



# Inter IKEA Group Financial Summary FY24

Inter IKEA Group

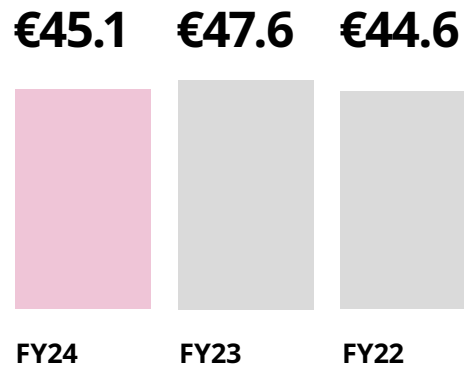


# Introduction

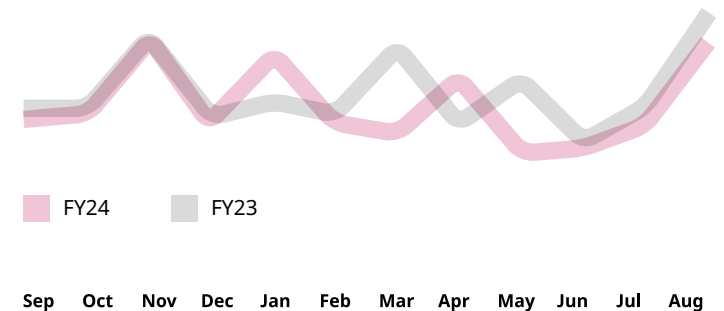
This document is a summary and brief overview of Inter IKEA Group's financial performance for financial year 2024 (FY24), which is the period from 1 September 2023 to 31 August 2024. The summary begins with the retail sales performance of our franchisees since the Inter IKEA Group's overall financial performance is closely connected to this.

Total IKEA sales for FY24 reached EUR 45.1 billion (EUR 47.6 billion in FY23). This includes sales of IKEA products, food and services to customers. Compared to FY23, retail sales went down by 5.3% (-4.0% when adjusted for currency effects).

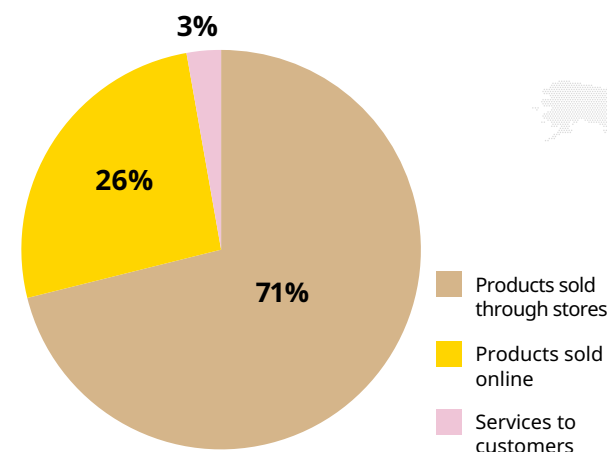
In FY24, IKEA stores welcomed 899 million visitors, an increase of 4.5% compared to the previous year. Online visitation saw an even bigger increase from 3.8 billion in FY23 to 4.6 billion in FY24 (+21%).



IKEA retail sales in billion EUR



IKEA retail sales development



FY24 IKEA retail sales





In FY24, Inter IKEA Group substantially lowered wholesale prices to IKEA retailers to support affordability. Effectively, this has led to an average global price reduction of 10% (with a full-year affect of 15%), which enabled IKEA retailers to lower their prices to customers. Price reductions to IKEA retailers in FY24 have resulted in lower sales of goods and lower franchise fees for Inter IKEA Group.

In turn, an uplift in sales volumes became clear during the second half of the year when lower prices came into effect. Overall, sales in volumes have not grown compared to FY23.

