

### Three-month report

#### First quarter (1 December 2021 – 28 February 2022)

- The H&M group's net sales in local currencies increased by 18 percent in the first quarter. Converted into SEK the group's net sales increased by 23 percent to SEK 49,166 m (40,060).
- Well-received collections led to a higher share of full-price sales and lower costs for markdowns. At the same time, sales and profits for the quarter were impacted by the negative effects of the pandemic in many of the group's major markets. The result was also affected by increased growth-related initiatives, particularly within tech and the supply chain.
- Gross profit increased to SEK 24,260 m (19,057). This corresponds to a gross margin of 49.3 percent (47.6).
- Operating profit increased to SEK 458 m (-1,128), corresponding to an operating margin of 0.9 percent (-2.8). For rolling 12 months the operating margin was 8.1 percent (-0.4).
- The group's profit after tax increased to SEK 217 m (-1,070), corresponding to SEK 0.13 (-0.65) per share.
- Cash flow from operating activities amounted to SEK 3,624 m (5,936).
- Financial net cash increased to SEK 17,446 m (2,199). Cash and cash equivalents plus undrawn credit facilities amounted to SEK 42,848 m (42,432).



H&M

Net sales  
**+18%**  
in local currencies

Operating margin  
**8.1% (-0.4)**  
rolling 12 months

- The H&M group has paused all sales in Russia, Belarus and Ukraine. In total 185 stores as well as online sales in Russia are affected.
- Net sales in the period 1-28 March 2022 increased by 6 percent in local currencies compared with the corresponding period last year. Excluding Russia, Belarus and Ukraine the increase was 11 percent.
- H&M continues to expand into more markets. In March the first H&M store in Cambodia was successfully opened via franchise. Further new H&M markets in 2022 will be Ecuador, Kosovo and North Macedonia, and via franchise Costa Rica and Guatemala. In 2023 H&M plans to open its first store in Albania.
- The H&M group is integrating its annual and sustainability report, which is published today. The report presents our further strengthened climate goals, a threefold increase in the use of recycled materials and a substantial decrease in the use of plastic packaging.
- The annual general meeting will be held on 4 May 2022 to resolve, among other things, on the board's proposed dividend of SEK 6.50 per share, to be paid in two instalments, and the authorisation to buy back shares for cancellation for a total amount of SEK 3 billion.

*"We are deeply concerned about the war in Ukraine and are following developments closely. We stand with all those around the world who are calling for peace. Once again, we have to be flexible and act quickly as circumstances change. H&M Group, H&M Foundation and the Erling-Persson Foundation have to date donated around SEK 170 m as well as clothes and other necessities to organisations including UNHCR, Save the Children, the Red Cross and UNICEF," says Helena Helmersson, CEO.*

## Comments by Helena Helmersson, CEO

“Having ended last year with sales back at the same level as before the pandemic and in a strong financial position, we started the new year with increased initiatives to create an even better foundation for long-term growth. The initiatives mainly involve continuing to develop the customer experience by, for example, further broadening the assortment and integrating the sales channels, and by continuing to invest in infrastructure such as tech and the supply chain, but also in renewable energy and sustainable materials.

In addition to the general consequences of the pandemic such as disruptions and delays in the supply chain, some of our major markets were impacted by a new wave of the pandemic in the first quarter. Despite this we saw a recovery of sales in physical stores compared with last year, while online sales continued to perform well. This shows the value of having both physical and digital channels which strengthen and complement each other. Well-received collections led to full-price sales continuing to increase which led to more than expected decrease of markdowns.

We are deeply concerned about the war in Ukraine and sympathise with all those affected. We closed our stores in Ukraine for the safety of our colleagues. Since the beginning of March all sales have also been paused in Russia and Belarus. H&M Group, the H&M Foundation and the Erling-Persson Foundation have so far donated around SEK 170 m as well as clothes and other necessities to organisations including UNHCR, Save the Children, the Red Cross and UNICEF. The H&M group cares about all our colleagues and stands with all those around the world who are calling for peace.

