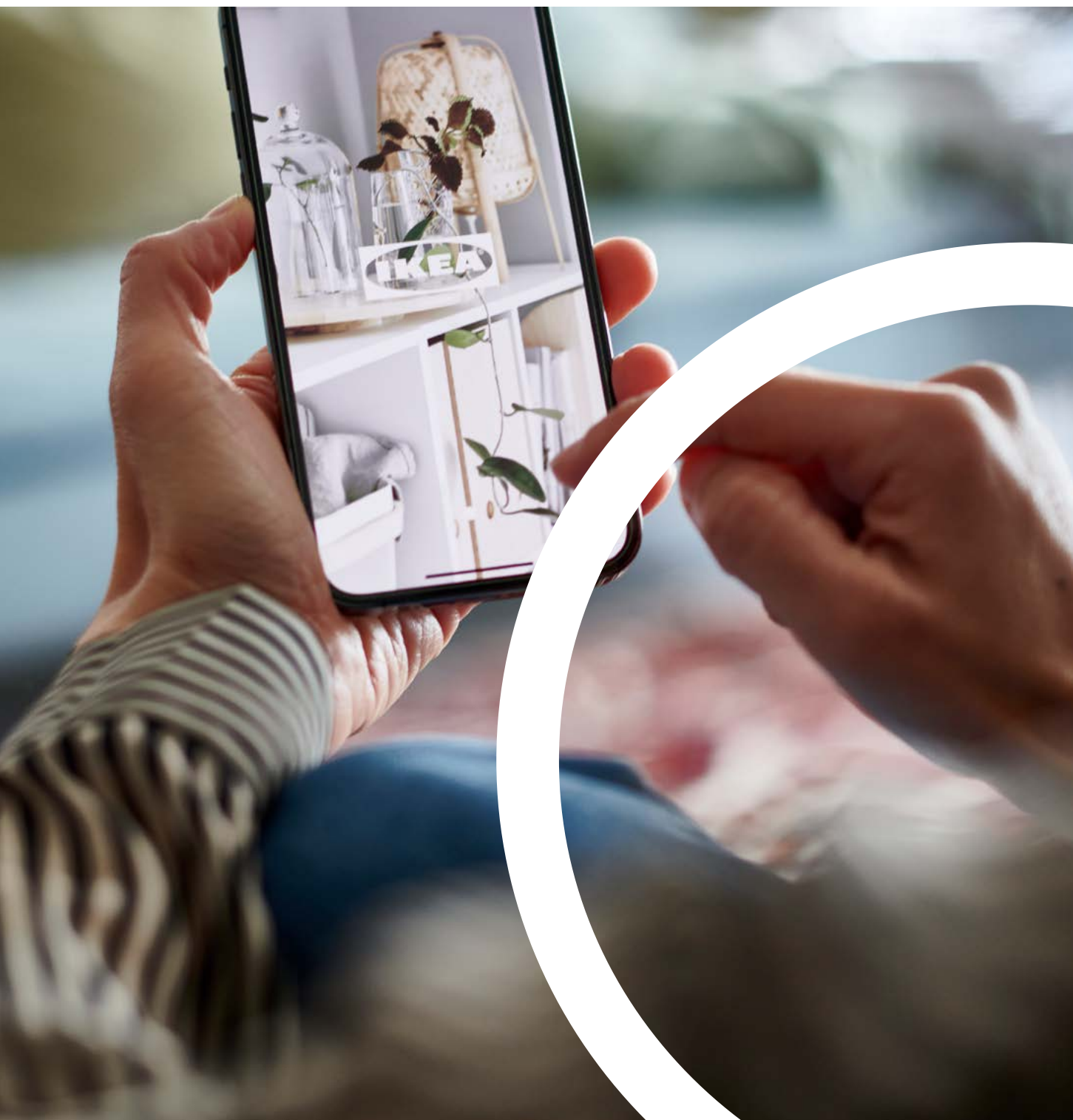


Karbut

IKEA hosted its first ever car boot sale in Milton Keynes and Cardiff stores this September, where visitors had a fun day out at IKEA, and enjoyed searching for second hand gems. It is another way we have tried to bring affordability and circularity together, providing our customers with an opportunity to sell and buy second hand items.



