

IKEA Canada 2022 Summary Report

Bring Home to Life



A message from our CEO

Welcome to IKEA Canada's Annual Summary Report for 2022. Despite many challenges, I'm proud that IKEA continued to be there for Canadians when it mattered most. Supporting our customers to attain an affordable and better everyday life at home is more important than ever and I'm energized to continue this work as we head into 2023.

For IKEA, after two years of rapid online growth, we are pleased to welcome a significant increase in customers returning to our stores, Plan and order points and Design studios as Canadians have chosen to shop in person once again. We have responded to that choice with even more ways to meet our customers where and how they live and work. We opened our first City Centre format store, IKEA Toronto Downtown – Aura, as well as introduced Plan and order points in Boisbriand, QC and Kitchener, ON and Design studios in the Greater Toronto Area.

While we are not immune to the external developments that businesses, retailers and our communities continue to face, we are grateful to our customers for choosing IKEA to support them in creating a better life, a better home, and a better planet. We see improvements in stock availability and are optimistic that the measures IKEA has put in place globally are working to get products to our customers when and where they are needed.

We achieved strong results in Fiscal Year 2022 given the challenges, with growth of 1.3%. As more people returned to shop in our stores, Plan and order points and Design studios, sales in our physical channels grew at an accelerated pace. Online sales dropped from their peak during store closures but remain healthy and in line with our future expectations. This reflects a 271.8% increase from pre-pandemic (2019).

But more important than these numbers are the people behind them. Our success is a direct result of the determination and entrepreneurial spirit of our co-workers to create a better IKEA for our customers. They truly are at the centre of our business and will continue to work together to make IKEA a great place to work for all of us. We have an exciting year ahead of us in 2023 and I look forward to sharing our journey with you.

Tack!



Mike Ward
CEO and Chief Sustainability Officer
IKEA Canada

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Results at a glance

\$2.63B

total sales
1.3% increase

\$640.48M

online sales
24.37% of total sales

\$97.5M

food sales
160% increase

1.77M

orders delivered

26M

store visits
123% increase

189.4M





online visits
13% decrease from the peak
during store closures in 2021

776,510


Click and collect orders

*September 1, 2021, to August 31, 2022
Stats compared to fiscal year 2021*

We sold

-  **20.8M+** meatballs
-  **6.9M** plant balls
-  **1.7M+** hot dogs
-  **1.8M+** frozen yogurts

Top 3 products sold

-  **959,607** FRAKTA bags
-  **957,122** OFTAST 15" white bowls
-  **767,427** OFTAST 19" side plates

Life at Home

The meaning of 'home' has evolved in recent years, and so have the needs and dreams that come with it. We want to learn what makes life at home better so we can help people thrive there. That's why we ask thousands of people every year to share their thoughts and feelings about where they live. The Life at Home Report is an ongoing research project that feels more important than ever. Some of the findings in this year's Life at Home Report include:

- A happy home can help mental well-being: 35% of people in Canada who felt more positive about their home in 2021 also saw their mental well-being improve.
- To achieve balance in Canada, the activities that we rate as most important for maintaining a sense of mental well-being at home are: sleeping, relaxing, time alone, time with a partner, and eating.
- When thinking about their ideal home, the following features have increased in importance for Canadians: easy to clean, near green areas, having a private garden, neighbourhood amenities, and space for hobbies.
- We have also been busy at home: in Canada, 60% of us have changed our homes in the last 12 months to allow us to better do the activities we wanted to do.



Inspiring Better Homes

A high-angle photograph of a family of four sitting on a light-colored rug. A man in a white shirt is pointing at a tablet held by a young boy. A young girl and a woman are also looking at the tablet. A wicker basket with a laptop and books is nearby. A yellow geometric line graphic is overlaid on the image.

As leaders in Life at Home, we're transforming our business to become more accessible, affordable, and sustainable to more people. We believe that everyone should have the opportunity to create a better life in the place they call home, no matter how big their dreams or the size of their wallets.



