



# Inter IKEA Group Financial Summary FY23

Inter IKEA Group





# Introduction

This document is a summary and brief overview of Inter IKEA Group's financial performance for financial year 2023 (FY23), which is the period from 1 September 2022 to 31 August 2023. The summary begins with the retail sales performance of our franchisees since the Inter IKEA Group's overall financial performance is closely connected to this.

In FY23, IKEA retail operations were much less impacted by measures related to Covid-19 and most IKEA stores remained open without (severe) restrictions. However, while sales in value terms increased, sales in volumes and number of products sold decreased.

Total retail sales for FY23 reached EUR 47.6 billion (EUR 44.6 billion in FY22). This includes sales of IKEA products, food and services to customers. Compared to FY22, retail sales grew by 6.6% (+7.3% when adjusted for currency effects). Both store sales and online sales continued to grow.

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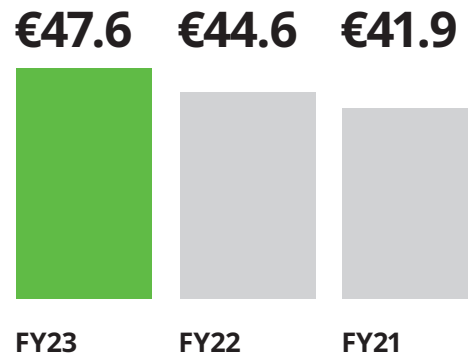
Note to reader: the included abbreviated financial statements are an abridged version of the consolidated financial statements of Inter IKEA Holding B.V. as included in the Annual Report for the financial year 2023. An unqualified auditor's report dated 2 November 2023 was issued on these financial statements. Inter IKEA Holding B.V.'s consolidated financial statements, from which these abbreviated financial statements have been derived, have been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code.



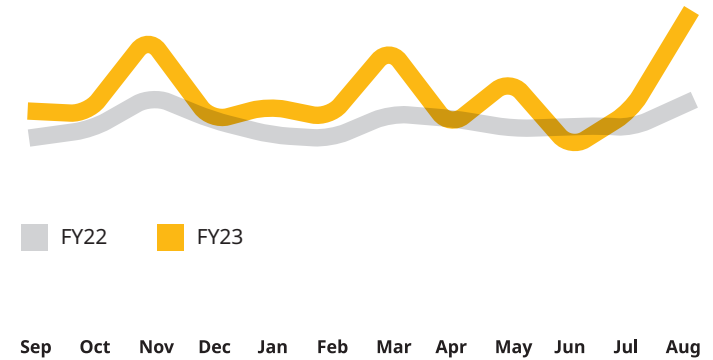
During the first half of FY23, raw material and commodity prices, as well as costs related to transportation and logistics, remained at high levels following the large increase in FY21 and FY22. This situation stabilised during spring and a downward trend was visible towards the end of the financial year. In FY23, this resulted in a moderate increase in the costs for sourcing and supplying products to IKEA franchisees, which was an improvement compared to FY21 and FY22 when costs rose very steeply.

Following this trend, Inter IKEA Group started lowering sales prices to IKEA franchisees in the last four months of FY23. This should positively affect affordability for retail customers going forward. In addition, the resolution of logistic disruptions improved the availability of products for our customers.

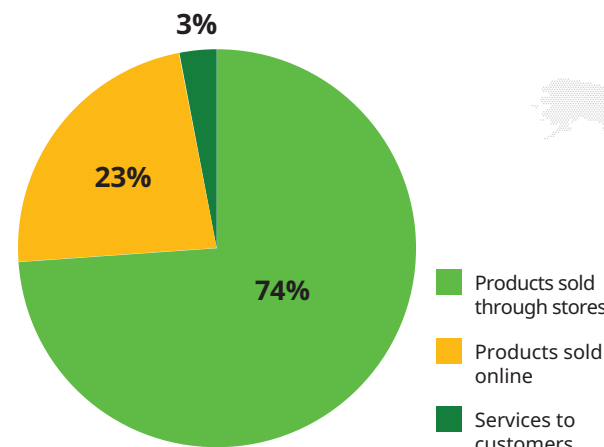
Inter IKEA Group recorded total revenues of EUR 29.1 billion (EUR 27.6 billion in FY22), including wholesale sales to IKEA retailers, franchise fees and retail sales from the IKEA Delft store. Net profit is EUR 1.6 billion (EUR 0.7 billion in FY22).



