

# IKEA UK Annual Report

Financial Year 2021

Better, together.



# Contents

---

**Introduction from our Country Manager 01**

---

**Chapter 1: Better Homes 03**

---

Inspiring and enabling a better life at home 05

---

Healthy and sustainable living made easy 07

---

Making IKEA more affordable and accessible 09

---

**Chapter 2: Better Lives 12**

---

Supporting our co-workers 14

---

Better neighbourhoods and communities 19

---

**Chapter 3: Better Planet 22**

---

**Chapter 4: Better Business 28**

---

Our business results for 2021 30

---

Closing statement from our Chief Financial Officer 31

---



# Creating a better IKEA

2021 was a pivotal year for IKEA UK. Once again, we proved what an important role our unique product range and the home-furnishings solutions they provide, play in people's lives. Across the business, we stepped up our commitments to becoming more accessible, affordable and sustainable. At the time of a global pandemic, when we faced many challenges and had to be at our most adaptable, we reached even more people, grew our sales and returned to profit. More importantly for our future, our 2021 results show that it is not just possible but also good business to put a better life for all, a better planet, and better homes at the heart of our strategy and daily actions.

This report outlines how we relied on the strong IKEA culture and values of togetherness, resilience and leading by example to adapt to the major challenges faced by the world this year. Our co-workers contributed in a fantastic way to develop the way we operate to improve the customer experience. For example, we introduced a new planning service, cut delivery times and launched a Buy back service.

We grew by 2.7% and achieved a 69% increase in online sales – testament to our focus on delivering the best possible home furnishing experience for our customers across all channels, amidst multiple COVID lockdowns and high demand for our products.

We also summarise our achievements across all areas of IKEA UK, from our Leap Year of Sustainability

and support for COP26, to our progressive Diversity and Inclusion campaigns and pioneering projects supporting the most vulnerable within our local communities. Creating better lives for the many starts with our 12,000 co-workers. In 2021, we prioritised supporting them to grow and reach their full potential in a safe, fair and inclusive workplace.

Entering the most important decade in the history of humankind, we have decided to lead through action. Together with co-workers, customers, businesses and governments, we will prove that sustainable living isn't a luxury for the few. Together, we'll create a better and more sustainable future, one that is affordable and accessible for the many.

**Peter Jelkeby, Country Manager, IKEA UK & Ireland**



# Our business at a glance

## £1.96 bn

total sales in the UK  
(£1.90bn in FY20)



## 34.5m

visitors to IKEA stores  
(-22% from 2020)



## 302.5m

total visits to IKEA.co.uk  
(+16% compared to FY20)



## +69%

in online sales  
compared to FY20

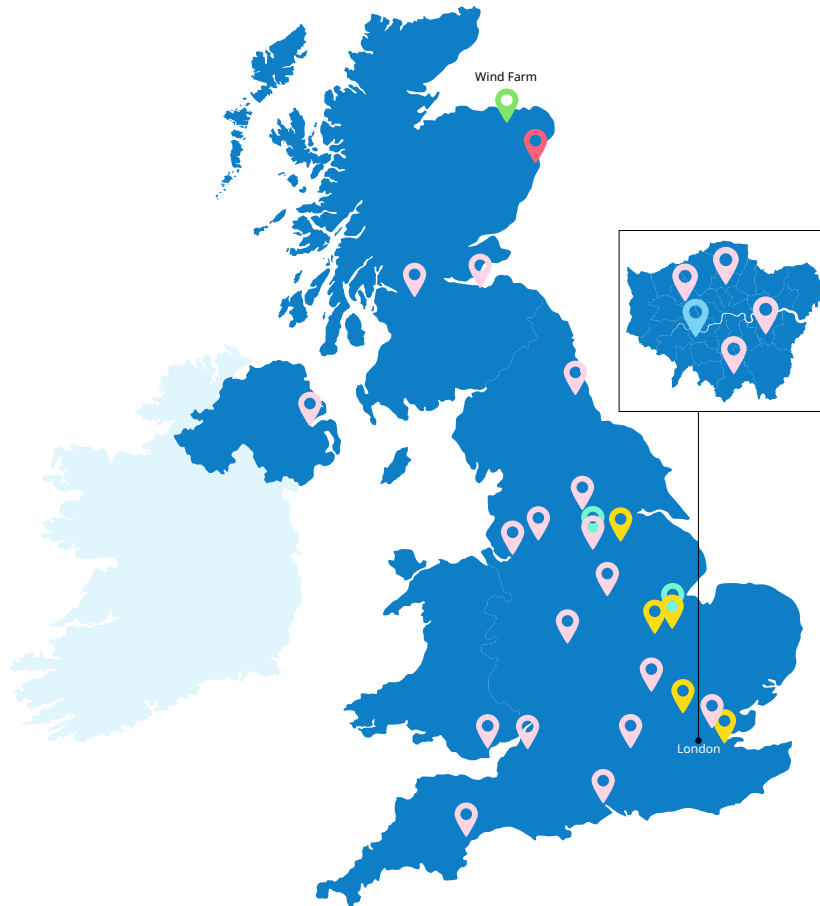
Circa

## 45%

of total sales  
were online  
(27% in FY20)

The IKEA UK Financial Year 2021 runs  
from September 2020 – August 2021

# Our UK presence



- 21 Full sized stores
- 1 Small store
- 1 Order and Collection Point
- 5 Distribution Centres
- 2 Contact Centres
- 1 Wind farm





# Better Homes

# Better homes for a better everyday life

Our passion for a better life at home is what makes us IKEA. For generations, we have been on a mission to understand the needs, challenges and aspirations of the many, bringing inspiring and affordable home furnishings to people with big dreams and thin wallets. Now we are transforming our business to become more accessible and bring IKEA to more people, and to make healthy and sustainable living desirable and affordable for all.

1. Inspiring and enabling a better life at home
2. Healthy and sustainable living made easy
3. Making IKEA more affordable and accessible

# Inspiring and enabling a better life at home

Faced with the ongoing pandemic, last year saw most of the UK’s population continue to spend a significant amount of time at home, which took its toll on the nation’s mental wellbeing. Our home furnishing ranges helped customers on a tight budget to create indoor and outdoor spaces that fostered wellbeing and helped to make even the smallest of spaces increasingly multi-functional.



