

Ingka Group Annual Summary FY23



New lower price

PLUFSIG

Folding gym mat

~~€39.99~~

€29⁹⁹

Made of min. 90%
recycled polyester

Hej!

We are driven by the IKEA vision to create a better everyday life for the many people. We are passionate about life at home and are transforming our business to create a better IKEA that is affordable, accessible, and positively impacts people and the planet.

We have bold ambitions to play our part in solving some of the many challenges facing the world, while delivering an ever better experience for our customers.

We'll achieve this by focusing on four big movements: helping more people to have **Better homes**; contributing to **Better lives** for our co-workers, customers and communities; playing our part in creating a **Better planet**; and creating a **Better company** for today and future generations. We seek to make balanced decisions and measure performance holistically across these four areas.

We are 80 years old but young at heart. We keep challenging ourselves, guided by our founder Ingvar Kamprad who said: "We will move ahead only by constantly asking ourselves how what we are doing today can be done better tomorrow".

Find out more

In our report you'll find information on our financial and nonfinancial performance against a wide range of targets and indicators. We aim to provide a transparent account of our performance, highlighting areas where we are making progress as well as where we are facing challenges. Ingka Group reporting includes:



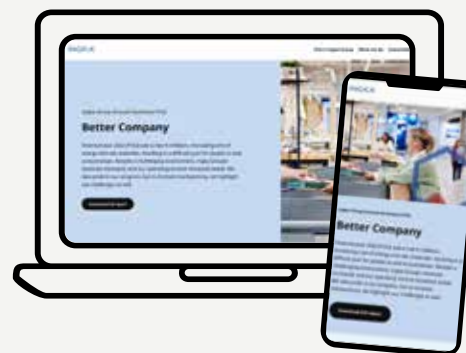
Ingka Group Annual Summary and Sustainability Report FY23

An in-depth account of our performance in FY23.



Short summary of the Ingka Group Annual Summary and Sustainability Report FY23

Key highlights of our performance and challenges FY23



Ingka Group reporting website [Ingka.com/reporting](https://www.ingka.com/reporting)

An online summary of FY23 performance.

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EUR 44.3 billion
total revenue

165,353
co-workers

3.2 billion
online visits

537
Customer meeting points in 31 countries

44
Ingka Centres meeting places in 14 countries

[Read more about Ingka Group](#)

[Read more about IKEA Retail](#)

[Read more about Ingka Centres](#)

[Read more about Ingka Investments](#)

About Ingka Group

Ingka Group operates 537 customer meeting points in 31 countries, as well as worldwide IKEA e-commerce and digital solutions. Our reach and expansion are strengthened by our network of meeting places, and an active investment arm to support sustainable growth and business transformation.

IKEA is a franchise business, with many companies operating under one IKEA brand. Inter IKEA Group B.V. is the franchisor, responsible for continuously developing the IKEA Concept and ensuring its implementation in new and existing markets. Ingka Group is the largest IKEA franchisee, generating over 88% of total IKEA Retail sales in FY23. Ingka Group is made up of three businesses, working closely together: IKEA Retail, Ingka Centres and Ingka Investments.

IKEA Retail

IKEA Retail, is our core business, with the purpose to create a better and affordable everyday life at home. We operate 399 IKEA stores including city stores, as well as 138 plan and order points of various sizes. IKEA Retail operates under franchise agreements with Inter IKEA Systems B.V., the worldwide IKEA franchisor. In FY23, we had 697 million visits to our IKEA locations and 3.2 billion online visits with consent.

Ingka Centres

Ingka Centres create meeting place experiences for people and drive visitation for IKEA and is a global developer and operator of retail-led destinations through its meeting place concept. Ingka Centres has 50 years of experience in shopping centres and works with 3,000 brands across its portfolio of 44 Ingka Centres meeting places in 14 markets and 352 million visits in FY23.

Ingka Investments

Ingka Investments makes investments and acquisitions that secure Ingka Group's long-term financial strength and support and accelerate our business growth, business transformation and sustainability goals. Our investments range are organised in seven portfolios: Business Development Investments, Prioritised Cities Real Estate Investments, Venture & Growth Capital, Renewable Energy Investments, Circularity Investments, Forestland Investments and Financial Markets Investments.