**IKEA retail sales in billion EUR**



**IKEA retail sales development**



**FY23 IKEA retail sales**



## Expansion

In the past year our expansion strategy focused on better accessibility for our customers in existing IKEA markets. To fulfil this ambition to make IKEA available to more people in areas where they live, work and socialise, a record number of more than 70 IKEA sales locations were opened around the world in FY23.

One example was a small store in the centre of Copenhagen tailored to local needs, both in terms of better accessibility for the city's many cyclists and changing urban consumer behaviour. Other small stores opened in Madrid, Almeria, Rome, Surabaya, Bavaro, Cabo, San Francisco and Toronto. Most of these sales locations are smaller IKEA formats in urban areas.

We also continue to enter new markets with the first ever IKEA store opening in Colombia in September 2023, just after the end of FY23, and a ground-breaking ceremony in Auckland, New Zealand, where retail operations will start in late 2025.

## The IKEA franchise system

IKEA is a franchise business. That means many people and many companies with different owners work under one IKEA brand – all dedicated to the IKEA vision of *creating a better everyday life for the many people* through the IKEA business idea *to offer a wide range of well-designed, functional home furnishing products at prices so low that as many people as possible will be able to afford them.*

The diagram on the next page shows a simplified overview of the IKEA franchise system. Inter IKEA Systems B.V., IKEA of Sweden AB, IKEA Marketing & Communication AB, IKEA Supply AG and IKEA Industry AB are part of Inter IKEA Group.

Franchising is a system that encourages everyone to contribute and collaborate. The franchisor has the responsibility to continuously develop the IKEA Concept and ensure its implementation in new and existing markets. Franchisees provide valuable input based on consumer and market insights.

The IKEA franchise system is built on a model that focuses on low costs and high volumes to create lower prices.

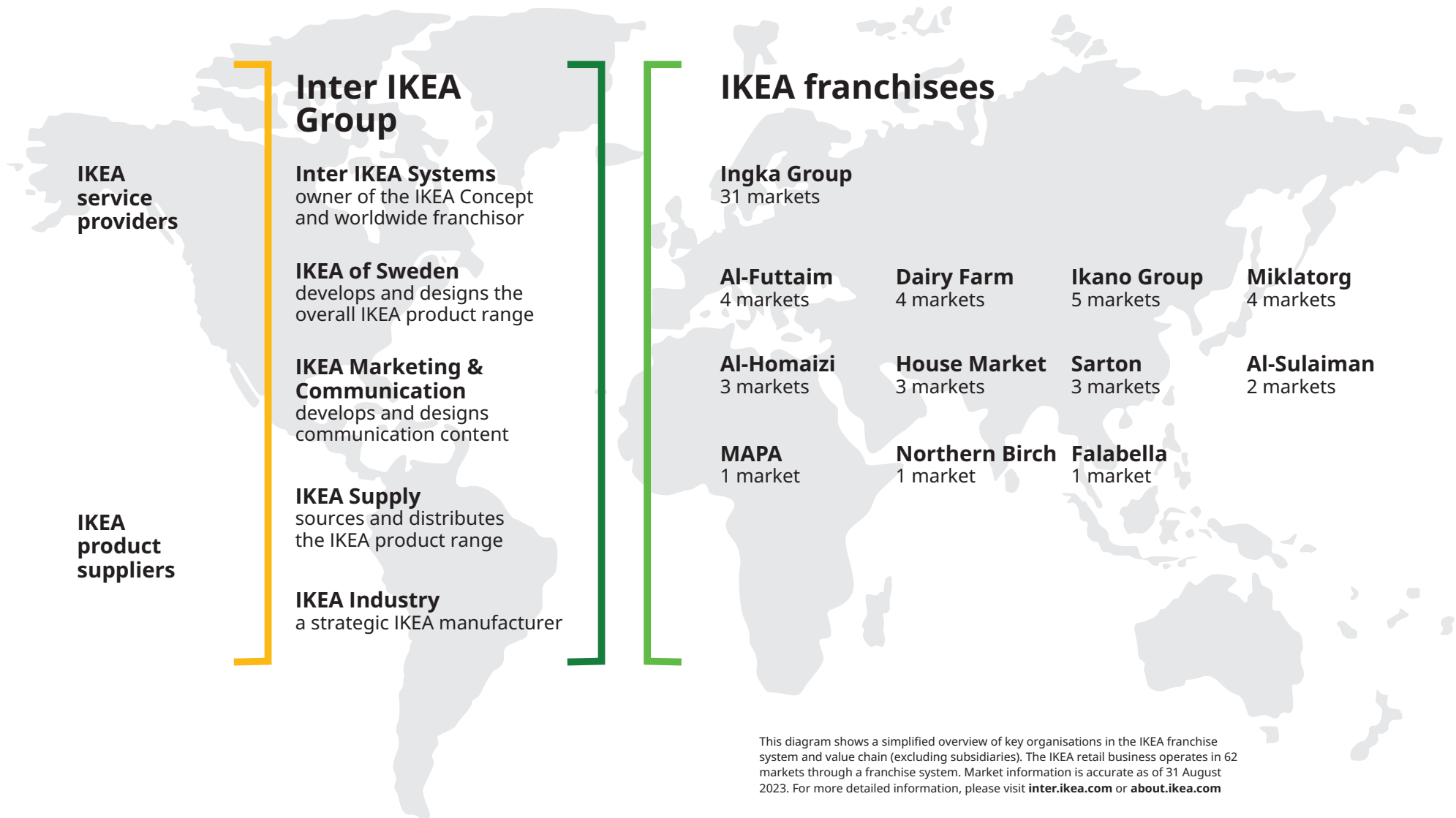
As raw material prices and other costs related to sourcing and supplying products remain at high levels, securing low prices is our biggest focus and we continue to do our utmost to deliver on our affordability ambitions.