Better Business

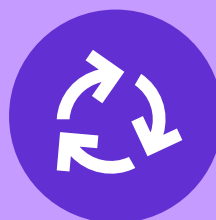


A sustained and difficult economic climate combined with uncertain global crises have had an impact on our business in 2023, but despite these challenging times, we maintain a commitment to our vision of creating a better everyday life for the many. In our pursuit of a sustainable business for the present and for future generations, we have focused on long-term profitability as a key driver. Profits play a key role by providing the necessary resources for ongoing investments in our business and our workforce. This strategic approach not only safeguards our vision but also supports our overarching goals of creating improved homes, enhancing lives, and contributing to a healthier planet.



We are very proud of our performance in 2023, a year in which we managed to increase our market share, to improve significantly our customer experience, brand health and awareness, to exceed our climate footprint goals, to continue making meaningful investments in our people and to secure a level of profitability that gives us the financial strength to continue investing and growing our business for now and the generations to come.

Constantinou Mourouzides, Chief Financial Officer, IKEA UK



11.9%
growth in
turnover vs 2022



£2.46bn
turnover



2.2%
increase in
in-store
footfall



19%
growth in
online sales



24%
growth in
remote sales

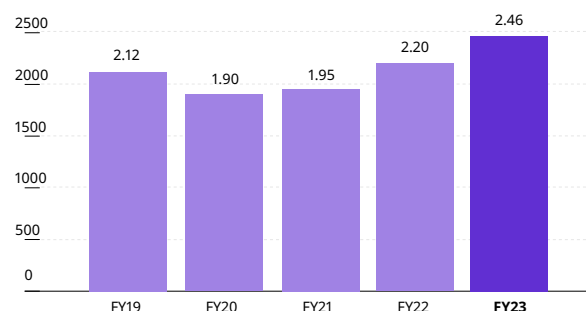


1 million
new visits to our
stores

Our Financial Performance

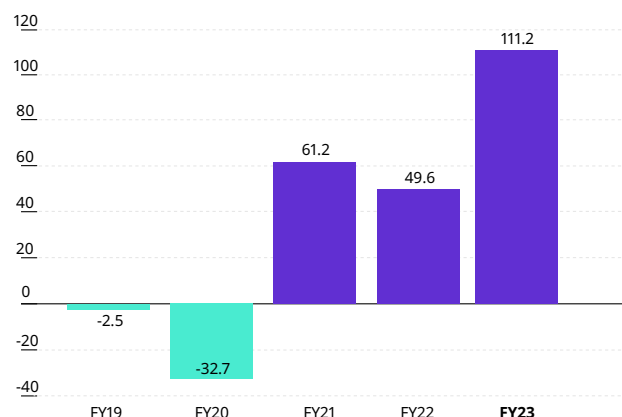
Total sales in the UK

Turnover in billion Pounds

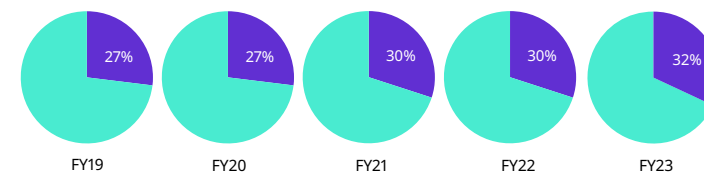


Operating profit

Operating profit in million Pounds

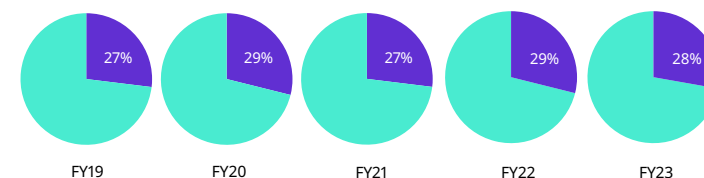


Gross margin



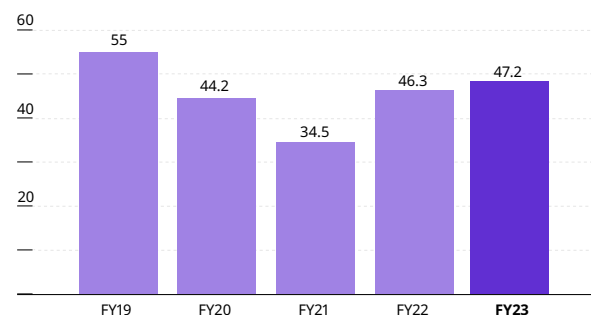
Operating cost ratio

Operating costs percentage of total sales



Store visits

Number of visitors in million



Online transactions

4.6 million

+6.1%
vs FY22

Online sales increased

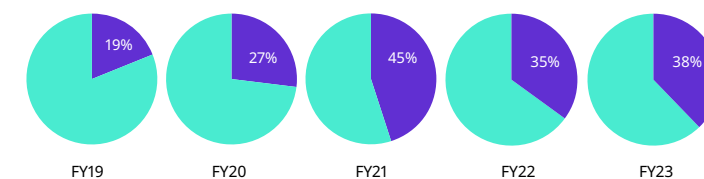
19%

vs FY22

37.5%
of total
sales in FY23

Online share

Share of online sales of total sales



Growth

Despite challenging market conditions, we continued to make major strategic investments in our journey to create a more affordable, accessible, and sustainable IKEA, supporting an 11.9% growth in turnover which increased our market share above pre-pandemic levels.

Through investments in our physical channels and digital access, we continued to enhance the IKEA experience for customers, with online sales growing by 19% compared to last year – representing a 37.5% share of total sales in 2023.

At the same time, the ongoing development of our fulfilment capabilities reduced costs and improved our gross margin, which grew to 31.7% (2022: 30.5%). This is an area we continue to heavily invest in, increasing our store fulfilment capabilities for faster and lower cost deliveries.