After several years of continuous increases in raw material and commodity prices, as well as costs related to transportation and logistics, a rapid downward trend occurred in FY24. This resulted in a strong decrease in the costs for sourcing and supplying products to IKEA franchisees. Logistic disruptions, which had a reduced impact in FY24, remain a risk and an attention point as this also impacts the availability of products for our customers.

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 2024. An unqualified auditor's report dated 7 November 2024 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.

Operating expenses were up in FY24 following a significant investment in marketing to inform customers of the lower prices. Excluding this one-off item, and despite the inflationary environment, operating expenses decreased slightly due to good cost control.

In FY24, the treasury services and working capital funding provided by Interogo Holding AG were ceased. Inter IKEA Group settled all accounts receivable and payable with Interogo Holding AG and terminated the treasury agreement. Treasury services and working capital funding to all Inter IKEA Group companies is now managed inhouse.

Inter IKEA Group recorded total revenues of EUR 26.5 billion (EUR 29.1 billion in FY23), including wholesale sales to IKEA retailers, franchise fees and retail sales from the IKEA Delft store. Total operating income is EUR 2.3 billion (EUR 2.2 billion in FY23). Net profit is EUR 2.2 billion (EUR 1.6 billion in FY23).



## Expansion

IKEA retail operations continue to expand with smaller retail formats in new and existing markets. In the past year, IKEA opened 56 new sales locations. One special highlight to celebrate was the expansion of IKEA retail operations in Colombia with the opening of two stores and e-commerce.

IKEA is growing in existing markets by adding smaller retail formats that complement the larger traditional blue box stores. This allows IKEA products to become more easily available and accessible to customers and make shopping more convenient in urban areas. The smaller formats also provide inspiration and the opportunity to shop, plan, order or pick up online orders.

During the year, IKEA opened new large stores in Maebashi (Japan), Riddes (Switzerland) and Bogota (Colombia), along with small stores in Abu Dhabi (UAE), Fujairah (UAE), Cali (Colombia), Xi'an (China), Carolina (Puerto Rico), Santiago de los Caballeros (Dominican Republic), Bangkok (Thailand) and Veliko Tarnovo (Bulgaria).

## The IKEA franchise business

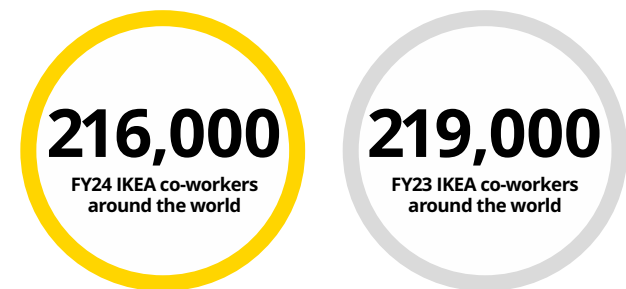
IKEA is a franchise business. That means many people and many companies with different owners work under one IKEA brand – all dedicated to the IKEA vision of creating a better everyday life for the many people. This is realised through the IKEA business idea to offer a wide range of well-designed, functional 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 business. 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.