## The rise of flexible living spaces

At IKEA, we understand the needs, challenges and aspirations of the many. In 2021, there was a major shift in the way people used their homes, adapting and updating their environments regularly for work, education, play and family life.<sup>1</sup> Greater comfort and privacy was important for this fluidity and in the UK 59% of people changed their homes in the last 12 months for activities such as exercise, being alone and playing with the family. The creation of these mini and temporary home “zones” led to an explosion in storage sales, as customers created more space to dine, study, relax, and play. There was also a continued rise in the need to generate space to work from home, reflected in the strong sales of office furniture for a second year in a row.

**^33%** increase in clicks on storage

**^17%** increase in **MALM beds** with built-in storage

**Sofa beds** were the number one organic search for 2021

**Desks and office chairs** were among the top five searches across all products

**^56%** increase in clicks on office chairs

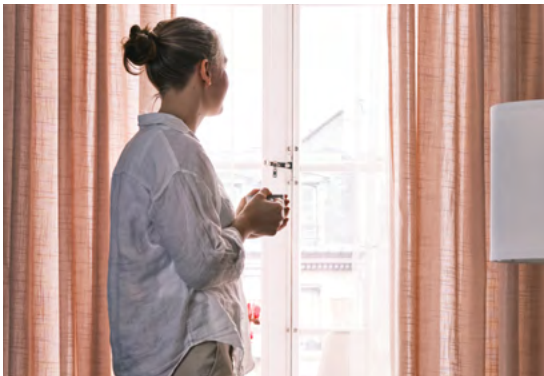
**^15%** increase in desk sales



<sup>1</sup> The IKEA Life at Home Report 2021 asked more than 34,000 people globally to share their thoughts on mental wellbeing and life at home.

## The impact of staying at home on mental wellbeing

While it has always been true that having a home you love helps protect your mental wellbeing, this year, people's homes and their mental wellbeing became more intimately connected than ever, with increasing amounts of time spent at home and within its vicinity. In the UK, 45% of people experienced a negative impact on their mental health during the last 12 months. Relaxing (62%), sleeping (60%) and spending time with a partner (40%) or alone (40%) were all cited as activities that help maintain a sense of mental wellbeing at home.<sup>2</sup> Alongside this, there was a desire to create calm, green indoor spaces – with strong sales of bonsai trees and lucky bamboo adding a touch of feng shui to re-energize the home.



## Improving outdoor space was high on the agenda

With movement restricted, people placed a greater importance on getting out and about locally, and enjoying time in their gardens. In the UK, 76% of people spent more time in local neighbourhoods and we saw customers searching for outdoor furniture from January 2021 – a trend that usually begins in the springtime. When thinking about their ideal home, having a private garden was high on the priority list for 53% of UK respondents.

- ^50%** increase in sales of outdoor dining tables

---

- ^29%** increase in organic traffic for outdoor and secondary storage

---

- ^20%** increase in sales of APPLARÖ outdoor furniture



- ^88%** lucky bamboo (quantity sold compared to last year)

---

- ^35%** artificial house plants (quantity compared to last year)

---

- ^29%** tealight holders (value of sales increase)

---

- ^19%** bonsai (value of sales increase)

<sup>2</sup> The IKEA Life at Home Report 2021



# Healthy and sustainable living made easy

The way we live at home has a big impact on the planet and our health. Many people want to make healthier and more sustainable choices – but not at the expense of price, quality or convenience. With our size and reach, we have a big opportunity to make healthier and more sustainable living accessible and affordable to people around the world.

Our ambition is to move from a traditional linear business model to a fully circular model by 2030. That means all IKEA products will be made from renewable, recyclable and/or recycled materials by 2030; and they will be designed to be re-used, refurbished or recycled. This journey is not just about product design; we have to bring customers with us, so their choices positively impact the planet and its ecosystem.



3 Between September 2020 and September 2021

### Introducing new circular services

This year, we launched our Buy back and re-sell service, making it easier for customers to acquire, care for and pass on their IKEA products. Rescued by our Recovery department, their old IKEA furniture is updated and resold for a fresh lease of life. Alongside the offering, new circular hubs in all our UK stores present a range of recovered and second-hand products at affordable prices, which are also available online, to inspire and empower customers on this journey.



**2.3 million**  
products diverted from going to waste by our Recovery departments in UK and Ireland<sup>3</sup>

---

**313,323**  
spare parts provided for free to customers, allowing them to better repair their products

---

**18,000**  
pieces of furniture bought back by the business to re-sell in the UK

## Encouraging UK customers to think and act sustainably

As part of our sustainability journey, it's important to engage and inspire our customers around how easy it can be to make simple, affordable and meaningful changes and live a more sustainable life. For example, our "Fortune Favours The Frugal" brand campaign celebrated the benefits of a slower pace of life in a bid to minimise waste and live within the limits of the planet – with TV and out-of-home advertising, information displays and promotions in store and online reinforcing the message.

We also introduced new Sustainable Living Shops in most stores where shoppers could easily find products that can help them live more sustainably, alongside solutions, tips and advice for easy changes in everyday life.

# 30%

of the total volume of products sold were from our People and Planet Positive range that enables customers to live more sustainably