Our unique ownership structure

Ingka Group (Ingka Holding B.V. and its controlled entities) has an ownership structure that ensures independence and a long-term approach. Ingka Group is owned by a Dutch foundation, Stichting INGKA Foundation (INGKA Foundation). INGKA Foundation does not have any owners; it owns itself. It also does not have any beneficial owners but holds its assets only on its own behalf. This means that nobody is entitled to the assets of the Foundation and there are no dividends paid to private shareholders.

INGKA Foundation has a charitable purpose to create a better everyday life for the many people in need. The INGKA Foundation achieves its charitable purpose by providing funding to the Stichting IKEA Foundation, an independent philanthropic grant-making organisation committed to tackling the two biggest threats to the future of children and families: poverty and climate change.





"We are proud to be in a team of optimistic entrepreneurs, demonstrating together that it is good business to be a good business."

A few words from our leadership

In FY23 we celebrated 80 years of IKEA. So much has changed in eight decades, but we are still guided by the same vision: to create a better everyday life for the many people. That has never been more important or relevant than it is today.

We succeed as a business by remaining relevant and affordable for our customers, by keeping our costs low, by reinvesting for the future, and by taking care of people and planet. Each element is equally important and that's why we judge our performance holistically across four areas: Better homes for our customers, Better lives for the many people and our co-workers, a Better planet for all, and a Better company now and for future generations. To us, good performance means performing well in each and all of the four areas.

The past few years have been unprecedented in so many ways and while FY23 was a less eventful year than some, we continued to operate in an environment of economic uncertainty and disruption. Yet together with our co-workers, we delivered on our vision to create a better life at home and in the world, while growing the business in a healthy way. We are proud

to be in a team of optimistic entrepreneurs, demonstrating together that it is good business to be a good business. Highlights from this year include opening 60 new locations to bring IKEA closer to more people, expanding our range of plant-based food options and enabling more customers to buy and sell secondhand IKEA furniture. We pride ourselves on providing a great place to work for our co-workers and were pleased that 84% told us that they feel they can be themselves at work. Our financial performance was good in FY23, with revenues of EUR 44.3 billion and a 5.7% increase in retail sales. We reinvested 85% of our net income into the company and the remaining 15% was paid as a dividend to the Stichting INGKA Foundation, to achieve its charitable purpose.

We have reduced our total climate footprint (scope 1, 2 and 3) by 24.3% since FY16 and this year we invested a further 0.7 billion (including committed investments) in offsite renewable energy generation and the wider energy transition (EUR 3.8 billion since 2009). To build on this progress, we have strengthened our climate targets in alignment with the Science Based Targets initiative (SBTi) Net Zero standard and submitted these for approval to SBTi. The revised target is a reduction of the climate footprint across the value chain by at least 50% by 2030 (compared to our 2016 baseline). We will report against these from FY24 once they have been approved.

As we transform our business to be ever more affordable, accessible and sustainable, we are on a journey to strengthen our reporting too. We want to share our successes and achievements but also to be open about the challenges we face and to make sure we focus on the issues that

matter most. We have taken some important steps this year and this will remain a priority in FY24 and beyond.

We are 80 years old but young at heart. We look to the future with curiosity and humbleness and remain inspired by the words of our founder Ingvar Kamprad: We will move ahead only by constantly asking ourselves how what we are doing today can be done better tomorrow.


 Jesper Brodin, President
and CEO, Ingka Group*


 Juvencio Maeztu, Deputy
CEO and CFO, Ingka Group*


Building **better** into everything we do

Better homes

For generations, we have been on a mission to bring inspiring and affordable home furnishings to the many people regardless of wallet size. We are focussing on omnichannel innovation, seamlessly integrating our physical and digital channels to bring IKEA to more people, offering affordable products, services and solutions that make healthier and more sustainable living easier.

Better lives

People are at the heart of everything we do. We want to take a leading role in creating a fairer and more equal society. Starting with our co-workers and supply chain, extending to our customers, neighbourhoods, communities and society at large, we are determined to be a force for good.

Better planet

We only have one planet, the home we all share. We are taking bold steps across our business to reduce our greenhouse gas emissions, minimise resource use and waste, and promote biodiversity and water conservation. We are making it easier for our customers to act too.