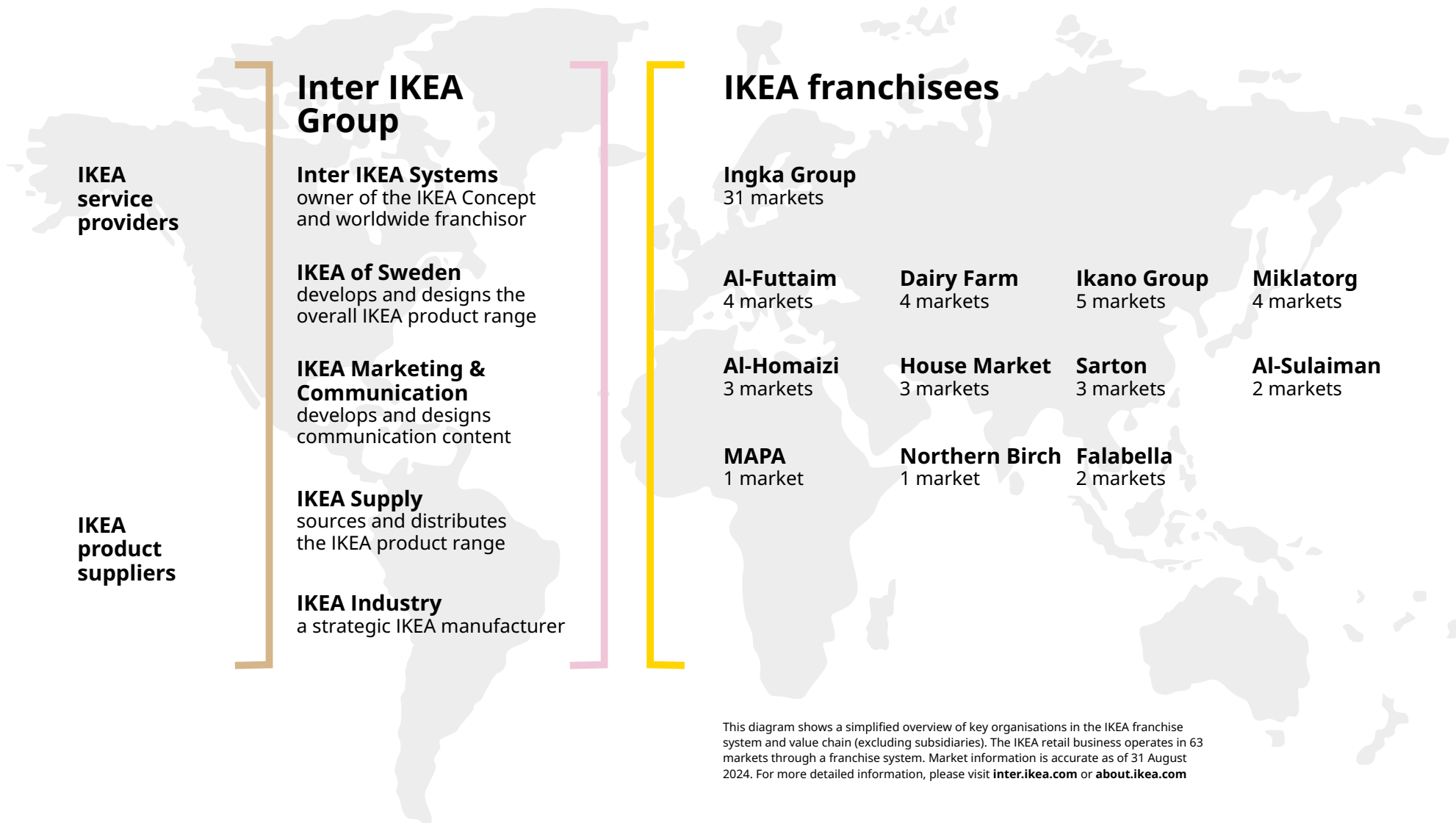
The IKEA franchise business is built on a model that focuses on low costs and high volumes to create lower prices.

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 FY24 can be found on [ikea.com](https://www.ikea.com)*

# IKEA franchise system and value chain



# 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 and the group functions are established. Inter IKEA Group has three core businesses: Retail Concept, Range and Supply. The core businesses work together with franchisees and suppliers to co-create the IKEA offer and franchise business. 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.