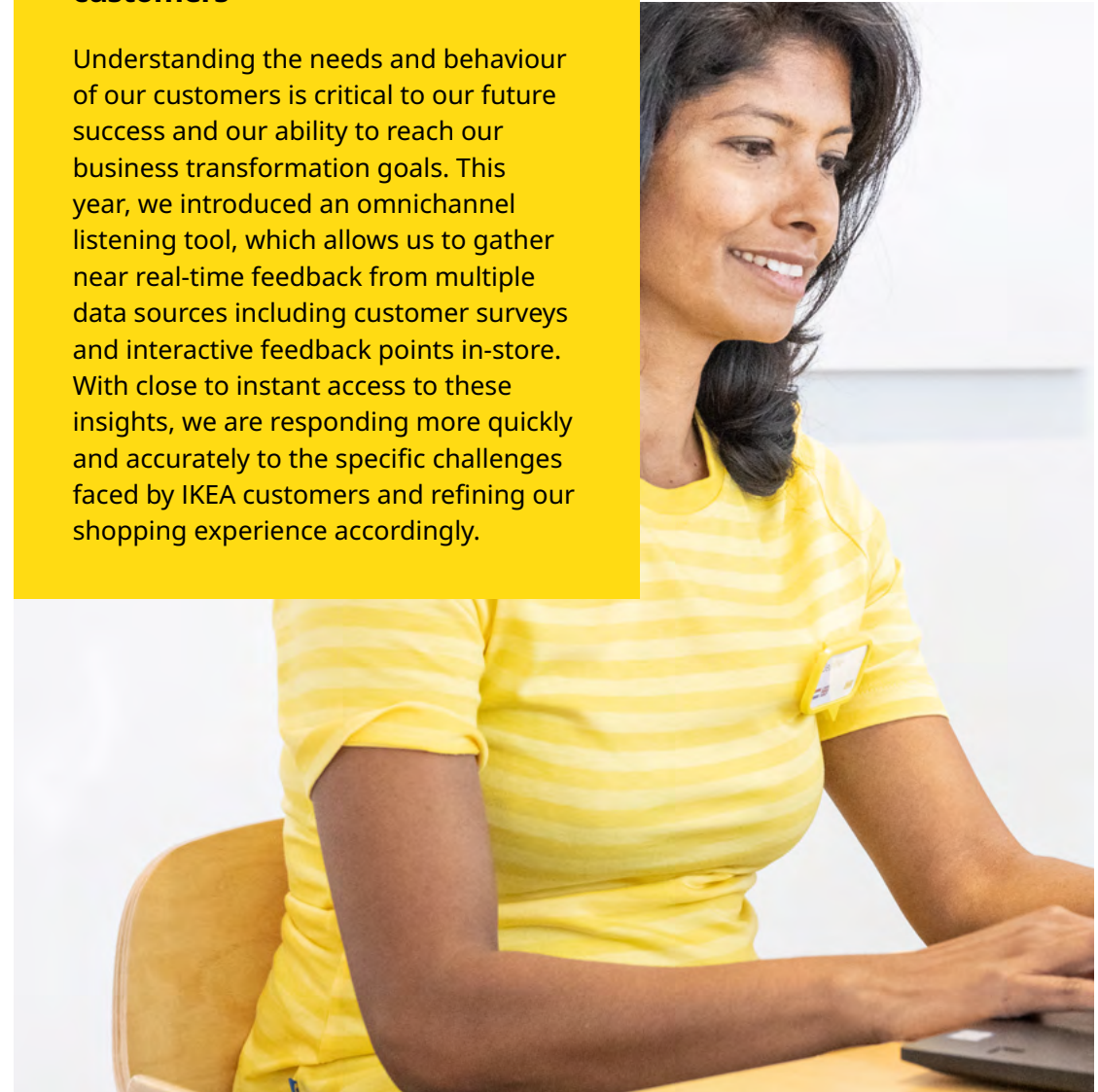
# Making IKEA more affordable and accessible

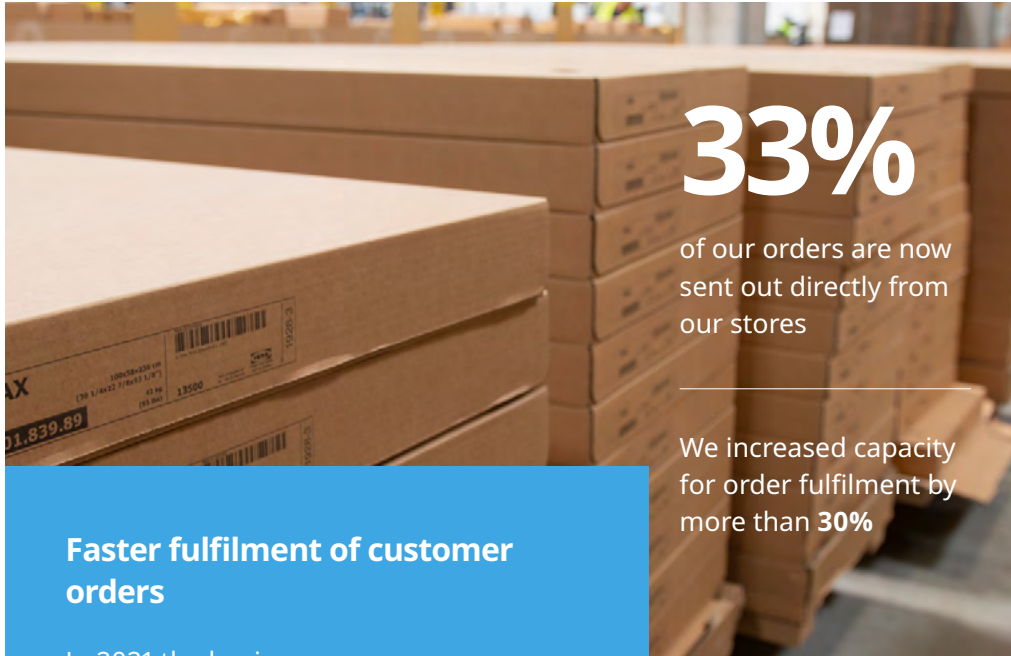
The need for convenient, affordable home furnishings, and good value for money was accelerated by the pandemic. The last twelve months saw UK customers shopping online more and demanding better delivery services at lower prices. We listened closely to their feedback and upgraded our digital services to become more convenient and inspirational for everything, from full redesigns to quick fixes. The significant steps taken towards faster fulfilment and accessible digital services mean we are now more ready than ever to meet our customers, anywhere, anytime, anyhow.



## Getting better at listening to our customers

Understanding the needs and behaviour of our customers is critical to our future success and our ability to reach our business transformation goals. This year, we introduced an omnichannel listening tool, which allows us to gather near real-time feedback from multiple data sources including customer surveys and interactive feedback points in-store. With close to instant access to these insights, we are responding more quickly and accurately to the specific challenges faced by IKEA customers and refining our shopping experience accordingly.





# 33%

of our orders are now sent out directly from our stores

We increased capacity for order fulfilment by more than 30%

## Faster fulfilment of customer orders

In 2021 the business saw an unprecedented shift to online shopping, due to the pandemic. We invested in our fulfilment network to make it faster and more efficient to deliver our products to our online customers. We built more capacity to fulfil orders directly from our stores, with a third of orders now taking this route, as opposed to going through our warehouses. This means we are now able to offer more customers next day and express delivery.