Better company

We do business with a humanistic outlook, guided by our vision and values. We push to be a fair, inclusive and empowering company with good governance and respect for human rights across our value chain. We reinvest a large part of our net income in our business to become ever more affordable, accessible and people and planet positive. The remainder is paid as a dividend to the Stichting INGKA Foundation to achieve its charitable purpose.

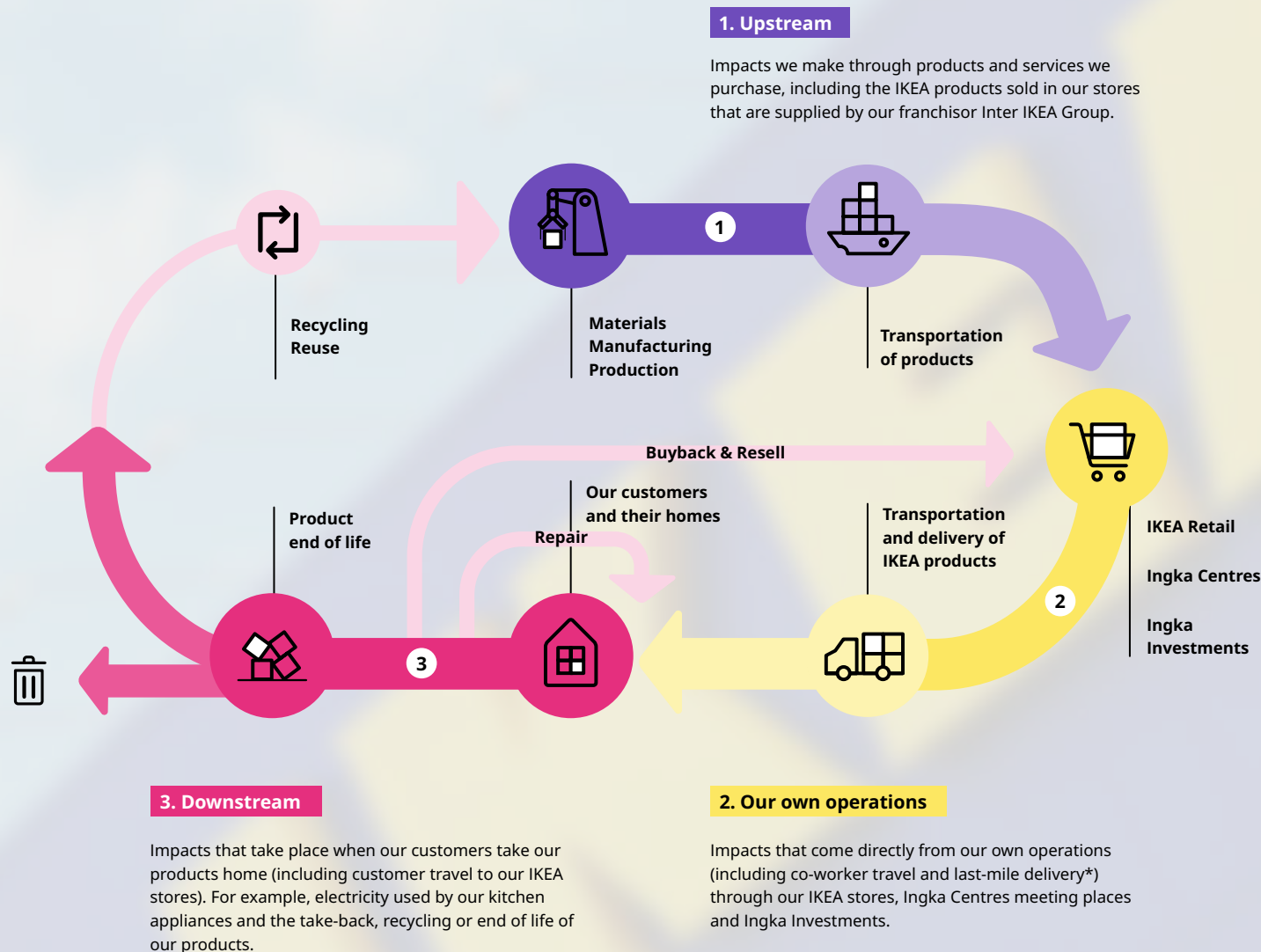
Our value chain

At each stage of our value chain, our business has an impact on people and the planet – from our sourcing to the use of our products by our customers.