## Retail Concept

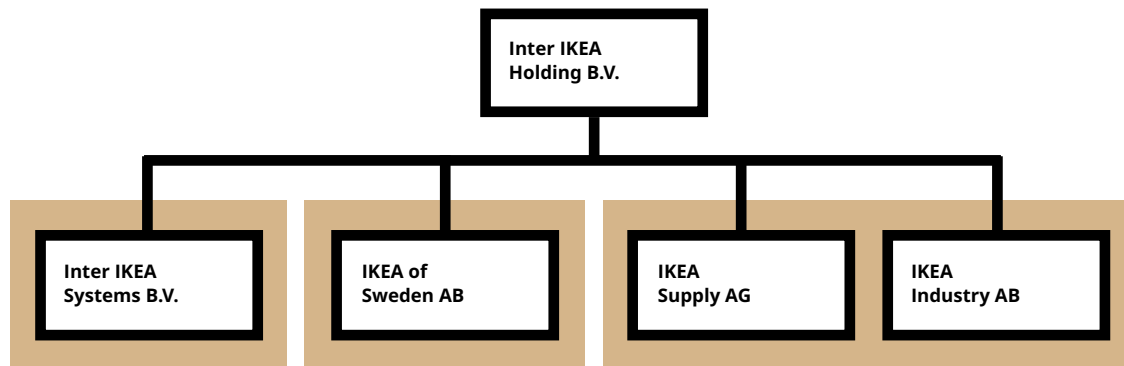
Retail Concept is part of Inter IKEA Systems B.V., based in the Netherlands. Inter IKEA Systems B.V. is the worldwide IKEA franchisor and owner of the IKEA Concept (which includes the IKEA brand). Retail Concept is responsible for continuously developing the IKEA Concept and ensuring its successful implementation in new and existing markets.

Retail Concept also comprises certain subsidiaries of Inter IKEA Systems B.V., including IKEA Marketing & Communication AB, which IKEA Marketing & Communication AB develops and creates IKEA communication content.

In addition to Retail Concept, Inter IKEA Systems B.V. harbours the strategic franchisor functions that enable IKEA to remain forward-looking in areas such as brand positioning, digital development, talent development and sustainability.

## 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.



## Overview of Inter IKEA Group





## Manufacturing

Inter IKEA Group made two major industry investments to secure long-term growth of its ever-popular BILLY bookcase series and PAX wardrobe system. The opening of the new BILLY factory in Slovakia is one of the most modern and highly automated in the world and covers 35,000 sqm. The expansion of an existing factory in Hultsfred, Sweden, will vastly increase the production capacity of PAX to meet both current and increasing demand.

## Workers in the IKEA value chain

IKEA Supply AG, part of Inter IKEA Group, announced a partnership with The International Organization for Migration (IOM) in FY24. Through capacity building initiatives on ethical and responsible recruitment and employment practices, the IOM will support IKEA Supply AG to improve the working and living conditions of migrant workers across the IKEA supply chain.

## 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 IKEA products (approximately 90%) is sourced from external suppliers across the globe. 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 owned by Inter IKEA Group that 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 IKEA Älmhult AB, which owns and operates the IKEA Hotell and IKEA Museum.

## Ownership

Inter IKEA Group is fully owned and controlled by Inter IKEA Foundation, based in Liechtenstein.

## Acquisition of IKEA retail Baltics

On 23 August 2024, Inter IKEA Group reached an agreement with Hof Group, an IKEA franchisee, to acquire its retail operations and real estate in Estonia, Lithuania and Latvia. With this agreement, Inter IKEA Group will obtain exclusive control over IKEA retail operations in the Baltics. A substantive regulatory approval by the European Competition Authority (ECA) is needed before completion. We expect a decision from the ECA within four to six months from the date of the agreement. Until then, these operations are not a part of the Inter IKEA Group.

The total asset value of the combined Baltic businesses was EUR 205 million on 31 August 2023. During FY23, total revenue was EUR 314 million and the companies employed approximately 1,450 co-workers.

# Inter IKEA Group FY24 financial results

FY24 marked a trend-break after several years of high rising costs for sourcing IKEA products. Both raw material and commodity prices, as well as costs related to transportation and logistics, have come down significantly during the financial year.

Following this trend, Inter IKEA Group has reduced its wholesale prices to IKEA retailers by a global average of 10% during FY24 with a full-year effect of 15% to support affordability across the IKEA value chain. These price reductions in FY24 have resulted in lower sales of goods and lower franchise fees for Inter IKEA Group. In turn, this has resulted in an uplift in sales volumes during the second half of the year. This uplift – in combination with the positive cost developments – has improved our gross margin considerably despite lower revenues.