By dispatching orders from our stores, we are also supporting our People and Planet Positive ambitions, reducing the amount of vehicles and mileage for deliveries.



## Making IKEA more affordable for the many

We offered customers more flexibility and potential to realise their home design dreams with the introduction of IKEA Finance Services – interest-free finance (0%) for orders from £99 up to £10,000. In a further step to help those with thinner wallets, we lowered our prices for parcel delivery and Click & Collect.



## Introducing online design and planning service

We introduced an online planning service, allowing customers to update their interiors from the comfort of their home, whilst speaking to IKEA experts online or on the phone. Our remote Interior Design service offers a bespoke option for customers, including businesses, whether they're looking to design their dream kitchen, perfect their bathroom storage or install a new wardrobe or sofa.



## Greater convenience for collection and assembly

In 2021 we accelerated our omnichannel approach to meet our customers, wherever and whenever they needed us, and irrespective of where they live. Store access was limited due to lockdowns and demand grew through our digital channels, with an increase of 69% in online sales compared to last year. In 2021 we streamlined Click & Collect processes and increased capacity in our stores to fulfil the growing online demand for this popular option.

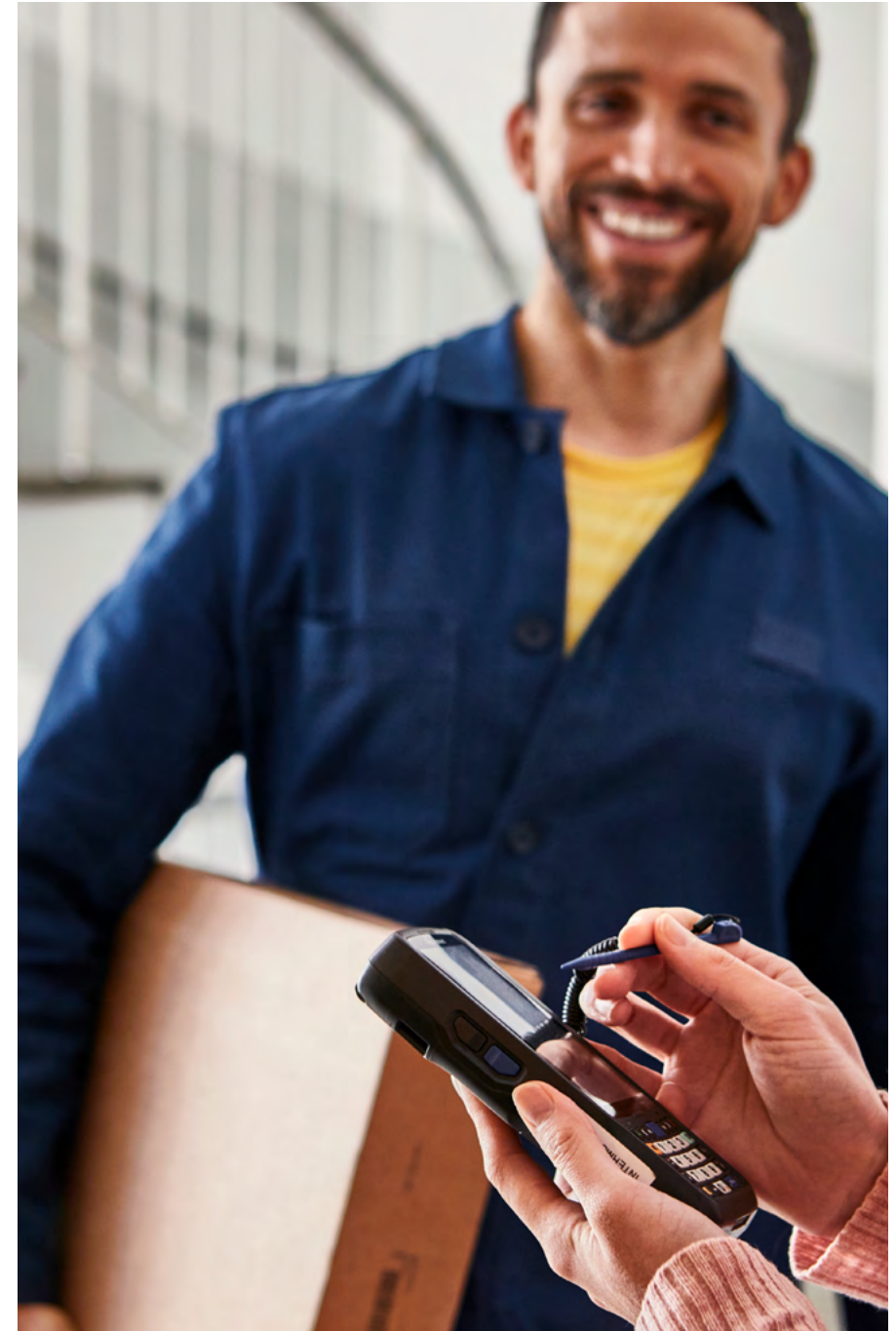
Alongside this, the TaskRabbit assembly service was strengthened with the addition of a London same day/next day delivery. Overall, the TaskRabbit service saw 20% growth in uptake this year, helping our furniture become even more accessible and convenient to customers.

# 46,000

TaskRabbit assembly jobs performed in FY21

# 20%

increase in adoption of TaskRabbit furniture assemblies





# Better Lives

# Better lives for the many



At IKEA, we want to take a leading role in creating a fairer and more equal world. This starts with enabling our co-workers to feel safe and supported and creating an environment where we can all grow and be ourselves. By creating a strong culture of togetherness, we are able to have a bigger impact on society and this year, we supported some of the most vulnerable communities, progressing towards our vision of a better life for the many.

---

## 1. Supporting our co-workers

- Caring for our people
- Championing equality and celebrating diversity
- Lifelong learning

---

## 2. Better neighbourhoods and communities

# Supporting our co-workers: Caring for our people

## Protecting livelihoods during the Covid-19 pandemic

2021 was a challenging year for the world, as it dealt with the continued impact of COVID-19. We continued to pay all co-workers 100% of their salaries, even though our stores were closed to customers for up to 17 weeks of the year, bringing financial stability at a time when many faced challenges in their personal lives. We were also mindful of the pandemic's effect on our co-workers' personal and professional lives and prioritised safety through ongoing measures including social distancing, enhanced cleaning, temperature check-ins, home working for vulnerable or shielding co-workers, and self-isolation procedures.