As customers continue to shop in diverse ways, this year we opened a multi-million-pound distribution centre in Dartford to meet our growing fulfilment needs. Enabling faster and more sustainable home deliveries to customers in London and the South East, the new centre is operated by 100% renewable energy and operates a fleet of electric vehicles to fulfil orders, driving a significant reduction in CO2 emissions. The new distribution centre is conveniently placed on the border of London to deliver almost one million orders annually – with many reaching customers within 24 hours of an order being placed. The development of our fulfilment capabilities not only contributed to our growth but also our profitability, as it significantly decreased our fulfilment costs and had a significant contribution to our gross margin.

Today

43.5%

of London sales take place online.

We are proud that our online sales continue to grow, but we still passionately believe that there is a significant role for our physical stores. In 2023, we opened three new Plan & Order points as part of our drive to be more accessible to our customers in the North West. This new format store was first opened in Aintree in December 2022, followed by Stockport in March 2023 and Preston in July 2023. Increasing our physical access to customers remains a key priority, with the ambition for further expansions in the North West and beyond set to open soon – in addition to the opening of our new city stores on Oxford Street and in Brighton.

To meet customers in new affordable and convenient ways, we have introduced a range of services in addition to our external locker pick-up points in collaboration with Shift, new mobile pick-up points were successfully trialled across the UK in collaboration with Tesco, with a national roll-out underway and set to be complete by Autumn 2024.

Overall, FY23 saw almost

1 million

new visits to IKEA UK stores – up by 2.2% compared to last year.

In FY23, click and collect purchases from stores proved particularly popular among customers, growing by 48% compared to last year.



Investments in Better Lives and Better Planet

As inflationary pressures continue to impact us all, we've also continued to support our co-workers, including honouring our commitment to pay a real living wage in FY23 and in FY24, ramping up our existing benefits package, with additional physical and mental wellbeing support measures, as well as investing in programmes supporting our co-workers to grow, especially those in underrepresented groups by enhancing our Equality, Diversity and Inclusion strategy. Additionally, we have continued to invest in our employment programme for refugees (UPPNÅ), and we have launched a new long-term charity partnership with the homelessness charity, Shelter aiming to ensure that by 2030 half a million people have access to a better life at home.