*More IKEA facts & figures for FY23 can be found on [ikea.com](https://www.ikea.com)*



# IKEA franchise system and value chain



This diagram shows a simplified overview of key organisations in the IKEA franchise system and value chain (excluding subsidiaries). The IKEA retail business operates in 62 markets through a franchise system. Market information is accurate as of 31 August 2023. For more detailed information, please visit [inter.ikea.com](https://inter.ikea.com) or [about.ikea.com](https://about.ikea.com)

# About Inter IKEA Group

Inter IKEA Holding B.V. is the holding company of the Inter IKEA Group. Inter IKEA Holding B.V. is based in the Netherlands where the group management of Inter IKEA Group is located. Inter IKEA Group has three core businesses: Franchise, Range and Supply. The core businesses work together with franchisees and suppliers to co-create the IKEA offer and franchise system. Inter IKEA Group aims to provide the best possible conditions for implementing and operating the IKEA Concept, and to create a strong platform for growth.

## Franchise

Franchise consists of Inter IKEA Systems B.V., based in the Netherlands, and its subsidiaries, including IKEA Marketing & Communication AB. Inter IKEA Systems B.V. is the worldwide IKEA franchisor and owner of the IKEA Concept (which includes the IKEA brand). Inter IKEA Systems B.V. continuously develops the IKEA Concept and ensures its successful implementation in new and existing markets. This enables IKEA to remain forward-looking in areas such as

brand development, sustainability, people and environment, market potential and expansion. IKEA Marketing & Communication AB develops and creates IKEA communication content.

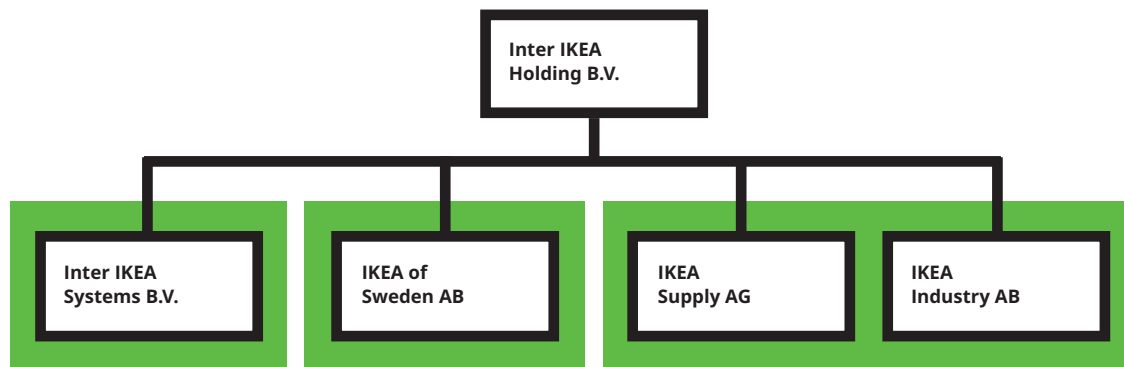
## Range

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

## Supply

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

The majority of the IKEA products are sourced in Europe and approximately 90%



## Overview of Inter IKEA Group

## Manufacturing and distribution

In FY23, Inter IKEA Group extended its programme to increase the share of renewable electricity used in its manufacturing and production to IKEA suppliers in ten new markets: Czech Republic, Germany, Italy, Sweden, Turkey, Lithuania, Portugal, Romania, Slovakia, and Vietnam.