## Prioritising wellbeing within our business

Guided by our culture of togetherness, we supported our co-workers in feeling connected with colleagues and maintaining their work-life balance, with a particular focus on mental health and wellbeing. Our awareness campaign, "Are you OK?", encouraged everyone to check-in with each other, particularly when physically apart. As part of the campaign, all co-workers received a voucher to spend on improving their wellbeing at home. They were also able to take a "Me Day" – an extra paid day of leave to mentally recharge. We invested significantly in mental health support and resources, with new training available to all co-workers and wellbeing newsletters regularly signposting resources and support.

77%

of co-workers felt they received sufficient support from their manager during the Covid-19 pandemic

81%

of co-workers said they knew where to seek support or information about the pandemic

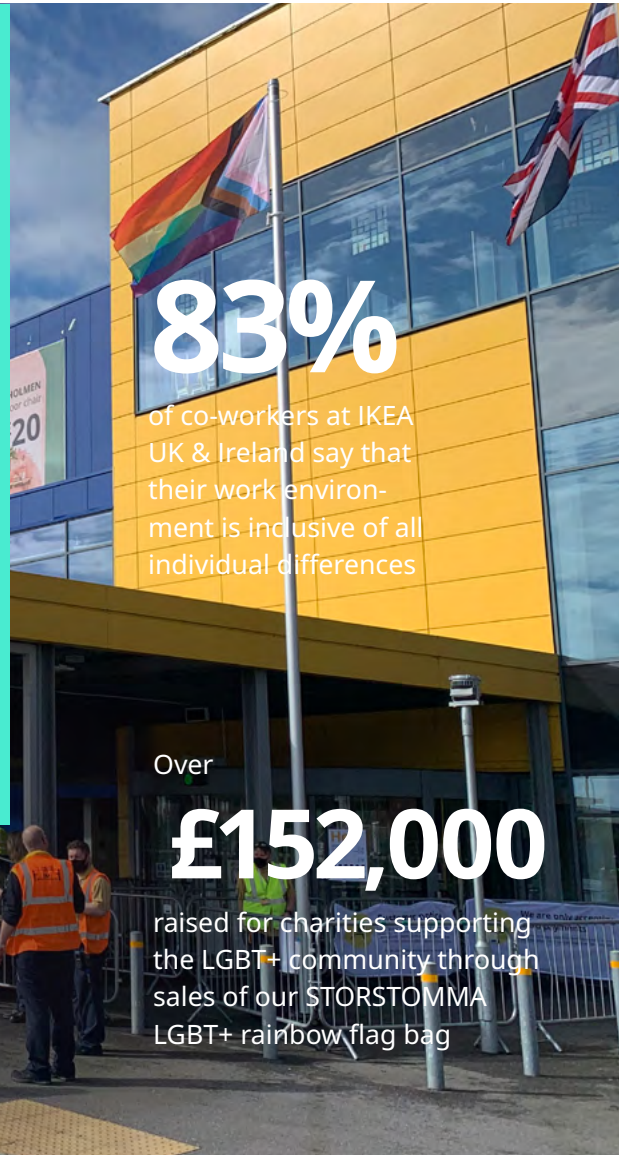




# Supporting our co-workers: Championing equality and celebrating diversity

## Progressing race equality

We believe everyone should be treated fairly, feel valued and be given equal opportunities. But we know there's more we can do as a business and we're on a journey to make race equality a living reality for our co-workers, customers and the society in which we operate. In 2021, we continued to advance race equality within our business with the implementation of our long-term Race Equality Action Plan. We also launched our UnDiluted Network in all units – an open and honest forum where co-workers who identify as Black, Asian or an ethnic minority can discuss issues that support them in bringing their true self to work and improving the business.



83%

of co-workers at IKEA UK & Ireland say that their work environment is inclusive of all individual differences

Over

£152,000

raised for charities supporting the LGBT+ community through sales of our STORSTOMMA LGBT+ rainbow flag bag

## Supporting LGBT+ rights

At IKEA, we value the uniqueness and contribution of everyone, whatever their sexual orientation or gender identity. We are taking steps to enable LGBT+ co-workers to be themselves in the workplace, where they can be included and contribute in full, without fear. But we also want to ensure that progress is made across wider society and last year we've supported campaigns to make equal marriage a reality in Northern Ireland and to end the damaging practice of conversion therapy for lesbian, gay, bi and trans people.

The International Day Against Homophobia, Biphobia and Transphobia (IDAHOBIT) is always a key moment in our calendar and we took the chance to push progress on LGBT+ inclusion through encouraging collective responsibility. A global communications campaign shared tips with co-workers and customers, from using inclusive language, to making a habit of sharing one's pronouns and respecting others, to calling out discriminating behaviour.

Diversity movements need to be as inclusive as possible, and recognise the multiple and overlapping identities that many people carry. As such, we adopted the Pride Progress Flag for the first time, which includes black and brown stripes to represent LGBT+ communities of colour, as well as pink, light blue and white to represent the trans community. All of our stores proudly flew the flag on IDAHOBIT and some sponsored local Pride events.

# Supporting our co-workers: Championing equality and celebrating diversity



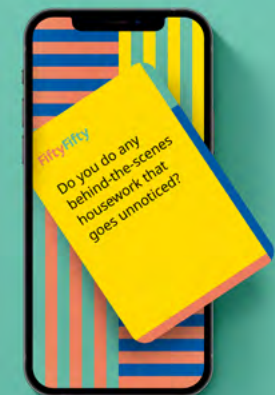
## Spotlight on International Women's Day

On International Women's Day 2021, we highlighted ongoing inequality in the home and how it can hold women back in their professional lives and economic standing. Our "FiftyFifty" free digital game encouraged couples, friends and flatmates to discuss responsibilities in the home and work out how to take a fairer, more balanced approach to them.

### Establishing gender equality

We are on a journey to become truly gender equal by 2024 – that means ensuring equal opportunities for women and men, and reaching a 50:50 gender balance in every unit, function and level.

Over the past year, we have focused heavily on leadership and development opportunities for women. We've also opened up important conversations around women's health and introduced new guidance and support for co-workers experiencing menopausal symptoms.