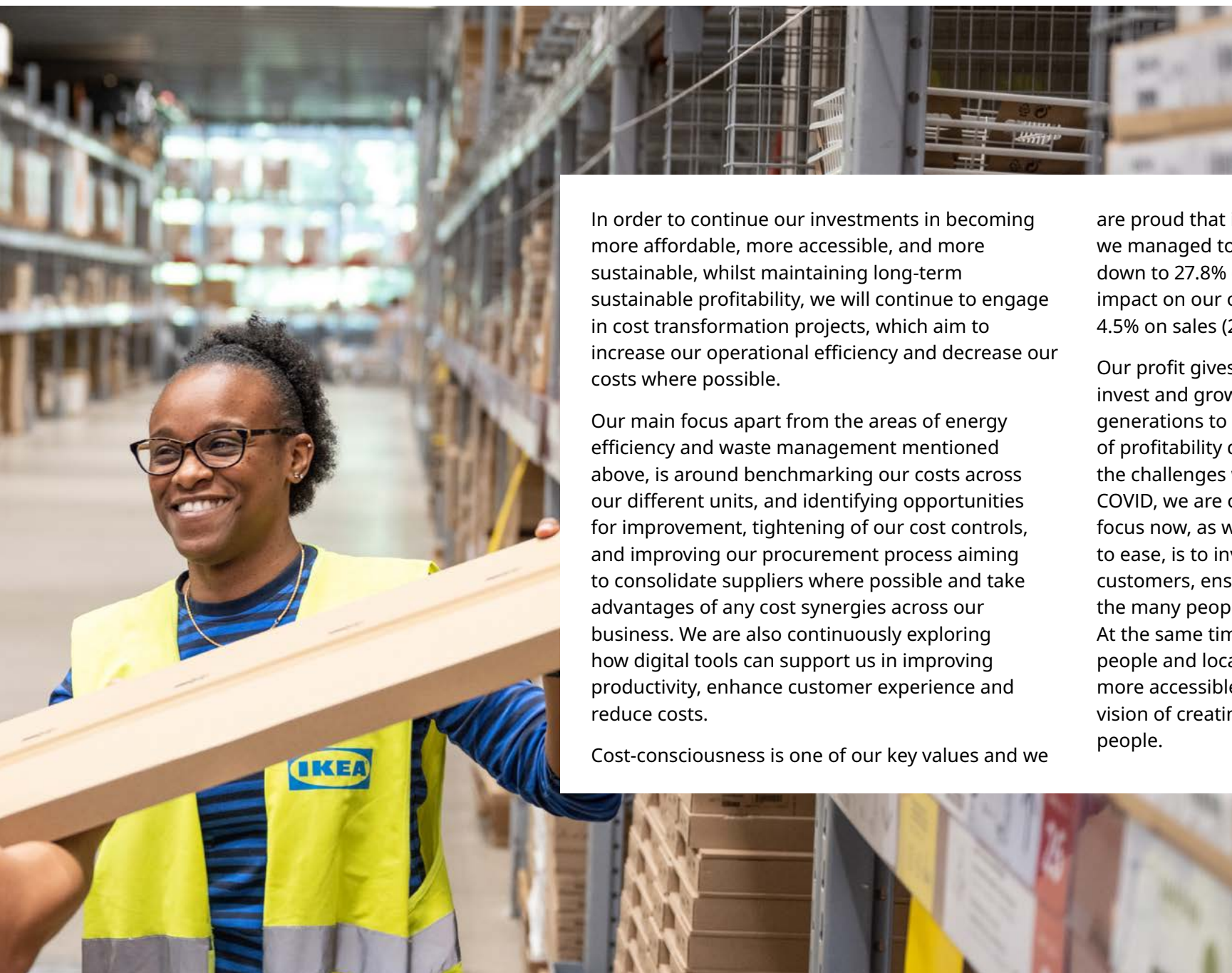
When it comes to our ambitions for a Better Planet, our main investments focus on increasing our capacity for zero emission last mile deliveries, improving the energy efficiency of our buildings, and

improving our waste management and recycling rates. These investments contribute towards our better planet goals and protect us against cost inflationary pressures, making a reality our belief that "it is good business, to be a good business."