Bringing IKEA to the city centre

We want to be closer to where Canadians live, work and socialize in cities. In May 2022, we opened our first downtown shopping destination. IKEA Toronto Downtown - Aura offers the inspiring IKEA experience that customers are used to, just at a smaller size and designed to meet the needs and dreams of Torontonians. The urban location features more than 2,000 products for immediate takeaway, home furnishing inspiration throughout with a focus on affordable, sustainable and small-space-living, a unique food experience, and new, convenient ways to shop including a dedicated pick-up location. IKEA Toronto Downtown - Aura is a cashless store that offers an easy and seamless shopping experience where customers can scan and pay for products using the IKEA app, along with digital tools throughout and multiple checkout lanes.



Inspiring service-based locations

The [IKEA Plan and order point](#) is one of the many ways we're transforming our business to deliver new customer touchpoints and locally relevant home furnishing services that affordably meet the everyday needs of Canadians. It focuses on inspiring and supporting customers looking to plan, order and purchase complex home furnishing solutions for the kitchen, bath, bedroom and living room with the help of a knowledgeable IKEA specialist. There are two Plan and order points in Canada – Boisbriand, Quebec and Kitchener, Ontario.

In the fall of 2021, we opened our first of eight [Design studios](#). Similar to the Plan and order point, the Design studio is also a new concept for the Canadian market that offers a small, dedicated studio space for personalized design and planning services with IKEA experts. Assembly and home delivery services are also available. Design studios are planned in convenient locations where an established Collection point is in place. They are located in Oshawa, Mississauga, Brampton, London, Barrie, Windsor, St. Catharines, and Scarborough. The Design studio is a short-term concept and will be open for an initial period of 12-18 months.

Collect near you

For customers who prefer to shop online, but live near an IKEA store, we offer affordable and convenient services, [Click and collect](#) and [Pick-up lockers](#). To get closer to Canadians who don't live near or have easy access to an IKEA store, we have a network of 17 Collection points across Canada as well as 28 PenguinPickUp locations in Toronto, Montreal and Vancouver. Customers can have their IKEA home furnishings delivered close to home at an affordable flat rate.





Making healthy and sustainable living easy

We want to inspire healthy and sustainable living by enabling more sustainable living starting at home. We develop products and services that enable people to live more sustainably, and we share [tips and ideas](#) on how to be more energy and water efficient, minimize waste, and eat more plant-based foods.

Meaningful affordability

At IKEA, affordability is about more than a low price. It is when the total value you get is worth your money, time, and effort. Therefore, our products and services must be easy to buy, deliver, assemble, and use. We want to provide affordable solutions that make people feel empowered to create and renew their homes, meeting their needs and dreams. People don't have to compromise between value and their own values when choosing to shop or work with IKEA.

The affordability of our products also never means compromising on quality, style, sustainability, or convenience. Our products are designed to last a lifetime – even if that means being loved by many different owners. And we're here to support our customers to enable prolonged use of their IKEA products through our [Spare parts](#) program where they can easily order replacement parts for free, in addition to Care and repair workshops. Customers can also give their gently used IKEA furniture another life through our [IKEA Sell-back](#) program and get in-store credit to refresh their homes. The pre-loved furniture is then resold in our As-Is department.



Creating Better Lives



We want to help build a society that's fairer and more equal. To do this, we put people first and grow our business in an inclusive way. We respect and encourage diversity and equality. We promote decent and meaningful work, enabling our people to provide a good life for themselves and their families.

Rallying for change

Co-workers participated in local Pride marches and festivals across the country, supporting the 2SLGBTQ+ communities through allyship and celebration. In honour of Pride, we created "The Rally Table," made from Pride rally signs that highlight messages of belonging, hope and joy. The Rally Table was featured in an advertising campaign for IKEA, where notable Canadian 2SLGBTQ+ community members discussed their experiences and the importance of advocacy for 2SLGBTQ+ rights and inclusivity.

For the past five years, IKEA has donated the proceeds of our STORSTOMMA rainbow bags to 2SLGBTQ+ organizations that push progress forward and advocate for positive change in local communities. This year we donated \$40,000 to these organizations.



Support for Ukraine

Over the years, supporting refugees and forcibly displaced people has become a cornerstone of IKEA's social impact efforts. In May 2022, IKEA Quebec City hired 15 Ukrainians who had fled their home country when the invasion began. We are actively working with these new co-workers to support them in building their French language skills and providing them with flexible hours. As IKEA co-workers they are entitled to benefits such as Wellness Days and our group benefits plan. We also provided \$50,000 of in-kind support to local agencies supporting Ukrainians fleeing Ukraine and arriving in Canada.