At Ingka Group we take a value chain approach – seeking to understand and address our impacts at every stage to achieve our vision to create a better everyday life for the many people.

We are accountable for our whole footprint but have most control over impacts in our own operations (section 2 in the diagram). We work with Inter IKEA Group and other partners to address issues and opportunities associated with sourcing and production (upstream). We offer products and services to inspire and enable our customers to live a healthier and more sustainable life at home and to conserve resources through repair, reuse and recycling of IKEA products (downstream).

See next page for the material topics in our value chain



* Where we outsource last mile delivery, we report our CO₂ emissions in our scope 3 downstream reporting

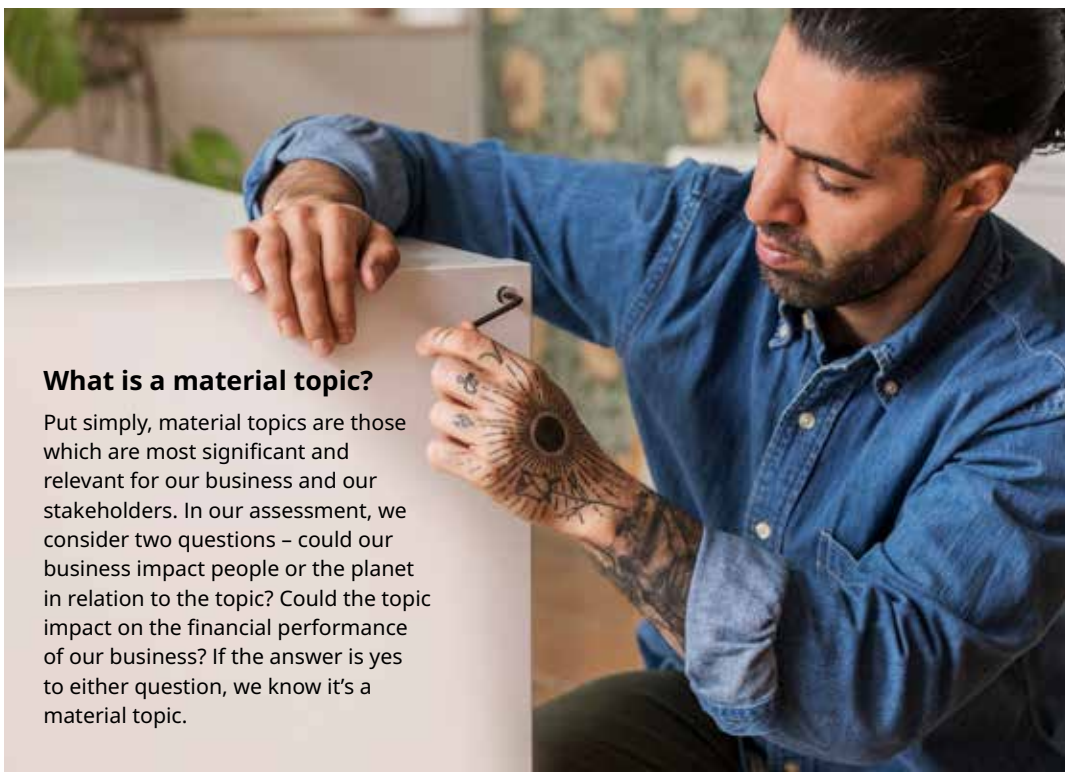
We report on the topics that matter most

We want to make sure that we focus our work and our reporting on the topics that matter most for our stakeholders, our business and the planet. To help us do this, we regularly conduct a double materiality assessment which incorporates stakeholder input and research. You can read in more detail about how we conducted this assessment in the full [Ingka Group Annual Summary and Sustainability Report](#).

On this page we show how the material topics identified in our double materiality assessment fit into the four better movements that form the structure for our report. The table summarises the significant impacts, risks and opportunities we have identified at each stage of our value chain.

What is a material topic?