In 2023, we announced a £4.5 million investment in nationwide electrical charging infrastructure as part of our goal to reach 100% zero emissions deliveries by 2025. Our energy efficiency project (EcoPilot), aiming to reduce our energy consumption, without compromising the customer experience of our stores, continues to be rolled out. This together with a number of other initiatives we put in place, has contributed to a decrease in our energy consumption in 2023 by 6% compared to 2022. Looking ahead, our focus turns to investments in Renewal Heating and Cooling Equipment, which are expected to significantly decrease our climate footprint in the years to come.



Cost Transformation and Long-term sustainable Profitability



In order to continue our investments in becoming more affordable, more accessible, and more sustainable, whilst maintaining long-term sustainable profitability, we will continue to engage in cost transformation projects, which aim to increase our operational efficiency and decrease our costs where possible.

Our main focus apart from the areas of energy efficiency and waste management mentioned above, is around benchmarking our costs across our different units, and identifying opportunities for improvement, tightening of our cost controls, and improving our procurement process aiming to consolidate suppliers where possible and take advantages of any cost synergies across our business. We are also continuously exploring how digital tools can support us in improving productivity, enhance customer experience and reduce costs.

Cost-consciousness is one of our key values and we

are proud that in 2023, despite inflationary pressures we managed to decrease our operating cost ratio down to 27.8% (2022: 29.1%). This had a significant impact on our operating profitability, which grew to 4.5% on sales (2022: 2.3%).

Our profit gives us the resources to continue to invest and grow our business for now and the generations to come. Having secured a good level of profitability during the last two years, following the challenges we faced in the past due to Brexit and COVID, we are optimistic about the future. Our main focus now, as we also see supply chain costs starting to ease, is to invest in lowering prices for our customers, ensuring we remain firmly on the side of the many people and those with the thinnest wallets. At the same time, we will continue to invest in our people and local communities and in becoming more accessible and more sustainable, realising our vision of creating a better everyday life for the many people.



About IKEA

IKEA was founded in Älmhult, Sweden by Ingvar Kamprad in 1943. Since then, we've gone from being a tiny mail-order company, to becoming one of the most well-known home furnishing brands in the world.

Our vision

To create a better everyday life for the many people Our vision influences everything we do. The products we develop, the ideas we share, the materials we use, yes, every little thing. That's why our vision is so powerful, and so delicate at the same time.

Our business idea

To offer a wide range of well designed, functional home furnishing products at prices so low that as many people as possible will be able to afford them Our business idea captures the essence of IKEA. It also captures our never ending desire to improve all aspect of our product offer – and still being able to keep on lowering our prices. In today's world, where more and more people live in small spaces in big cities, our business idea is more valid than ever.

Our heritage

Ingvar Kamprad founded IKEA when he was 17 years old. Kamprad sold household products, such as pens, wallets and picture frames. The landscape in Småland at the time was stony and barren. During Ingvar's early life, people had very little means and had to make do with things on hand. Smålanders are therefore said to be thrifty and innovative and take a practical approach to solving everyday problems. This heritage is one of the explanations for our approach to our work and our success.

The IKEA value chain

The IKEA value chain is our circle of life. It starts, ends and re-starts as we reach out to current and potential customers to understand their needs and dreams and listen to their feedback. The next step is when we use that knowledge to design and create products. We always strive

to develop the IKEA products on the factory floor, and then go into full-scale manufacturing. Next comes packaging and distribution where we do everything we can to transport the products as cost efficiently and as sustainable as possible. As the products reach the different sales channels, we use different ways to inspire and interact with people so they discover and hopefully buy our products. Then, once again, we're back where we started – listening to and learning from both existing and potential customers. At the centre of it all is our vision to create a better everyday life for the many people.

Our culture and values

A strong IKEA business is dependent on a strong IKEA culture. It contributes significantly to a more efficient and effective IKEA organisation, which in turn sets us apart from others and helps us make a better IKEA for more of the many people. Our values are the compass that guides us in our everyday ways of being and doing things. Our culture is formed when we put these values into action.

The 8 IKEA Key Values are:

- Togetherness
- Caring for people and planet
- Cost-consciousness
- Simplicity
- Renew and improve
- Different with a meaning
- Give and take responsibility
- Lead by example

About Ingka

One brand, many companies

Today, IKEA is a franchise business, with many companies operating under one IKEA brand. Inter IKEA Systems B.V. is the franchisor, responsible for continuously developing the IKEA Concept and ensuring its implementation in new and existing markets.