Lowering wholesale prices has enabled IKEA retailers to lower their retail prices to customers. In addition, substantial marketing

investments were made by Inter IKEA Group during FY24 to support IKEA retailers in communicating these lower prices in their markets. This created one-time additional operational costs. Adjusted for this one-off item, operational cost remained flat, thanks to robust cost control in an inflationary environment.

Financial income and expense has changed significantly compared to the previous year due to changes in the funding structure for Inter IKEA Group. Non-current liabilities are almost nil and working capital has improved significantly after settlement of the IP loan. This reduced interest expenses significantly.

After financial income and expense and income taxes, net income amounts to EUR 2.2 billion. The increase versus FY23 is primarily driven by the positive result from financial income and expense. The Inter IKEA Group consolidated income statement shows a simplified overview of this year's financial performance.

## Consolidated income statement

In millions of EUR	FY24	FY23
Sales of goods	25,061	27,443
Franchise fees	1,348	1,406
Other income	129	212
<b>Total revenues</b>	<b>26,538</b>	<b>29,063</b>
Cost of goods sold	21,048	23,824
Gross profit	5,490	5,239
Operational cost	3,151	2,993
<b>Total operating income</b>	<b>2,339</b>	<b>2,246</b>
Financial income and expense	326	-300
Result before tax	2,665	1,946
Income taxes	-466	-307
<b>Net income</b>	<b>2,199</b>	<b>1,639</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 down following the price decreases 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 decreased in FY24, franchise fee income came down accordingly.

### Other income

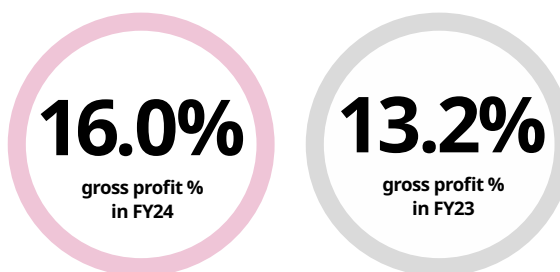
Other income mainly consists of income from marketing materials and communication created for, and sold to, IKEA franchisees.

### Cost of goods sold

Cost of goods sold describes the total accumulated costs to 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.

Raw material and commodity prices, as well as costs related to transportation and logistics, have come down significantly during the financial year.



### Range development

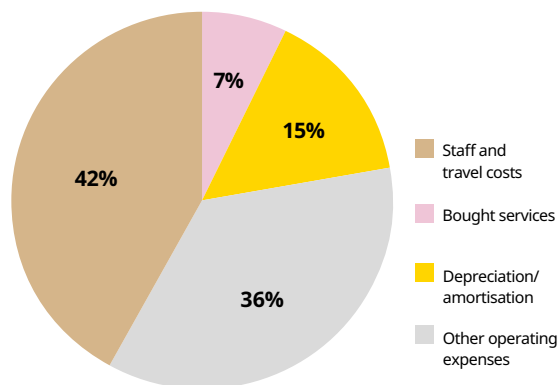
The commercial focus for IKEA in FY24 was storage across the home, and in the past year IKEA helped millions of customers organise their homes their way. The PAX wardrobe system – the IKEA flagship storage solution – has been a much-loved product for several decades. To further improve PAX, IKEA has now introduced a new foldable PAX frame that can be assembled in half the time and in much smaller spaces.

### Plastic out – paper packaging in

Since 2020, we have started to eliminate plastic from our packaging.

Following successful tests of paper packaging for products, such as the TUSSÖY mattress toppers, we are now exploring how to extend this packaging solution to other product categories.

We are transitioning from using plastic to paper as the primary material for our fitting bag packaging. Some of the products that will feature this change include, BRUKSVARA, BRIMNES, IVAR, NYSJÖN and METOD.