# Supporting our co-workers:

## Lifelong learning

### An adaptable, curious culture

At IKEA, we are lifelong learners. When we invest in our co-workers' progress and development we are also investing in the future of our business. Our customers' needs are changing, and so are the skills we need in order to deliver great service. Building our business means attracting and rewarding people who share our values and are naturally curious and hungry to learn. We upskill them for a transforming retail environment and empower them to effectively lead within our organisation and inspire the next generation.



# 93%

of our leadership vacancies are filled internally

# 92%

of UK & Ireland co-workers say they have the knowledge and skills to meet customers' needs



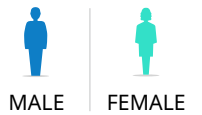
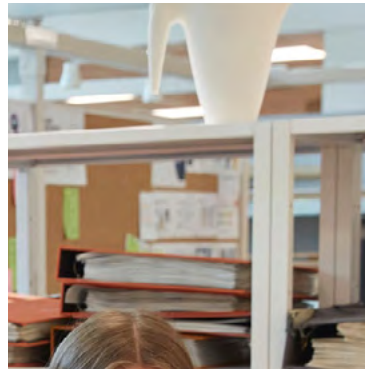
### Our UK leadership programmes

Almost all our leadership vacancies are filled internally. Retaining our talent requires investment and support and we place great emphasis on empowering our leaders. In the UK, we expanded our range of leadership and development programmes and apprenticeships in 2021, growing co-worker competence and readiness to take their first and next steps in leadership.

# Supporting our co-workers: Lifelong learning

## Heading towards gender-equal leadership

Overall, we saw a higher uptake of women than men for our training, and a good spread of ethnicities, leading to a more diverse talent pipeline.



### Stepping up:

A 12-month apprenticeship and leadership programme for co-workers with the potential to become team leaders.

Gender	Percentage
Male	15%
Female	85%

Gender	Percentage
Male	17%
Female	83%

### Bloom!

A global fast-track programme for co-workers with less than one year of leadership experience to become Store Managers within just three years.

### Cultivating Transformational Leadership

A development programme to equip our leaders with courage and confidence to lead through uncertainty.

Gender	Percentage
Male	57%
Female	43%

Gender	Percentage
Male	37%
Female	63%

### iLeap

An eight-month development programme specific to the London market, preparing co-workers to land their first leadership role and supporting new team leaders.

# Better neighbourhoods and communities

## Supporting refugees to find work

As our business prospers, so too must the communities in which we operate, including the most vulnerable. This means tackling issues like social injustice, global migration and climate change, which affect people with the least, the most. Since 2016 we have been working with partners to develop a refugee skills and employment programme and in 2021, we expanded our work across the country in partnership with the British and Scottish Refugee Councils. The partnership devised a programme of “Employability Workshops” for refugees, including an introduction to IKEA, support with CV writing, job applications, interview techniques and customer service training. In this pilot year, 14 refugees went on to take up work placements at IKEA, allowing them to gain work experience while developing their English, improving their confidence and becoming an active part of our community. We are now working with the Welsh Refugee Council to support more refugees across the UK.



# 32

refugees attended IKEA “Employability Workshops”

# 14

carried out work placements at IKEA, with almost all securing permanent positions at IKEA



# Better neighbourhoods and communities

## Giving young people a better start

In 2021, we assisted young people who have been in care in the UK to develop skills so they can live independently, increase employability and build relationships. These efforts are important for growth, connection and hope in a group facing countless challenges.

Our ongoing partnership with Barnardo's produced the [No Place Like Home report](#) in 2021. The report provided practical recommendations on how the care system can be improved to support care leavers moving into independent living. It was shared with the UK Government, who are currently reviewing the care system in England. Approximately seven million people were reached through media coverage of its findings, raising national awareness of this issue.

Together with Barnardo's, we also created [LifeLabs](#) – a digital hub for young people within or leaving the care system. The platform hosts video content created by care-experienced young people, alongside IKEA co-workers, sharing their experiences of subjects including budgeting, mental health and cooking. So far, LifeLabs has supported over a thousand young people to develop “life at home” skills.

In a further collaboration, we gifted [Madlug](#) bags to all co-workers as our end of year company present. For every Madlug bag gifted, this social enterprise provides a travel bag to a child in care to help them feel dignified and supported when moving home.

## Supporting the UK's most vulnerable children and young people

# 12,500

Madlug bags gifted to children in care

# £93,487

donated through the sales of the IKEA SAGOSKATT soft toy range

# 1,105

young people developing home skills through IKEA's LifeLabs digital hub

# £57,000

raised for Barnardo's by co-workers through campaigns and initiatives



# Better neighbourhoods and communities

## Supporting more resilient and sustainable communities

This year, we began to work with The National Lottery Community Fund to help build thriving, resilient and sustainable communities. Together, we wanted to enable people to invest in their local communities, building on the energy and creativity of all those who came together during the Covid-19 pandemic. The “Places Called Home” partnership offered £1.5 million in grants to support the development of more connected and resilient communities all over the UK.

Nearly a thousand community groups and charities applied for grants. We gave them all access to a virtual learning and support programme based on our Live LAGOM initiative. This has built a network of communities able to connect, co-create, learn from each other, and grow together. The programme was created alongside Participatory City, who have extensive experience designing neighbourhood projects that make everyday life better for residents. The impact of the initiative is now being researched by Middlesex University.

# 300+

community groups received grants for neighbourhood projects focused on healthier, more sustainable living



# Better Planet





# Becoming People and Planet Positive

To achieve our vision of a better everyday life for the many people, we are taking the lead in tackling climate change. Through bold steps across our business and in society, we are helping to achieve the IKEA commitment to become climate positive and a circular business by 2030.

In the UK, 2021 saw significant progress towards these goals. As a Partner of COP26, we collaborated with governments and businesses to take action on climate change and, through our “Leap Year of Sustainability” movement, introduced over a hundred new initiatives locally to accelerate our People & Planet Positive strategy.