Ingka Group

Ingka Group, which IKEA UK is a part of, is the largest IKEA franchisee and represents about 90% of IKEA retail sales. Ingka Group operates 537 IKEA stores and other store formats in 31 countries, as well as IKEA ecommerce and digital solutions.

Ownership structure

The Ingka Group of companies (Ingka Holding B.V. and its controlled entities) has an ownership structure that ensures independence and a long-term approach. Ingka Foundation in the Netherlands is the sole owner of Ingka Group. The 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 Ingka Foundation. Its' funds can only be used in two ways: it can be reinvested in the Ingka Group or donated for charitable purposes through the IKEA Foundation.

IKEA Foundation

IKEA Foundation is a philanthropic organisation that provides grants for programs that help families living in poverty afford a better everyday life, and fight and cope with climate change. It is funded by Ingka Foundation and is independent of the IKEA retail business. Generally, they have a budget of around €200 million each year.

Ingka Group's three businesses

Ingka Group is made up of three businesses, working closely together:

IKEA Retail is the core business, and continues to expand with new IKEA stores in different sizes and formats, fulfilment units and digital solutions. IKEA UK is part of this core business.

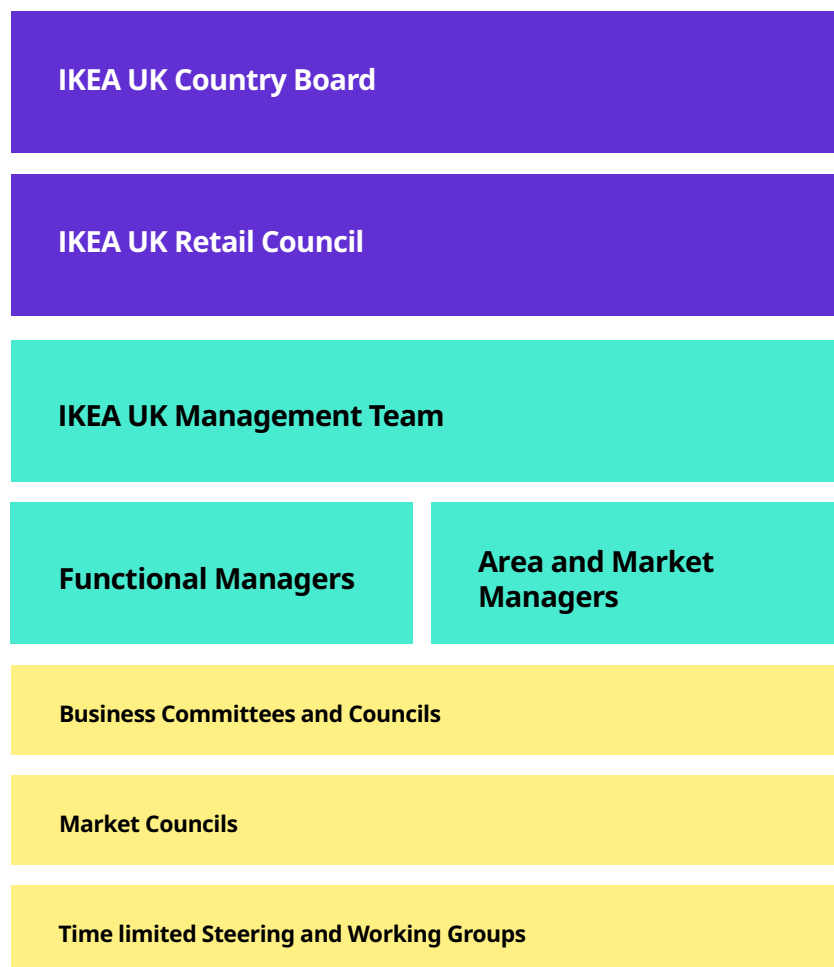
Ingka Centres is one of the world's largest shopping centre businesses, with vibrant meeting places across Europe and China. The first shopping centre in the UK operated by Ingka Centres opened in February 2022; Livat Hammersmith in West London has 33 shops and is closely connected to the IKEA Hammersmith store. Ingka Centres employs seven people in the UK.