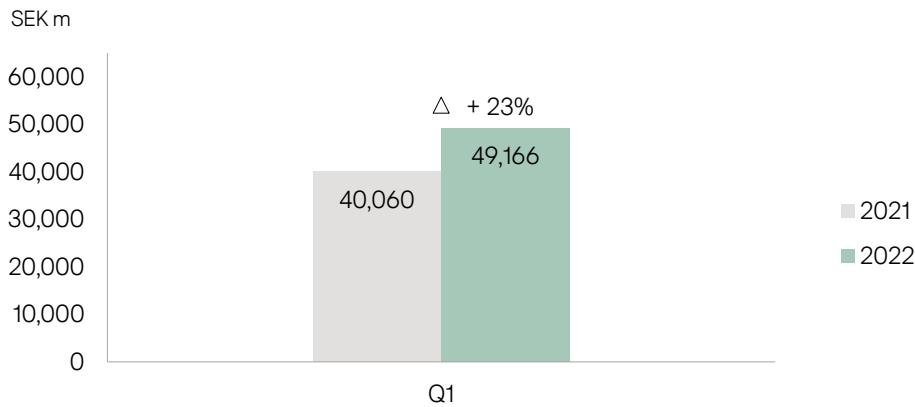
Other than effects associated with the paused sales in Russia, Belarus and Ukraine, the group's other plans remain in place. Our flexibility is good, which enables us to act quickly as circumstances change in the world around us. We have a well-positioned customer offering and are fully focused on meeting customers' ever-increasing expectations of affordable and sustainable fashion.

The H&M group is taking further steps towards offering customers more sustainable products. We are integrating our annual and sustainability report, which is published today and shows, among other things, that we have tripled our use of recycled materials and further strengthened our ambitious climate goals. Read more about that and our sustainability work at [hmgroupp.com](https://hmgroupp.com).”

[hmgroupp.com/investors/annual-and-sustainability-report](https://hmgroupp.com/investors/annual-and-sustainability-report)



## Sales



COS

The H&M group's net sales in local currencies increased by 18 percent in the first quarter 2022 compared with the corresponding period last year. Converted into SEK net sales increased by 23 percent to SEK 49,166 m (40,060).

The quarter was marked by the Omicron virus and its negative effects. In some of the largest markets the stores were forced to close, while the stores that were open were impacted by extensive restrictions.

Sales in physical stores increased by 38 percent in SEK and by 32 percent in local currencies, while online sales continued to be good at just below last year's high level.

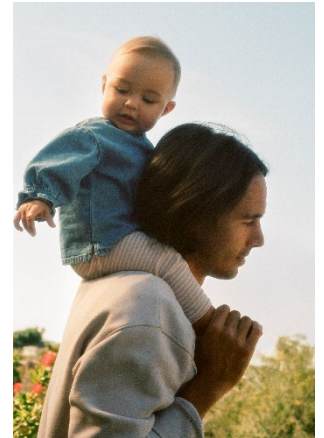
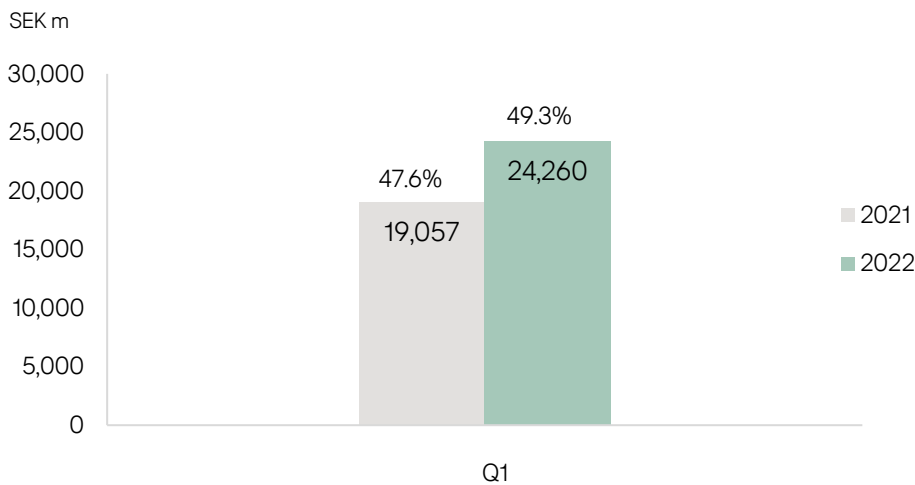
Sales for Portfolio Brands in the first quarter increased by 26 percent in SEK and by 21 percent in local currencies.