We believe helping refugees is not only the right thing to do, but it also strengthens our business. It allows IKEA to discover and recruit new talent, expand our diverse co-worker base, and contribute to our role in creating a positive impact on the local community. In 2019, IKEA Canada launched our Refugee Skills for Employment Program across the country to hire 250 refugees. So far, 225 refugees have attended our virtual training program in partnership with ACCES employment, 67 participants were offered a work placement, and 83 were permanently placed at IKEA or elsewhere.



Contributing to better communities

For International Women's Day, we partnered with Women's Shelters Canada and National Aboriginal Circle Against Family Violence to provide much-needed home furnishings and accessories to create the feeling of home for women and children living in emergency and second-stage shelters across Canada. We provided \$40,000 of in-kind products and gift cards based on the individual needs of the various shelters to help ensure they were able to purchase what they needed most.

In March 2022, we announced a new partnership with Project Forest that will support planting new forests and rewilding local landscapes including First Nation and Indigenous communities. We provided \$140,000 to help fund two major ecological restoration projects in Alberta. Our IKEA Edmonton store co-workers had the opportunity to participate in a tree planting day to support the project.





An inclusive workplace is a better workplace

On our journey to become a leading example of equality as an organization that reflects the diversity of society at all levels of our company, we recently conducted the Ingka Includes survey to better understand the progress we are making and where we can improve. The first-ever annual survey was a voluntary, anonymous exercise and focused on addressing identity (factors such as age, gender, ethnicity, ability etc.) and how co-workers feel at work (i.e., their sense of belonging and inclusion). Survey results will continue to inform our Equality Plan.

Providing our co-workers with resources and training further supports inclusivity and being an ally for all communities. This year, we continued the move towards our global commitment of increasing ethnic, racial, and national diversity at all levels of leadership. We launched Unconscious Bias training to help leaders improve everyday decision making and remove the influence of unconscious bias by embedding new habits and insights into daily routines.

As part of our commitment to Indigenous Reconciliation, we are working with 4 Seasons of Reconciliation, a nationally accredited provider, to offer an online professional development course to all IKEA co-workers. We also had the opportunity to host an art installation by [The Canadian Library](#) in all our stores across Canada for a three-month period, honouring the memory of thousands of murdered and missing Indigenous women and children.



Caring for our co-workers

A job at IKEA is so much more than a job. It's a team of 7,400 co-workers across Canada working to make a positive impact on millions of people around the world. Our shared values and culture are a large part of what makes IKEA unique as a brand and workplace.

A gift of appreciation

In Swedish, the word for appreciate is *uppskatta*. For us at IKEA, it represents how much we appreciate the hard work of our co-workers throughout the pandemic. To recognize the extraordinary efforts of our co-workers, we presented a one-time financial gift estimated at \$6 million to be shared among eligible co-workers. The amount was part of a €110 million gift announced globally by Ingka Group, the largest IKEA retailer to which IKEA Canada belongs.



