

Indoor Group stays on the pulse of the consumer

Indoor Group's Asko and Sotka chains are among Finland's best-known home furniture and interior decoration retailers in Finland. The chains have approximately 90 stores combined in Finland and Estonia as well as online store operations. Indoor Group also includes Insofa, a unique and successful furniture factory that produces furniture exclusively for the Group's own retail chains. In 2022, Indoor Group developed its retail network and invested in its in-house production activities. Nevertheless, declining consumer demand made for a challenging year for the company.

FAIR VALUE

MEUR 39.8

On 31 Dec. 2022

TARGET COMPANY SINCE

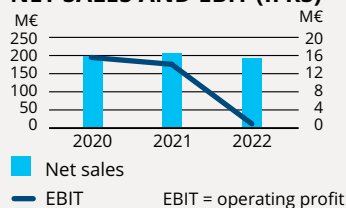
2017

HOLDING

58.3% ⁽¹⁾

On 31 Dec. 2022

NET SALES AND EBIT (IFRS)



(1) Of outstanding shares

The dissipating stay-at-home trend, rising inflation accelerated by the war in Ukraine, and declining consumer confidence in their finances made the year 2022 challenging for Indoor Group in both Finland and Estonia. The Group's net sales decreased as demand declined, while rising costs had a negative effect on profitability.

"We live on the pulse of the consumer. Various trends, changes in society and even the weather conditions have a direct impact on our operations. During the year under review, the outdoor furniture season was subdued due to the cool weather in the spring and early summer. At the same time, hybrid work, health trends and the reduction in household temperatures due to the energy crisis have increased the demand for home office furniture, products that help people get a good night's sleep, household textiles and rugs, for example," says **Veronica Lindholm**, CEO of Indoor Group.

INVESTMENTS AND COST CUTS

Indoor Group continued the development of its retail network by acquiring a total of 13 Sotka stores from franchisees in 2022. Effective from the beginning of 2023, Indoor Group no longer has any franchisee-operated stores. Indoor Group also invested in a new mattress production line at its Lahti plant. The investment expanded the Asko Bonnell product family and enabled the launch of a new line of smart foam mattresses.

In response to the weakened market conditions, Indoor Group took several measures during the year to improve operational efficiency, cut



The ecological and durable Frida sofa is a new product from Asko's own factory.

costs and improve margins. The company also held change negotiations in the autumn to adjust its operations.

Indoor Group also continued its extensive ERP system renewal project, which progressed to the deployment testing phase in 2022. The project will continue in 2023 and the plan is for the new system to be deployed in several stages. The new system will improve the company's ability to develop and manage the business.

RELYING ON STRONG SUCCESS FACTORS AMID THE CHANGE

Indoor Group is continuing its strategic transformation towards becoming a more efficient, competitive and agile organisation. In 2023, the focus will be on improving the multi-channel customer experience, strengthening the brands and differentiating the retail chains more clearly from each other. In addition, internal processes will be developed and harmonised to improve efficiency.

"We are entering 2023 with realistic expectations. There are early signs of a turn for the better, as the cost of sea shipping is declining and the availability challenges are gradually easing. Our strong brands, domestic identity, tradition of craftsmanship and local presence combined with our competent personnel, comprehensive retail network and multi-channel customer service are the success factors that we will build our future success upon. Sievi Capital supports us in the execution of our strategy and challenges us in a positive way," Lindholm concludes.



Above: Some of the members of Indoor Group's sales team. From left to right: Heta Laine, Cuong Dinh and Miia Andersson.

Below: Emma is a continental bed that is part of Sotka's latest range of beds.