## Sales per region, first quarter

	SEK m		SEK	LCY	New stores (net)		Number of stores	
	Q1 - 2022	Q1 - 2021			Q1 - 2022	28 Feb - 22	28 Feb - 21	
The Nordics	4,440	3,857	15	13	-15	412	455	
Western Europe	15,074	10,985	37	35	-21	1,106	1,174	
Eastern Europe	5,152	4,231	22	18	4	657	642	
Southern Europe	6,300	5,440	16	17	-15	635	684	
North & South America	10,931	8,019	36	26	-23	734	757	
Asia, Oceania & Africa	7,269	7,528	-3	-9	-10	1,177	1,237	
<b>Total</b>	<b>49,166</b>	<b>40,060</b>	<b>23</b>	<b>18</b>	<b>-80</b>	<b>4,721</b>	<b>4,949</b>	

## Gross profit and gross margin

**Gross profit and gross margin** are a result of many factors, internal as well as external, and are mostly affected by the decisions that the H&M group takes in line with its strategy to always have the best customer offering in each individual market – based on the combination of fashion, quality, price and sustainability.



ARKET

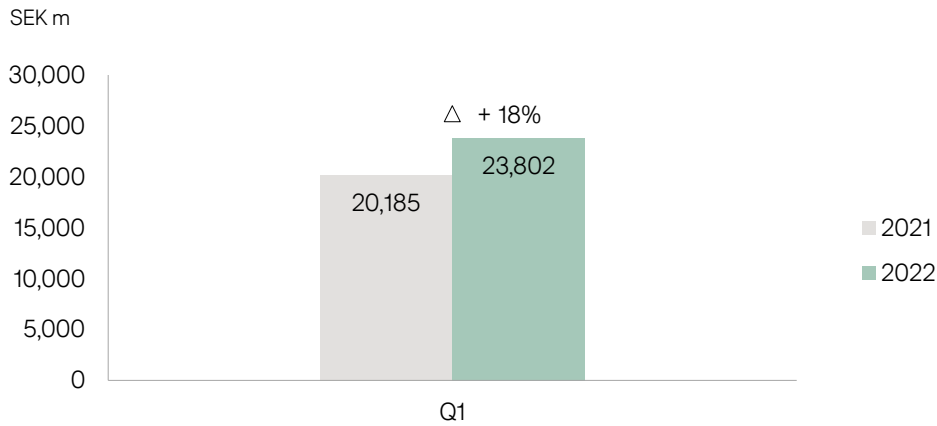
**Gross profit** increased by 27 percent to SEK 24,260 m (19,057), corresponding to a gross margin of 49.3 percent (47.6).

**Increased full-price sales and lower markdowns.** Well-received collections led to more full-price sales and a continued decrease in costs for markdowns. This had a positive effect on the gross margin of more than 1 percentage point compared with the same quarter the previous year, which was better than the company had initially estimated.

**External factors that influence purchasing costs.** For the first quarter the market situation as regards external factors that influence purchasing costs was slightly negative overall compared with the same purchasing period the previous year, driven mainly by increased prices for shipping and raw materials starting to have an impact.

For purchases made for the second quarter 2022 the overall market situation as regards external factors is expected to be negative compared with the same purchasing period the previous year.

## Selling and administrative expenses



*© Anni Starck*

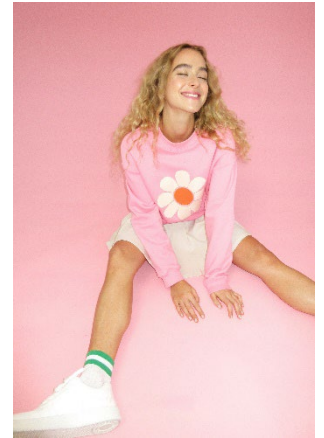
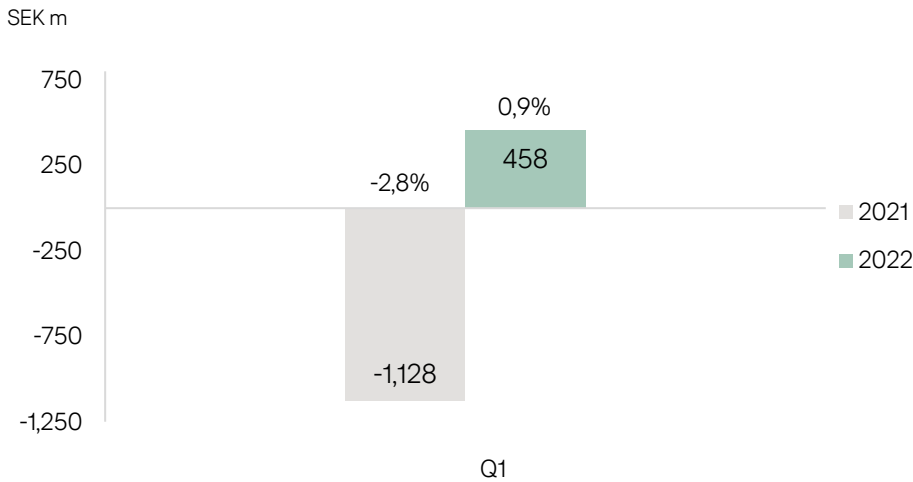
**Continued good cost control.** Selling and administrative expenses increased by 13 percent in local currencies. Converted into SEK, these expenses amounted to SEK 23,802 m (20,185), an increase by 18 percent.