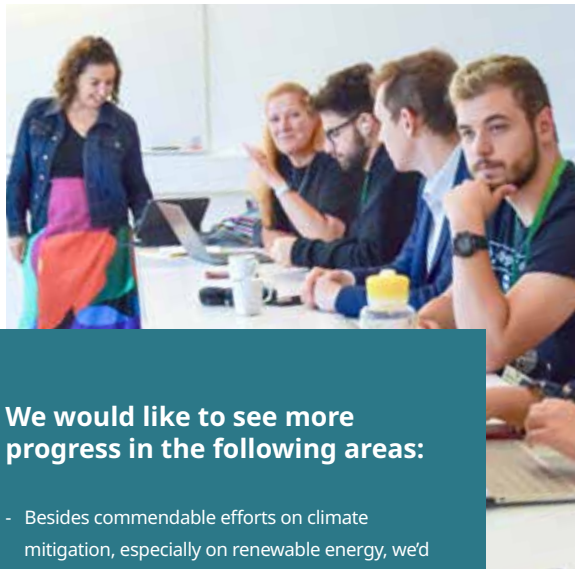
Put simply, material topics are those which are most significant and relevant for our business and our stakeholders. In our assessment, we consider two questions – could our business impact people or the planet in relation to the topic? Could the topic impact on the financial performance of our business? If the answer is yes to either question, we know it's a material topic.



Material topics	Where do we have the most significant impacts, risks and opportunities?		
	Upstream	Our own operations	Downstream
Better homes			
Affordability and accessibility of products and services	●	●	●
Healthy and sustainable living	●	●	●
Customer and end-user safety	●	●	●
Better lives			
Equality, diversity and inclusion		●	
Health, safety and wellbeing		●	
Skills development		●	
Fair income		●	
Human rights	●	●	●
Community impact	●	●	●
Better planet			
Climate change	●	●	●
Resource use, circularity and waste	●	●	●
Water	●	●	●
Biodiversity and forestry	●	●	●
Better company			
Financial resilience	●	●	●
Ethical business conduct	●	●	●
Digital trust	●	●	●
Responsible sourcing	●	●	●

● Critical ● High ● Medium

Young Leaders' opinion letter



We would like to see more progress in the following areas:

- Besides commendable efforts on climate mitigation, especially on renewable energy, we'd love to see Ingka taking the leadership on how IKEA and fellow businesses can step up on climate adaptation actions.
- Human rights within supply chains are vital. We look forward to Ingka's proactive steps to reduce any major non-compliances among suppliers.
- Nature underpins our economy and our very existence. We are delighted to see more information on biodiversity and forestry shared in FY23. We encourage Ingka to further its work by setting more specific and science-based targets. Additionally, we urge Ingka to go beyond FSC certification, ensuring science- and rights-based consumption and conservation of natural resources, through working with Indigenous Peoples and local communities.

We, as part of the Ingka Young Leaders Forum, are an independent external advisory group of under-30 activists and professionals deeply committed to environmental and climate justice. Our collective experience spans building global movements, shaping multilateral policies, and empowering grassroots communities, all aimed at securing a livable planet for future generations.

Our Work Thus Far

Over the past three years, we have engaged with the Ingka Group in a manner that balances collaboration with critical oversight. This year, our involvement included engaging with the Supervisory Board, deep diving into AI policy and ethics discussions with the Group Management, and providing rapid feedback on various sustainability-related initiatives. Our work has encompassed challenging and advising on issues of circularity, transparency, and sustainability, as well as advocating for a stronger diversity and equity approach to business operations. Our Transparency Working Group's role in reviewing Ingka reports and ensuring transparency and accountability has encouraged improvements in this year's report.

Conclusion

In the face of global uncertainties, including devastating geopolitical tensions and climate-

related natural disasters, we recognize that the solutions to these challenges require a concerted effort from all sectors of society. Our collaboration with the Ingka Group has pioneered a model for meaningful corporate engagement with youth. This partnership marks early strides towards more inclusive business practices. We hope that our efforts will inspire the Ingka Group and other businesses to continue evolving in their engagement with young leaders.

Zhilin Xiao, Cathy Yitong Li, Zanagee Artis, Vlad Kaim, Kehkashan Basu on behalf of the Young Leaders Forum



We have identified the following areas that are commendable:

- Ingka's reports visibly include 'challenges' sections, demonstrating their commitment to transparency. This openness in acknowledging the hurdles and limitations they face in achieving sustainability targets is a progressive step.
- Ingka's adoption of a double materiality assessment marks a noteworthy step in sustainability efforts. This approach helps identify key environmental and social impacts relevant to their operations and stakeholders, demonstrating a commitment to enhanced accountability and impact assessment.
- Ingka has been a vocal advocate for climate actions, including the phasing out of fossil fuels, leading by example and encouraging other businesses and governments to pursue ambitious climate actions, evident in their collaboration with the B Team.