The programme enables supply partners and vendors to consume up to 100% renewable electricity. To help them IKEA has engaged with partners from the renewable electricity industry to identify the right “renewable electricity product offers” in each of the markets. We have also organised energy fairs for our suppliers to build their competence on the topic. In addition, IKEA will facilitate local solutions for buying renewable electricity from the grid, such as bundled frame agreements or Power Purchase Agreements, which IKEA supply partners can take part of.

The impact of this IKEA programme should start becoming visible from FY24 onwards (CY23 actual electricity consumption). Our FY23 results (with CY22 actuals) are currently being calculated and should be ready by the end of 2023.

The expansion of this programme is another important step on our continuing journey to reduce the total IKEA climate footprint wherever IKEA operates around the world.

For an overview of the total IKEA climate footprint, read more in the IKEA Sustainability Report.

are sourced from external suppliers. IKEA Supply AG manages and operates the IKEA supply chain together with its wholesale subsidiaries and external business partners, such as transport service providers, warehouse providers and customs brokers.

IKEA Industry AB is a strategic IKEA manufacturer whose management team sits within the Supply core business but whose group of legal entities are placed directly under Inter IKEA Holding B.V. IKEA Industry produces IKEA home furnishing products and develops unique IKEA manufacturing capabilities in relevant parts of the supply chain. IKEA Industry produces approximately 10% of the IKEA product range, with a main focus on wood-based furniture.

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

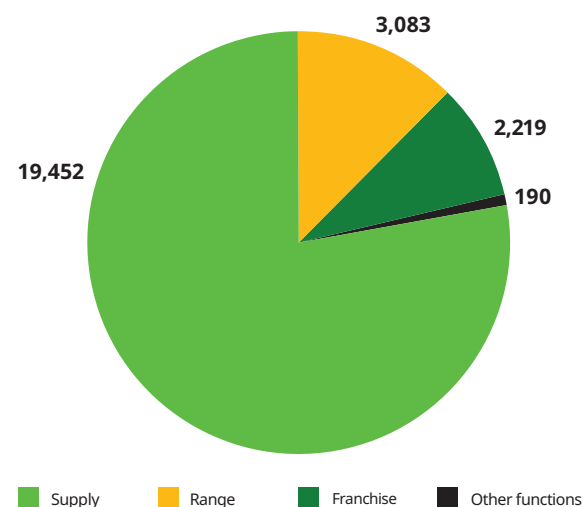
### Other functions

Inter IKEA Group also includes group functions to support the core businesses, such as Human Resources, Communication, Risk, Finance, Legal and other activities. IKEA Älmhult AB, which owns and operates the

IKEA Hotell and IKEA Museum in Älmhult, Sweden is also part of Inter IKEA Group.

### Ownership

Inter IKEA Group is fully owned and controlled by Inter IKEA Foundation, based in Liechtenstein. In FY23 the ownership of Inter IKEA Group was transferred to Inter IKEA Foundation from Interogo Foundation and Interogo Holding AG. As of 31 August 2023, Inter IKEA Foundation is the only shareholder and ultimate owner of Inter IKEA Group.



**FY23 full-time equivalent co-workers per core business**

# Inter IKEA Group FY23 financial results

FY23 started adversely with rising transportation and logistics costs and raw material and commodity prices still at very high levels. After the first half year of FY23, we noted a stabilisation in purchase prices with a downward trend towards the end of the financial year.

In addition, there was a reduction in global supply disruptions which led to the return of more stable conditions that enabled more efficient operations. This reduced lead times and considerably improved the availability of products for our customers. In turn, this resulted in a gradual reduction of inventory levels as well as lower costs related to transportation and logistics. Despite the improvements towards the end of FY23, there were still additional costs for the IKEA value chain during the year. These higher costs were compensated for by higher revenues, whereas in FY22 a large part of the cost increase was absorbed through lowering our gross margin.