Prioritizing mental health

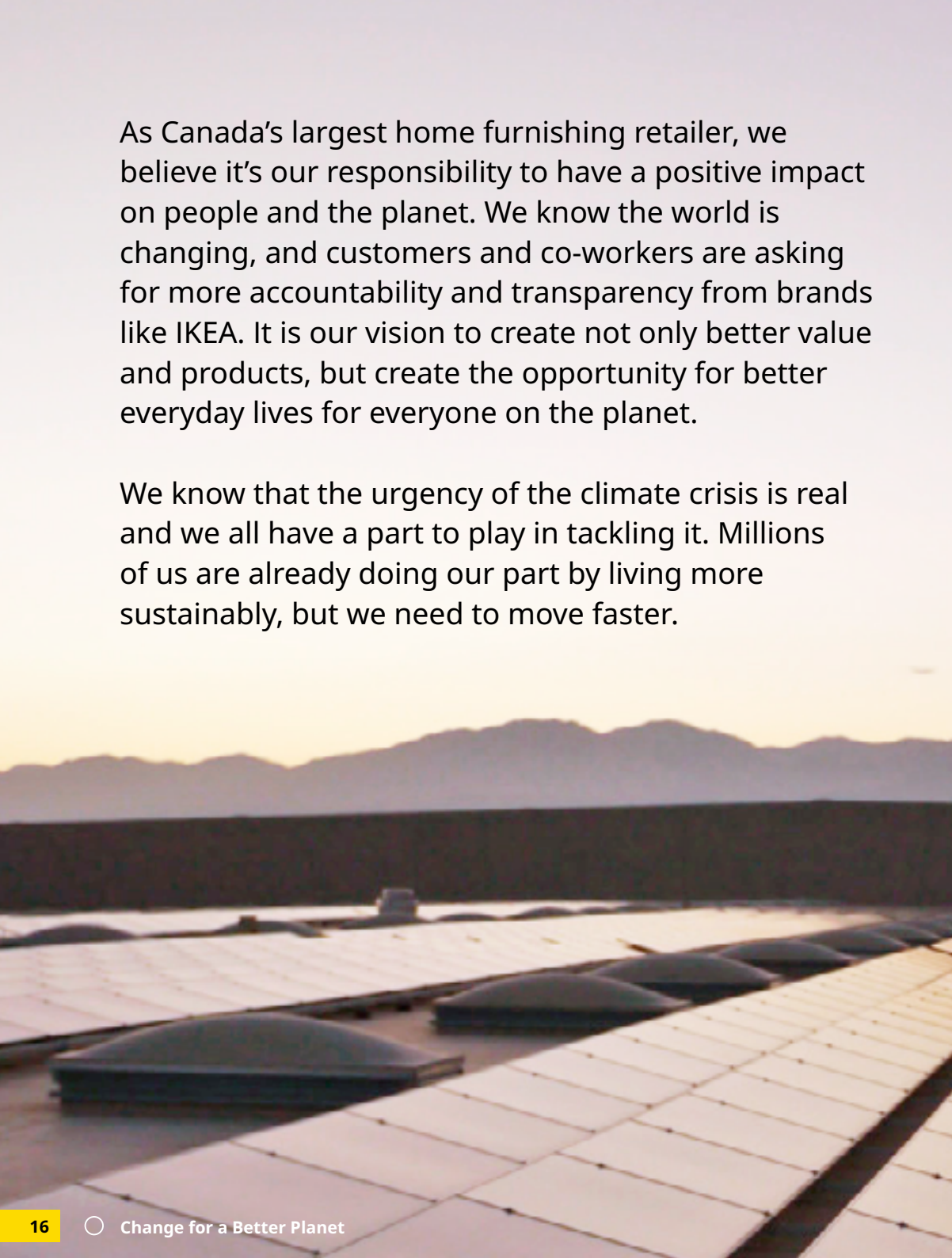
For IKEA, well-being is more than being physically healthy. We want to ensure that all co-workers have fair and equal benefits available to them for all aspects of well-being. Our co-workers have access to many resources, including Mental Well-being learning offers, paid Wellness Days and Employee Family Assistance Program support. In September 2022, we launched a new paramedical benefit focusing solely on mental well-being support. Also, our co-workers can now use our Wellness Spending for a wider range of health services such as alternative medicine, holistic health services, Indigenous traditional healing practices, and gender affirmation.

Co-worker Resource Groups

In September 2021, we launched our first Co-worker Resource Group (CRG) focused on gender balance in fulfilment operations. While 51 per cent of our co-workers across our organization are female, the group is dedicated to balancing the 27/73 split of women to men in fulfilment operations. CRGs are networks of co-workers with shared identities or backgrounds, allies and those wanting to learn more about different identities. They create a safe space for co-workers to discuss their experiences and provide under-represented voices with an opportunity to communicate with each other and leaders at IKEA. Since the successful launch of the Gender Balance CRG, we have launched two other groups – Rainbow Connections, focused on the 2SLGBTQ+ community and the Co-worker Resource Equity Working Group (The C.R.E.W.), focused on race and ethnicity.

Change for a Better Planet

A photograph of a wind farm with several white wind turbines in a dry, yellowish-brown field. In the background, there are snow-capped mountains under a clear blue sky. A thick yellow curved line starts from the top right and arcs across the middle of the image, passing behind the text.