Our performance at a glance



BETTER HOMES



60

new locations opened to make IKEA more accessible and convenient for more people



BETTER HOMES



14

countries started offering our new plant-based hot dog

Plant-based hot dog
€0.79



BETTER HOMES



375,000

customers used IKEA Kreativ, our AI-driven digital interior design experience

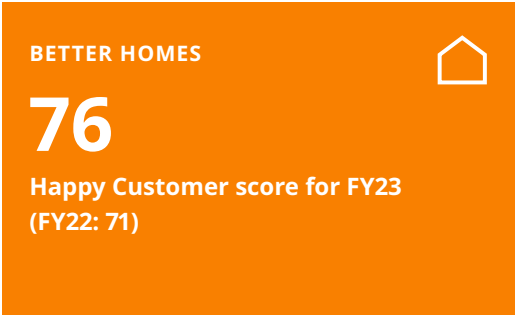


BETTER HOMES



2.2 million

customers used our spare assembly parts service to maintain and repair their IKEA products



BETTER HOMES



76

Happy Customer score for FY23 (FY22: 71)



BETTER LIVES



1,135

refugees supported through our Skills for Employment programme in 22 countries



BETTER LIVES



2.6 million

hours spent by co-workers on learning



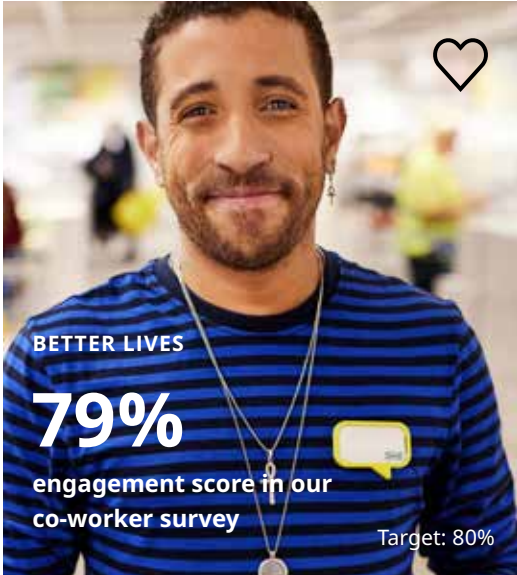
BETTER LIVES



50/50

gender balance in our management positions (all leaders)

Target: 50/50



BETTER LIVES



79%

engagement score in our co-worker survey

Target: 80%



BETTER PLANET

75.9%

operational waste recycled

Target: 100% by 2030

BETTER PLANET

Investments in off-site renewable energy (including committed investments)

EUR 0.7 billion

(EUR 3.8 billion since 2009)

Target: EUR 7.5 billion by 2030 (Including EUR 1 billion in transitional technologies)



BETTER PLANET

79.2%

of electricity we used was from renewable sources

Target: 100% by 2025

BETTER PLANET

24.3% reduction

in our climate footprint (scope 1, 2 and 3) from our FY16 baseline

BETTER COMPANY

EUR 44.3 billion

Ingka Group revenue (EUR 42.0 billion in FY22)



BETTER COMPANY

EUR 1.5 billion net income

We reinvested 85% of our net income into the company and the remaining 15% was paid as a dividend to the Stichting INGKA Foundation, to achieve its charitable purpose (FY22: EUR 0.3 billion)

Normalised tax rate of 28%

BETTER COMPANY

More than 260,000 e-learning sessions completed on data protection and privacy

BETTER COMPANY

EUR 1.2 billion

Total tax bill (FY22: EUR 1.0 billion)



Better homes summary

We use our 80 years of life at home expertise to bring our customers products, services and solutions for a better life at home, one that is affordable, accessible and more sustainable.

What we are proud of

- We opened three new stores, 10 city centre locations and 47 new plan and order points as well as two new Ingka Centres meeting places and used innovative technologies in-store and online to make IKEA accessible to more people.
- Despite economic challenges in many markets, our retail sales grew by 5.7%.
- Our IKEA Life at Home Report shared unique insights from research with 37,000 people in 38 countries.
- Over 211,600 customers (FY22: 105,000) used our Buyback service to give 430,000 items they no longer needed a second life (FY22: 230,000).
- We launched our first plant-based hot dog and made our plant-based food options available at the same price or even lower than our meat-based alternative.