Operational cost was impacted by inflation. This affected both co-worker costs and other operating expenses, which were offset by the first effects of an internal restructuring programme through which we are adapting our cost base to the lower turnover and creating more efficiencies. After financial income and expense, and income taxes, the net income of EUR 1.6 billion is back to normal levels after the extraordinary decrease in FY22. The Inter IKEA Group consolidated income statement shows a simplified overview of this year's financial performance.

## Consolidated income statement

In millions of EUR	FY23	FY22
Sales of goods	27,443	26,148
Franchise fees	1,406	1,285
Other income	214	145
<b>Total revenues</b>	<b>29,063</b>	<b>27,578</b>
Cost of goods sold	23,824	23,404
Gross profit	5,239	4,174
Operational cost	2,993	3,140
<b>Total operating result</b>	<b>2,246</b>	<b>1,034</b>
Financial income and expense	-300	-103
Result before tax	1,946	931
Income taxes	-307	-221
<b>Net result</b>	<b>1,639</b>	<b>710</b>



### Sales of goods

Sales of goods refers to wholesale sales of IKEA products to IKEA franchisees. Retail sales from IKEA Delft, which is the only store owned by Inter IKEA Group, are also included in this line item. Sales of goods are up following the necessary price increases on the goods sold to the franchisees.

### Franchise fees

In a franchise setup, one company pays another franchise fees for the right to use its intellectual property. The IKEA franchise offer includes the IKEA trademarks and IKEA Concept. IKEA franchisees pay Inter IKEA Group an annual fee of 3% over their net sales. In return, they are authorised to operate IKEA stores and other sales channels for marketing and selling the IKEA product range. As retail sales increased in FY23, franchise fee income rose accordingly.

### Other income

Other income mainly consists of income from marketing materials and communication created for, and sold to, IKEA franchisees.

### Cost of goods sold

Cost of goods sold describes the total accumulated costs source, manufacture and distribute products. The cost of goods sold relates both to wholesale and IKEA Delft store sales.

Inter IKEA Group manufactures about 10% of the IKEA product range and sources the remaining 90% from over 800 external suppliers. This includes home furnishing and food products.

Fast-rising purchase prices combined with disruptions and inefficiencies in our supply chain resulted in a high increase in purchasing and transportation costs throughout FY22. Last year, Inter IKEA Group absorbed a large amount of these costs to limit price increases to IKEA franchisees as much as possible. This resulted in a large decrease in gross margin and thus profitability.