## The Leap Year of Sustainability

IKEA globally hailed 2021 as the “Leap Year Of Sustainability” – a global, year-long movement to accelerate sustainability ambitions across all parts of our business and encourage 100 million people globally to live more sustainably. In the UK, we focused on embedding sustainability into all co-workers’ and managers’ everyday reality. Throughout the year, we upskilled and engaged co-workers through awareness campaigns, competitions and support for local community initiatives. Over 12,000 co-workers embarked on a journey to live more healthy and sustainable lives, and acted as ambassadors to inspire millions of customers to do the same. (See page 8 for details of how we encouraged UK customers to think and act sustainably.)

Our Sustainability Olympics initiative prepared the business for the challenges of the Decade of Climate Action by encouraging our stores and units in the UK and Ireland to compete against each other on monthly challenges linked to the country’s sustainability KPIs. Our UK

Country Manager hosted the opening and closing ceremonies digitally, creating a real buzz in the business. The games included the ‘Re-boxing’ challenge, which measured products saved from going to waste, and the ‘Relay Race’, which kept track of stores’ fundraising for charity. Store and unit managers were the “team captains” and helped sustain efforts throughout the year. A monthly leaderboard kept track of scores, boosting healthy competition.

Inspired by the Leap Year of Sustainability and the Sustainability Olympics, our units implemented over 130 new local initiatives supporting our People and Planet Positive ambitions. These included solutions to improve operations and reduce waste, fundraising, charity donations and health and wellbeing activities.

As a result of this year-long campaign, we saw huge improvements in our annual co-worker engagement survey. There was an 8% increase in co-workers agreeing that they have the tools to help IKEA take care of people and the planet.

# 12,000

co-workers committed to living more sustainably

Over

# 130

new local initiatives to support our People and Planet positive ambitions



### Our involvement in COP26

A meeting place for world leaders and governments to progress climate action, the United Nations Climate Change Conference (COP26) presented a huge opportunity for IKEA UK to address the need for partnership and collaboration across industry and to showcase positive, optimistic solutions.

We used the event as a platform to enable, inspire and influence climate action among governments and businesses under the banner of "Let's assemble a better future". Just before the event, we hosted our first ever UK Parliamentary Reception, and in Glasgow we participated in 14 events, targeted at decision makers and top tier political stakeholders, as well as key NGOs and partner organisations. These new and strengthened relationships will help us continue our advocacy, drive action across sectors and collaboratively address problem areas.

IKEA UK & Ireland also furnished some key areas within the COP26 venue. After the conference, we worked closely with Glasgow City Council and the UK Government to ensure the furniture was given a second life and donated to charitable organisations and local community projects.

The discussions and outcomes of COP26 assured us of our People and Planet Positive approach, strengthening our belief that all businesses should pursue climate action, transparently report their progress, set science-based net-zero goals, and advocate for change.



### The IKEA COP26 legacy:

**57**

charities in Glasgow and the wider region received furniture donations

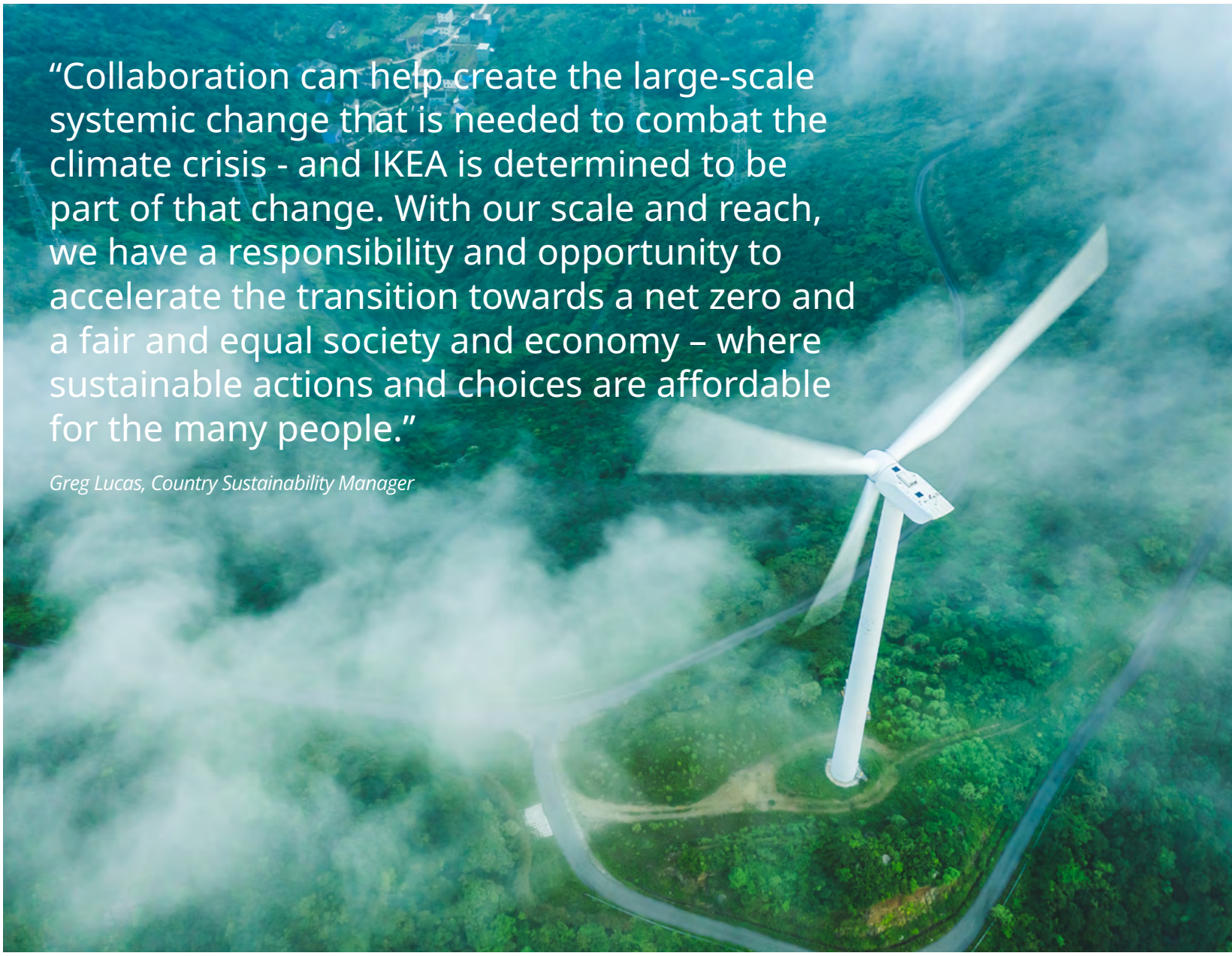
**4,563**

individual items of furniture donated to charities and local community projects

**596,000**

people (approx.) supported by the donations





“Collaboration can help create the large-scale systemic change that is needed to combat the climate crisis - and IKEA is determined to be part of that change. With our scale and reach, we have a responsibility and opportunity to accelerate the transition towards a net zero and a fair and equal society and economy – where sustainable actions and choices are affordable for the many people.”