Ingka Investments makes purpose-led investments and acquisitions to secure longterm financial independence and support growth and sustainability commitments. In the UK, Ingka Investment has purchased the 214 Oxford Street (Oxford Circus) building, to support the transformation of IKEA UK's retail business, bringing IKEA closer to customers by opening new IKEA store formats in city locations. They've also invested in a windfarm in North Scotland to produce clean energy for IKEA UK's operations.

IKEA UK

IKEA UK runs the IKEA business, sales, and marketing of IKEA products and services in the UK, with a responsibility for the IKEA brand in the UK. We are a part of Ingka Group and operate and develop all IKEA stores, units and distribution centres in UK.

Governance



IKEA UK Country Board is responsible for the formal conduct of IKEA UK. The Board has the formal approval right for investment requests within the set thresholds. It approves the IKEA UK business plan and the financial plan and frames. The board is also accountable for people, organisational and structural decisions.

IKEA UK Retail Council supports the retail home furnishing movements with growth, commercial, range and meeting the customer in focus. IKEA UK Retail Council recommends for approval in the IKEA UK Board the market business plan and market specific directions and goals.

IKEA UK Management Team lead and steer the business in the UK from a strategic, operational and performance perspective, short as well as long-term.

Functional Managers have delegated authority and accountability within their respective functional area of responsibility. When relevant they lead functional leadership teams.

Area and Market Managers have delegated authority and accountability

within their respective Area or Market. Market Managers lead the respective Market Management Teams.

Business Committees and Councils are cross-functional collaboration and decision-making bodies. They have a delegated mandate from the Management Team to develop, implement and follow up strategic, operational and tactical plans in order to meet goals set as part of the business plan and the long-term direction of the company.

Market Councils are collaboration forums between Functions and Market Management Teams. They follow up performance within a specific market and develop and implement strategic, operational and tactical plans in order to meet goals set as part of the business plan and the long-term direction of the specific market.

Time limited Steering and Working Groups are teams assigned to focus on specific business opportunities or challenges. The teams work on behalf of and report results to the relevant decision making body.

Management Team



Peter Jelkeby
Country CEO and
Chief Sustainability
Officer



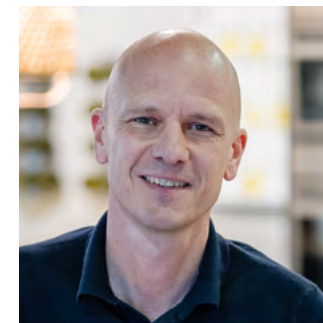
Marsha Smith
Deputy CEO



**Constantinos
Mourouzides**
Chief Financial Officer



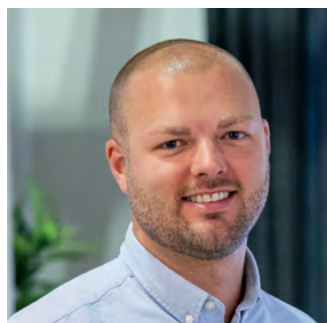
Michaela Quinlan
Country Commercial
Manager



Darren Taylor
Country People and
Culture Manager



Kym Bradbury
Country
Communication
Manager



Jakob Bertilsson
Country Customer
Fulfilment Manager



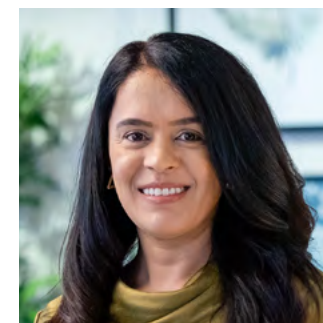
Donna Moore
Country Digital
Manager



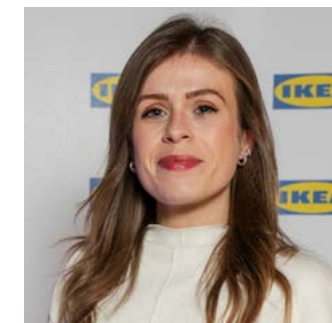
Michael Parker
North Market
Area Manager



Michael Hawkins
London Market
Area Manager



Salma Azad
South Market
Area Manager



Starr McLean
Assistant to Retail
Management Team