**FY24 operational cost per category**

### Operational cost

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

Disregarding one-time costs in FY23 and FY24, operational cost has slightly decreased due to the effects of internal organisational restructurings during FY23. These restructurings were focused on offsetting the inflationary effects on many cost items. During FY24, our co-worker base (measured in average FTE) reduced from 24,944 in FY23 to 23,892 in FY24.

### Financial income and expense

Financial income and expense are revenue and costs regarding loans, investments, cash deposits and positions in foreign currencies. The net financial income and expense has changed considerably compared to previous years.

In FY23, a shareholder restructuring took place through which ownership of Inter IKEA Group was transferred from Interogo Foundation and Interogo Holding AG to Inter IKEA Foundation. During this change, our outstanding long-term loan payable was transferred through a capital contribution, which reduced our non-current liabilities to almost nil. As a result, Inter IKEA Group no longer pays interest for this loan, which was an annual expense of EUR 324 million.

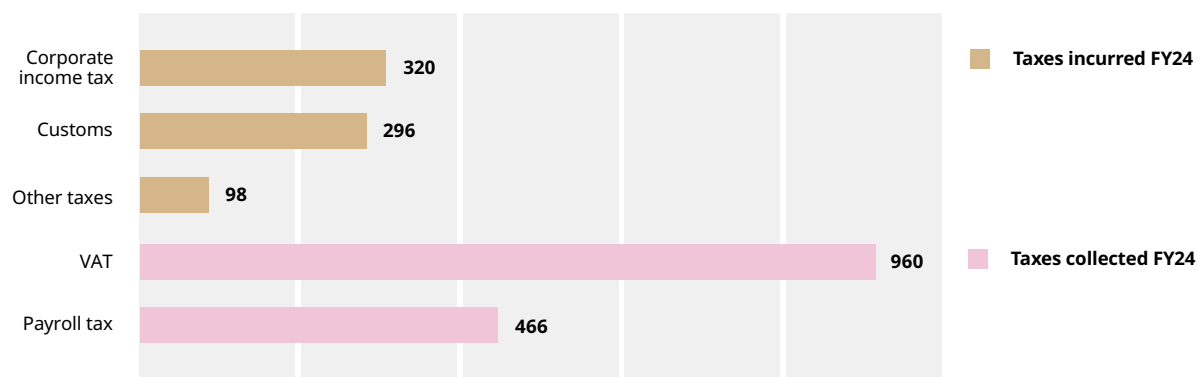
Additionally in FY23, interest expenses relating to working capital funding were driven upwards due to high interest rates. In FY24, positive working capital development reduced the funding need and instead, interest income was gained on outstanding cash balances.

### Taxation

In FY24, the Inter IKEA Group tax charge was EUR 466 million – equal to 17.5% of pre-tax income – compared to EUR 307 million (15.8%) in FY23. The effective tax rate increased by 1.7% compared to FY23. This is mainly due to one-off effects that impacted the previous year's effective tax rate.

Inter IKEA Group's total tax contribution amounted to EUR 2,140 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 FY24.

Inter IKEA Group is already subject to a tax rate higher than 15% in most countries. In the few remaining countries, we do not expect significant amounts of additional taxes in connection with the OECD Pillar Two legislation.



**FY24 total tax contribution by type of tax in million EUR**

# Inter IKEA Group balance sheet

The majority of the Inter IKEA Group balance sheet positions as of 31 August 2024 have not changed significantly when compared to 31 August 2023. The largest impact resulted from the termination of treasury services and working capital funding provided by Interogo Holding AG. In May 2024, all accounts receivable and payable with Interogo Holding AG were settled which led to a significant cash inflow for Inter IKEA Group. Treasury services and working capital funding to all Inter IKEA Group companies is now managed inhouse.

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.