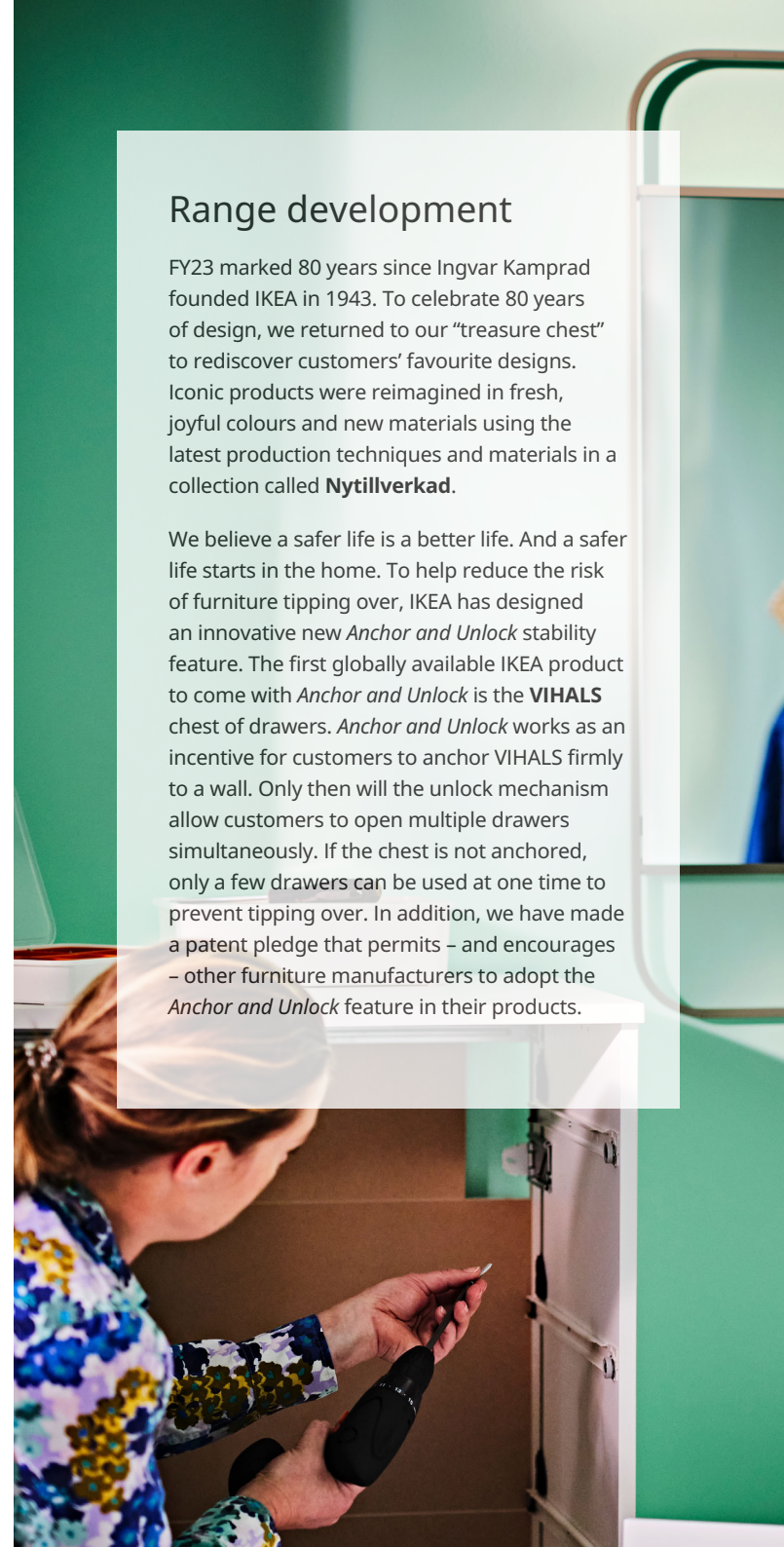
During FY23, the costs to source IKEA products stabilised and a downward trend was visible towards the end of the financial year. This resulted in a moderate increase in cost of goods sold.

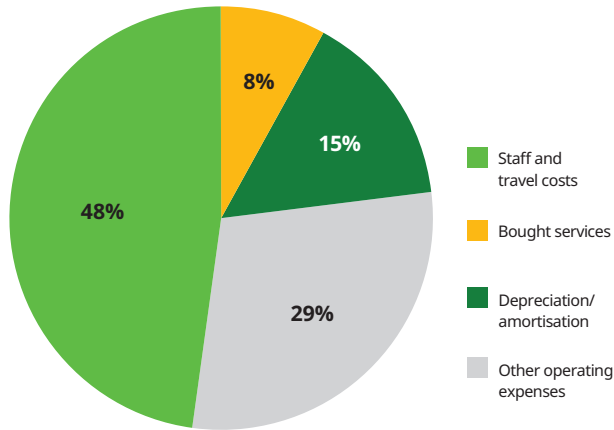
Following the increased revenue and the moderate increase of the costs to source and supply IKEA products, the gross profit percentage returned to normal levels in FY23. To embrace this trend, Inter IKEA Group has started lowering prices to IKEA franchisees.

## Range development

FY23 marked 80 years since Ingvar Kamprad founded IKEA in 1943. To celebrate 80 years of design, we returned to our “treasure chest” to rediscover customers’ favourite designs. Iconic products were reimaged in fresh, joyful colours and new materials using the latest production techniques and materials in a collection called **Nyttilverkad**.

We believe a safer life is a better life. And a safer life starts in the home. To help reduce the risk of furniture tipping over, IKEA has designed an innovative new *Anchor and Unlock* stability feature. The first globally available IKEA product to come with *Anchor and Unlock* is the **VIHALS** chest of drawers. *Anchor and Unlock* works as an incentive for customers to anchor VIHALS firmly to a wall. Only then will the unlock mechanism allow customers to open multiple drawers simultaneously. If the chest is not anchored, only a few drawers can be used at one time to prevent tipping over. In addition, we have made a patent pledge that permits – and encourages – other furniture manufacturers to adopt the *Anchor and Unlock* feature in their products.