As Canada's largest home furnishing retailer, we believe it's our responsibility to have a positive impact on people and the planet. We know the world is changing, and customers and co-workers are asking for more accountability and transparency from brands like IKEA. It is our vision to create not only better value and products, but create the opportunity for better everyday lives for everyone on the planet.

We know that the urgency of the climate crisis is real and we all have a part to play in tackling it. Millions of us are already doing our part by living more sustainably, but we need to move faster.

The time for action is now

We have ambitious commitments through our [People & Planet Positive Strategy](#) to be climate positive and fully circular by 2030. Together with our customers, co-workers, and partners, we will tackle the challenges of unsustainable consumption, climate change and growing inequality, and inspire the many people to live a better everyday life within the boundaries of the planet.

Zero emission home deliveries

We're energized by zero emission home deliveries. In partnership with our transport service providers, we're working towards our goal of 100% zero emission home deliveries by 2025. In fiscal year 2022, GoBolt and Metro Supply Chain began last-mile delivery to IKEA customers with electric trucks in Boucherville, QC, Montreal, QC, Etobicoke, ON, and Richmond, BC.

We are taking responsibility and working to create positive change as a business whose operations directly impact people's lives and the environment. Our ambition is to not only move IKEA forward but inspire and drive change for the whole industry. As a first step, to support our transport service providers who have invested in electric delivery trucks, we've begun installing commercial electric vehicle charging stations at three store locations. And while we already have charging stations for customers and co-workers at all store locations across Canada, we're adding more units at four locations.

Creating a circular economy

We're working to become a circular business and are finding new ways to make circularity more relevant and convenient for our customers. We're developing new products and services that enable customers to maintain, repair and pass on their belongings when they no longer need them.

Through the [IKEA Sell-back program](#), customers can give their gently used IKEA furniture another life and get in-store credit to refresh their homes. This year, customers returned almost 3,000 of their pre-loved IKEA items through this program.

In the Greater Toronto Area, we continued to partner with Furniture Bank to offer customers an easy, affordable, and socially responsible [mattress removal service](#). The program collected 5,876 mattresses, with 75 percent being donated to individuals and families overcoming furniture poverty, including community groups supporting marginalized communities.

We offer a [Spare parts](#) program to support customers in maintaining and repairing their IKEA furniture. Customers can easily order replacement parts for free and have them delivered within 7-10 business days. Throughout the year, we shipped 178,000 orders with a total of 2,760,000 pieces to customers in Canada and the U.S.

For the second year, IKEA Canada launched a month-long [Green Friday](#) campaign shifting the conversation to show how sustainable living can be easy and affordable for everyone. By closing the loop on circularity, IKEA encouraged customers to sell back their gently used products, offered special offers on pre-loved products, hosted virtual workshops to support customers in extending the life of their IKEA products, as well as furniture donation and electronic recycling drives for local community partners.



14,012 solar panels

produced 4,644,904 kWh



2 wind farms

produced 481,307,882 kWh of generated power



4 geothermal properties



67 EV charging stations units



9,830 deliveries

completed by electric delivery trucks



109,280 packages

of LED bulbs sold



6.9M plant balls

sold with a 4% climate footprint



Creating a Better Business



Our customers' lives are changing, and we are taking bold steps to transform our business to reach customers whenever, wherever, and however they want to meet us. As a leading omnichannel retailer, we will enable customers to shop seamlessly across all touchpoints based on their individual needs and preferences.

Optimizing our fulfilment networks

To ensure that our products are available for customers when they choose to shop with us, we are continuing our journey to expand and develop our fulfilment network. We want to ensure that we meet our customers with a seamless omnichannel shopping experience that is delivered with convenience and speed. In our four Central Fulfilment units, we added technology that creates customized boxes to fit the size of a customer's online order. Our co-workers can pack boxes faster because they require less "paper filler" which reduces the amount of packaging by up to 20%. This is another way we're reducing our carbon footprint. And to better serve our customers in eastern Canada with improved product availability, we have invested in constructing a new Distribution Centre and Customer Distribution Centre in Beauharnois, QC.