*Greg Lucas, Country Sustainability Manager*

**Increase in agreement  
from co-workers:**

**+11%**

“My manager supports me to take care of people and the planet at IKEA”

**+8%**

“I have the tools to help IKEA take care of people and the planet”

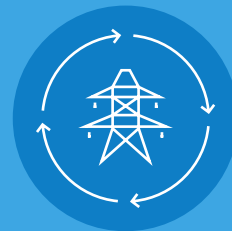
**+5%**

“I know how to support IKEA customers to live more sustainably”

### Ethical, sustainable investments for the future

With £2.6 trillion invested in UK pensions, we are playing our part to ensure that our investments support our values and our People & Planet Positive strategy, creating a better life for the many and future generations. In 2021, we updated our UK default pension fund to only invest in organisations with a positive ESG rating and that truly reflect our values and beliefs. By supporting the Green Pensions Charter we continue this journey, ensuring our co-workers are informed about this often overlooked element of the sustainability journey.

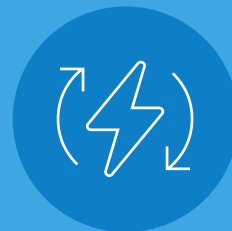
### Our progress to becoming circular and climate positive by 2030



**100%**  
of electricity coming from renewable sources for the UK and for Ireland



**22.69**  
**kg/m<sup>3</sup>**  
waste produced



**90%**  
of energy coming from renewable sources for the UK and for Ireland



**72.5%**  
recycling rate across the UK business (+0.5 on last year)



**17,791**  
**kWh**  
quantity of clean energy produced by our Dummuies wind farm



**100%**  
zero-emission last mile deliveries introduced in Glasgow City Centre

# Better Business



# A year when we continued to transform our business

2021 was a pivotal year for our journey towards becoming a more accessible, affordable and sustainable IKEA in the United Kingdom. A strong performance culture, an agile approach to transform and a drive to boost efficiencies and cut costs saw IKEA UK return to profitability for the first time since 2017. This was achieved despite the challenges of 2021, with its sustained store closures and ongoing economic uncertainty.



# Our business results for 2021\*

To access the IKEA Ltd full accounts for FY21 on Companies House please [click here](#).

## Total sales in the UK

# £1.96 bn

(£1.90bn in FY20)

## Online sales

# +69%

(+31% in FY20)

## Turnover

# +2.7%

# +£50.9m

since FY20

## Online represents circa

# 45%

of total sales (27% in FY20)

## Gross margin

# 30%

(27.10% in FY20)

## Total number of visits to IKEA.co.uk

# 302.5m

(+16% compared to FY20)

## Operating profit

# £61.2m

3.1% of FY21 turnover

Overall loss impact in FY20 was £32.7m

This was -1.7% of FY20 turnover

\*The IKEA UK Financial Year 2021 runs from September 2020 – August 2021.





With movement still restricted due to COVID and much of the UK population continuing to work from home and spend most of their time at home, we saw huge demand from customers wanting to upgrade their living space. As a result, our sales reached £1.96 billion (+2.7%, compared to £1.9bn last year).

Our ability to meet this high demand was put to the test, with stores remaining closed for up to 17 weeks. To address this, we invested in our omnichannel offering. Being smart and responsive in how quickly we redeployed our people and adapted our stores to meet customers in alternative ways helped prompt a

69% increase in online sales in 2021. We focused on offering better, faster delivery services at lower prices through transforming stores into regional fulfilment hubs and expanding our Click and Collect capacity while the stores were closed to customers. We also expanded our remote planning and selling capabilities, enabling many of our customers to plan and buy home furnishing solutions from the comfort of their homes, with the assistance of our expert co-workers.

While omnichannel growth and investment is essential to our future, our stores remain at the heart of the IKEA experience. They are fundamental as destinations for inspiration, expertise, a great shopping experience and a fun day out for the family. We now look to future-proof them through investments throughout the country. A new, smaller format store opened in Hammersmith, West London, in February 2022 and a long-awaited store on London's Oxford Street is due to open in Autumn 2023. Change always brings challenging decisions and unfortunately, we also had to make the difficult decision to propose closing the Tottenham Store this year, due to new shopping behaviours, the store location and the changing surrounding area.



Alongside shifting our omnichannel offering, we introduced numerous initiatives in stores and online to move closer to becoming a fully circular business by 2030, with a focus on helping customers and co-workers reuse furniture and home furnishing accessories, reduce waste and recycle materials. One such initiative was our Buy back scheme, enabling many customers to sell back to us their old IKEA furniture. We're firm believers that these initiatives will strengthen our position in the market as the population's desire to live healthy and sustainable lives (without compromising their budgets) increases. As Partner at COP26, we found a critical opportunity to share our knowledge and resources in tackling climate change and creating a circular economy.

Taking care of our co-workers is our highest priority and, following a time of physical distance, we are now galvanising our culture of togetherness, with plans to invest in the development of our co-workers' skills and leadership. Helping to support their quality

of life, and our financial strength enabled us to continue to pay all of our co-workers 100% of their salaries, throughout store closures in 2021.

Finally, as our business prospers, so too must the communities in which we operate. By investing in causes that matter and donating our products and expertise, we help improve the lives of some of the most vulnerable through our partnerships with organisations like British Refugee Council and Barnardo's.

The above achievements, together with our increase in turnover of 2.7% and return to profitability during 2021, gives firm evidence that even at the most challenging times we can continue to develop into a better company, whilst creating better homes for the many people, better lives for our co-workers, and the communities where we operate, and a better planet.

**Constantinos Mourouzides**  
**Chief Financial Officer, IKEA UK & Ireland**