**FY23 operational cost per category**

### Operational cost

Operational cost includes co-worker costs, utilities, rent and other costs related to day-to-day operations.

Operational cost is affected by inflation. Recruitment stops and organisational restructurings have supported in stabilising salary costs and other operating costs, preventing more cost increases. During FY23, the Group’s co-worker base (measured in average FTE) reduced from 27,331 in FY22 to 24,944 in FY23. The reduction is mostly visible in IKEA Industry, following the divestment of its Russian activities.

In June 2022, Inter IKEA Group decided to close down all business and operations in Russia and Belarus. This resulted in stopping all import and export to and from Russia and Belarus and the permanent closure of two purchasing and logistics offices in Moscow and Minsk. In FY23, IKEA Industry divested its four Russian production units. This process was concluded at the end of March 2023. The consequence of this decision has resulted in an accumulated net loss.

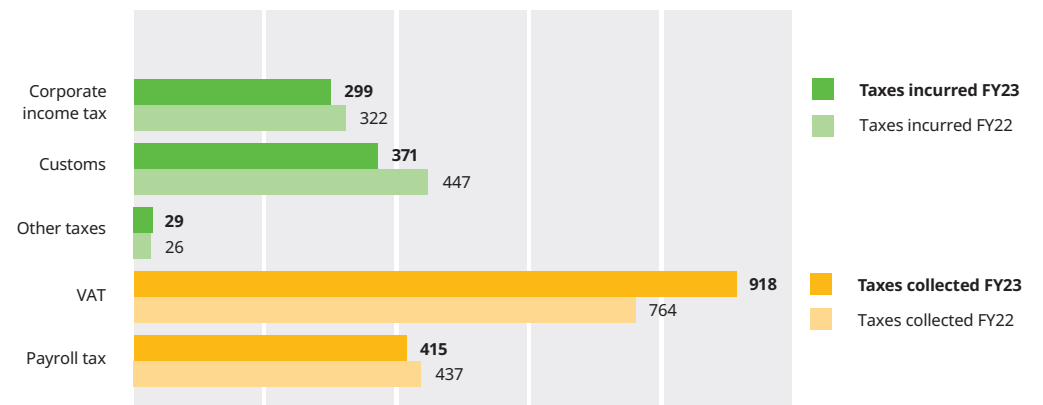
### Financial income and expense

Financial income and expense are revenue and costs regarding loans, investments and positions in foreign currencies. In FY23, we experienced both unfavourable currency developments plus an increase in interest expenses due to rising interest rates. This has led to a higher increase in financial expenses compared to FY22.

### Taxation

In FY23, the Inter IKEA Group tax charge was EUR 307 million – equal to 15.8% of pre-tax income – compared to EUR 221 million in FY22. The effective tax rate was higher in FY22 as IKEA Supply AG in Switzerland reported very low profits due to the absorption of the increased cost in that year of goods and the consequently low gross margin. Restoring profitability in FY23 has led to a decrease in the effective tax rate and it is now back in line with the effective tax rate in FY21 (16.0%).

Inter IKEA Group’s total tax contribution amounted to EUR 2,032 million and mainly consisted of payments of corporate income tax, custom duties, VAT and payroll taxes. Read more in the Inter IKEA Group Tax Report FY23.



**FY23/FY22 total tax contribution by type of tax in million EUR**

# Inter IKEA Group balance sheet

In FY23, our equity ratio improved significantly following the change in ownership. Interogo Foundation and Interogo Holding AG transferred their shares in Inter IKEA Group to Inter IKEA Foundation. Subsequently, Inter IKEA Foundation performed a capital contribution to Inter IKEA Group, consisting of the outstanding loan receivable, with the remaining amount received in cash. The other balance sheet positions have not changed significantly compared to 31 August 2022.

The consolidated balance sheet shows an overview of Inter IKEA Group's assets, equity and what is due to suppliers, partners and other organisations.

## Intangible fixed assets

In general terms, fixed assets are business property intended for long-term use. Intangible fixed assets are assets that lack physical form, such as patents, trademarks, copyrights and other intellectual property.

Most Inter IKEA Group intangible fixed assets are trademark rights and other intellectual property rights. Inter IKEA Group purchased these rights in 2012. The purchase price of EUR 11.8 billion is spread over 45 years since a positive return is expected for a long period.