Meeting our customers with speed within the limits of our planet

At a time when customers want fast and affordable home deliveries, having a network of stores with logistics capabilities close to where our customers live is a huge advantage both for our customers and our planet. As fulfilment hubs, our stores can handle home deliveries for items bought at the store and orders placed online and through our Customer Support Centre, Plan and order points and Design studios. By fully realizing the potential of our stores, it will allow us to meet our customers with speed in a more sustainable way. To achieve this, the IKEA Ottawa store added automation that allows for efficiencies in picking customers' orders. By having more products stored onsite and readily available instead of being shipped from our Distribution Centre, we can reduce lead times to our Ottawa customers along with our carbon footprint.



Customer support of tomorrow

Our customers have told us they want more flexibility and seamlessness in how they engage with us, including when they need support before, during or after their purchase. We're elevating our customer support to enable great experiences for our customers and co-workers through simpler and more customer-centric processes and policies. We want our customers to have a personalized experience and to empower them with easy and intuitive self-service tools. We are also empowering our co-workers by expanding their knowledge with new customer-centric training and by providing them tools to deliver meeting our customers right, the first time in an omnichannel way.

One of the ways we're empowering our customers is through the new [IKEA Community forum](#). This online space connects people who are passionate about IKEA and who are looking for support related to our products and services. Community members can get answers to questions and get inspired by sharing tips and ideas.

We continue to provide our customers with additional digital capabilities including expanding our offer for the IKEA app with [Shop and scan](#), which allows customers to scan their items as they shop using their smartphone and pay for all their items using a QR code without needing to unbag or re-scan items. This new feature will cut customer checkout times and shorten line-ups at the cash lane, leading to a better customer experience at IKEA.

We also created an easier and more convenient returns process, with respect to our customers' value for time. [Express returns](#) enables customers to get a head start on their return digitally online before visiting the store.



IKEA for Business

We're expanding our support for small businesses in Canada with the launch of the [IKEA Business Network](#), a free loyalty program designed with small businesses in mind. Members can enjoy access to exclusive benefits like member-only discounts, quick-fix design tips, online learning with IKEA and more. The loyalty program is the latest addition to the planning services and supports that IKEA Canada already offers Canadian businesses.

IKEA in Canada

With nearly 80 years of experience in the retail industry globally and more than 45 years in the Canadian market, IKEA Canada is committed to continuing our journey to create an IKEA that is affordable, accessible and sustainable and serves customers in a memorable omnichannel environment.



15 Stores

1 Distribution Centre

4 Customer Distribution Centres

1 Customer Support Centre

2 Plan and order points

8 Design studios

17 Collection points

28 PenguinPickUp locations

2 Wind farms

7,400 Co-workers

4M IKEA Family members

A look ahead at 2023

We have another exciting year ahead of us at IKEA in 2023! Our fiscal year kick-started with a new brand platform anchored by the phrase *Bring Home to Life*. Through emotional, authentic storytelling, we aim to inspire Canadians to reconnect with their homes and help them see the potential for the life they live there.

Building a life-long relationship with our co-workers is a top priority for us. We want to create a better workplace for our co-workers by starting with improving the basics; supporting and growing our mental health and well-being program; and continuing our work to create an inclusive IKEA so all co-workers feel that they belong.

For the first time ever, we will bring our commercial brand and employer brand under the same platform. Through a bold, inspiring, and integrated campaign, we will lean into our superpower — the IKEA vision, to create a better everyday life for the many people and share stories about IKEA as a workplace and a brand through the voices of our own Canadian co-workers. We will demonstrate that IKEA is one of the greatest places to work in Canada and create a sense of pride for our co-workers that the work they do each day makes a difference in sustainability,

equality and supporting their local communities.

We will also take actions to make significant progress in our commitment to become climate positive. We will focus our efforts on adding more home deliveries by zero emission vehicles, providing more electric vehicle charging points for our co-workers, customers and transport service providers, and continue developing solutions to move us closer to achieving our waste reduction, recycling and circular goals.

Our commitment to our customers remains steadfast. We will continue introducing new ways to shop, enhancing our existing store experiences, strengthening our digital capabilities and service offers, and empowering our co-workers to make each IKEA shopping experience unique.



Tack!

(That's Swedish for thank you)