## 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.

## Consolidated balance statement

In millions of EUR	31 Aug 2024	31 Aug 2023
Intangible fixed assets	8,821	9,094
Tangible fixed assets	1,794	1,742
Financial fixed assets	303	337
Total fixed revenues	10,918	11,173
Inventories	4,108	4,772
Receivables	3,282	6,887
Cash and cash equivalents	4,164	169
Total current assets	11,554	11,828
<b>Total assets</b>	<b>22,472</b>	<b>23,001</b>
Group equity	19,212	17,758
Provisions	94	118
Non-current liabilities	84	86
Current liabilities	3,082	5,039
Total liabilities	3,260	5,243
<b>Equity and liabilities</b>	<b>22,472</b>	<b>23,001</b>



### **Inventories and receivables**

Inventories mostly consist of IKEA products located in, or in transit to, warehouses, distribution centres and IKEA stores. In recent years, global supply chains have experienced severe disruptions due to factors such as the Covid pandemic, port strikes, the Suez Canal blockage by a container ship and, more recently, the Red Sea crisis. These events cause container shortages and transport constraints which pose challenges to our ability to replenish inventory to the desired levels. As a result, we made additional efforts to secure better availability of products for our customers. This resulted in extraordinarily high inventory levels during FY22 and FY23. Following corrective measures and a strong focus on working capital management, we could reduce inventory levels throughout FY23 and FY24.

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.

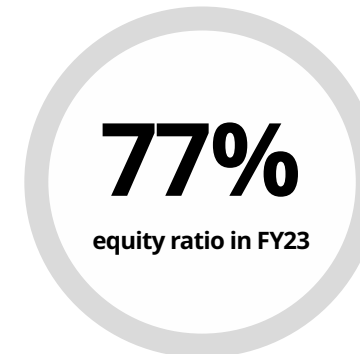
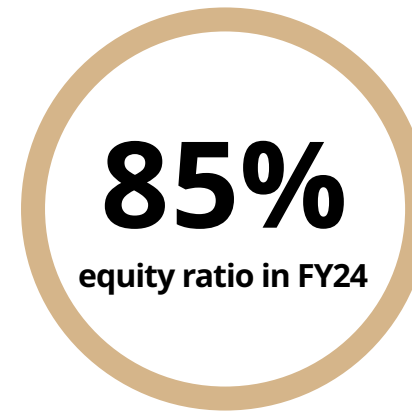
### **Group equity, provisions and liabilities**

Equity is the capital invested by shareholders of Inter IKEA Group, plus accumulated profits over time. Equity increased with EUR 1.5 billion during FY24, which improved our equity ratio from 77% in FY23 to 85% in FY24.

A total dividend of EUR 2 billion will be distributed to our shareholder, Inter IKEA Foundation, of which EUR 1 billion was paid as an interim dividend during FY24. The dividend will be funded from the EUR 2.2 billion net profit achieved during the year.

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

Liabilities are money owed to others. Non-current liabilities are long-term loans payable to third parties. 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)



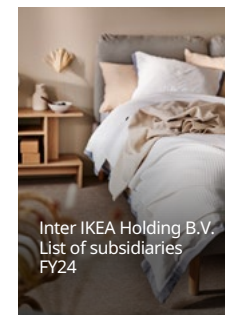
Inter IKEA Group Financial Summary FY24



Inter IKEA Group Tax Report FY24



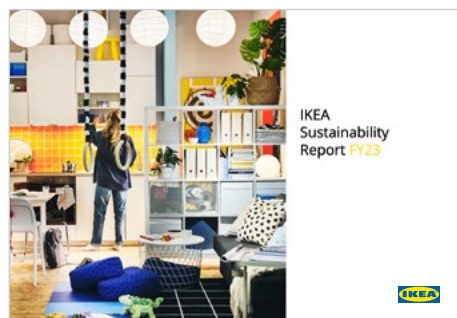
Inter IKEA Group  
Annual Report FY24



Inter IKEA Group List  
of Subsidiaries FY24



IKEA Year in  
Review FY24



IKEA Sustainability Report  
Will be released in January 2025

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