## Consolidated balance sheet

In millions of EUR	31 Aug 2023	31 Aug 2022
Intangible fixed assets	9,094	9,369
Tangible fixed assets	1,742	1,661
Financial fixed assets	337	270
<b>Total fixed assets</b>	<b>11,173</b>	<b>11,300</b>
Inventories	4,772	6,294
Receivables	6,887	6,906
Cash and cash equivalents	169	184
<b>Total current assets</b>	<b>11,828</b>	<b>13,384</b>
<b>Total assets</b>	<b>23,001</b>	<b>24,684</b>
<b>Group equity</b>	<b>17,758</b>	<b>9,847</b>
Provisions	118	124
Non-current liabilities	86	5,533
Current liabilities	5,039	9,180
<b>Total liabilities</b>	<b>5,243</b>	<b>14,837</b>
<b>Equity and liabilities</b>	<b>23,001</b>	<b>24,684</b>



### **Tangible fixed assets**

Tangible fixed assets are things like real estate and equipment that you can physically touch and feel. Inter IKEA Group tangible fixed assets are mainly factories and distribution centres.

Inter IKEA Group owns several offices and distribution centres, the IKEA Delft store, the IKEA Hotell, the IKEA Museum and around 35 factories. Most of the factories are in Europe. The majority produce IKEA furniture, while two manufacture components, such as screws and wooden dowels used to assemble IKEA furniture.

In March 2023, Inter IKEA Group concluded the sales of all IKEA Industry production units in Russia, and with that Inter IKEA Group no longer owns any assets in the country.

### **Inventories and receivables**

Inventories mostly consist of IKEA products located in, or in transit to, warehouses and IKEA stores. Inventory levels were particularly low during FY20 and FY21 as transport constraints in combination with high customer demand posed a challenge in replenishing inventory to a desired level. During FY22, our inventory levels increased due to continued supply chain challenges as well as efforts to secure better product availability for our customers.

During FY23, purchasing tactics were adapted to address these high inventory levels, which was also possible due to lower lead times, as global supply chains normalised. This resulted in a gradual lowering of inventory levels and related transportation. Logistics costs also started to decline. At the end of FY23, inventories have come down to a more appropriate level for our business.

Receivables is money owed to the Inter IKEA Group by business partners. Most receivables relate to franchise fees and products sold and invoiced to IKEA franchisees.

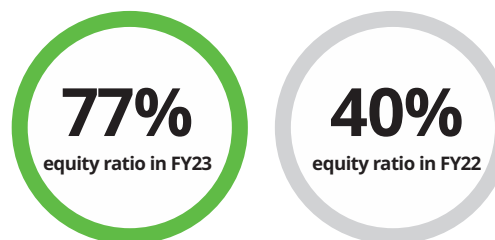
### **Group equity, provisions and liabilities**

Equity is the capital invested by shareholders of Inter IKEA Group, plus accumulated profits over time. Equity increased with EUR 7.9 billion during FY23, improving our equity ratio from 40% in FY22 to 77% in FY23.

During the year, a dividend of EUR 1.9 billion was distributed to Interogo Holding AG, our co-shareholder at that time. After the ownership changes, a capital contribution of EUR 8.3 billion was received from our current shareholder Inter IKEA Foundation. The FY23 net profit of EUR 1.6 billion will be added to equity.

Provisions are money set aside for pension commitments, deferred taxes and claims.

Liabilities are money owed to others. In prior years, Inter IKEA Group non-current liabilities primarily consisted of a loan from Interogo Holding AG. Upon the ownership changes, this loan was transferred through a capital contribution, almost reducing our non-current liabilities to nil. Current liabilities are short-term loans, money due to suppliers and tax payables.



For further information, please visit [inter.IKEA.com](https://inter.IKEA.com)



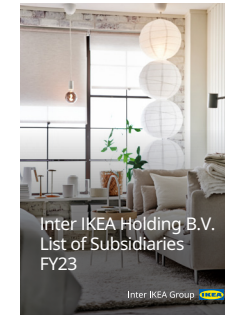
Inter IKEA Group Financial Summary FY23



Inter IKEA Group Tax Report FY23



Inter IKEA Group Annual Report FY23



Inter IKEA Group List of Subsidiaries FY23



IKEA Year in Review FY23



IKEA Sustainability Report  
Will be released in January 2024

Inter IKEA Group