Challenges we are addressing

- In FY23, despite the challenges of inflation, currency fluctuations and economic disruption, we invested in decreasing prices in some parts of our range but still have further to go to reach pre-pandemic price levels. We are prioritising this in FY24 and expect to lower prices for many more products during the year.

Better lives summary

People are at the heart of everything we do. We want to take a leading role in creating a fairer and more equal society and to improve the lives of the millions of people that interact with, or are impacted by, our company.

What we are proud of

- We maintained gender balance (equal representation of men and women) across co-workers and management teams and 41.4% of board members for our three Ingka businesses were women.
- 83% of co-workers participated in our annual survey which showed a strong overall engagement score of 79%.
- We supported 99,000 people through our social impact programmes in local neighbourhoods and 1,135 refugees completed our Skills for Employment training in 22 countries.
- Our fifth annual group-wide gender equal pay assessment showed that we reduced the percentage of co-workers in groups where pay gaps could not be explained by performance, competence or a country's legal requirements.

Challenges we are addressing

- We have made good progress on gender balance across our workforce and management but have not yet reached gender balance in our Management Board and Supervisory Board. We are also working to increase ethnic, racial and national diversity at all levels of leadership and management.
- We conducted a company-wide human rights baseline assessment. This found that we have key policies and procedures in place to protect human rights in our own operations and the wider value chain but more action is needed to further strengthen our approach, for example by extending our grievance mechanism to our value chain.



Better planet summary

We only have one planet, the home we all share. We are committed to playing our part in tackling global environmental challenges including climate change, biodiversity loss and water scarcity. And we have to act now.

What we are proud of

- Our total climate footprint (scope 1, 2 and 3 emissions) has decreased by 24.3% from FY16. Across our own operations, we have reduced our scope 1 and 2 emissions by 53.2% from FY16.
- We are helping to accelerate the transition to net-zero across our own business and beyond through our renewable energy investments. Ingka Investments has committed EUR 7.5 billion for off-site investments in renewable energy and transitional technologies.
- To help minimise resource use and prevent waste, we have invested in a mattress recycling company and in FY23 we ran a trial with Inter IKEA Group to close the loop by producing new IKEA sofas and mattresses from repolyol (recycled material).
- Strengthened our climate targets in alignment with the Science Based Targets Initiative's Corporate Net Zero standard.

Challenges we are addressing

- Although we are making good progress against our greenhouse gas reduction targets, some targets are not on track including renewable heating and cooling and transport. We have developed action plans to close this gap and speed up progress.
- Further work is needed to develop metrics, targets and action plans on water and biodiversity.

Better company summary

We structure our business to ensure financial resilience and we reinvest profit to help us keep growing and improving. We run our business honestly and with integrity, meeting high ethical standards. Our governance is designed to ensure that Ingka Group remains a well- managed, successful, purpose-led company.

What we are proud of

- Our revenue increased by 5.4%, and we delivered EUR 1.5 billion in net income. 85% of this was reinvested in the company to ensure that we make IKEA more affordable, accessible, and sustainable. The other 15% was paid as dividend to Stichting INGKA Foundation to support the charitable activities of the IKEA Foundation.
- We paid taxes and duties amounting to approximately EUR 1.2 billion (FY22: EUR 1.0 billion).*
- Ingka Investments invested EUR 1.3 billion in assets such as real estate, renewables, forestry and business development and committed to EUR 1.9 billion.
- We rolled out our updated Digital Ethics Policy across Ingka, helping us to ensure a responsible approach to the use of AI.

Challenges we are addressing

- We work to ensure that our suppliers meet high social and environmental standards by implementing and maintaining compliance with IWAY – our supplier code of conduct. Despite progress in implementing IWAY, we identified more non- compliances this year. We are taking action to ensure suppliers address these.
- Technology creates great opportunities but also presents new risks for our business and our stakeholders. We are rolling out our Digital Ethics Policy and training alongside data protection and security controls, to safeguard our business, co-workers and customers.

*Normalised tax rate of 28%



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This document is a summary of the Ingka Group Annual Summary FY23.

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