The ongoing store optimisation with a large number of renegotiations of leases continues to have good results with improved rental terms and lower operating costs per store.

The quarter was affected by increased growth-related expenses particularly within tech.

**Government support associated with the pandemic** has decreased selling and administrative expenses by a total of around SEK 80 m (700) in the first quarter. As the situation in many markets has gradually improved, government assistance has decreased.

## Operating profit and operating margin



MONKL

**Operating profit** in the first quarter increased to SEK 458 m (-1,128), corresponding to an operating margin of 0.9 percent (-2.8). For rolling 12 months the operating margin was 8.1 percent (-0.4).

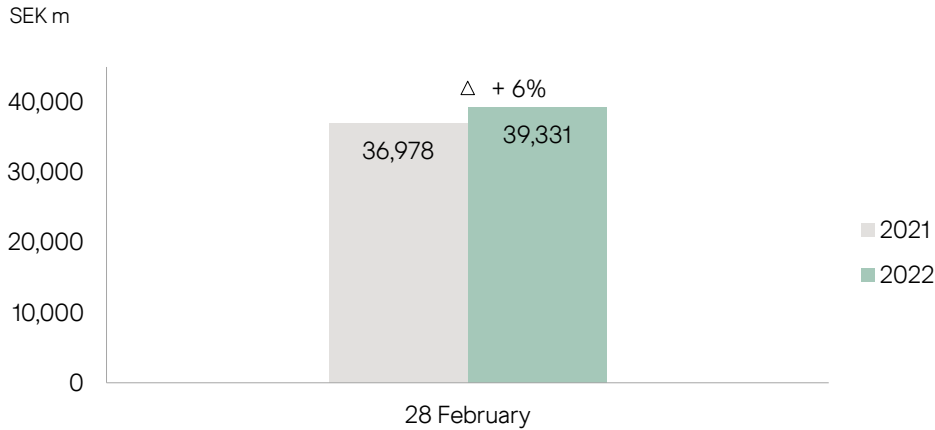
Well-received collections led to a higher share of full-price sales and lower costs for markdowns. At the same time, sales and profits for the quarter were impacted by the negative effects of the pandemic in many of the group's major markets and by increased growth-related initiatives, particularly within tech and the supply chain.

## Income statement including and excluding IFRS 16 effects

SEK m	Q1 2022	Q1 2021
Net sales	49,166	40,060
Gross profit	24,260	19,057
Gross profit excl. IFRS 16	24,241	19,038
Operating profit	458	-1,128
<i>Operating margin, %</i>	<i>0.9</i>	<i>-2.8</i>
Operating profit excl. IFRS 16	208	-1,426
<i>Operating margin, %, excl. IFRS 16</i>	<i>0.4</i>	<i>-3.6</i>
Net financial items	-176	-261
Net financial items, excl. IFRS 16	17	-55
Profit after financial items	282	-1,389
Profit after financial items, excl. IFRS 16	225	-1,481
Profit for the period	217	-1,070
Profit for the period, excl. IFRS 16	173	-1,140
Depreciation & amortisation	5,393	5,712
Depreciation & amortisation, excl. IFRS 16	2,475	2,573

For definitions of alternative performance measures, see the last page of the report.

## Stock-in-trade



#MHOME

The carrying amount of the stock-in-trade amounted to SEK 39,331 m (36,978), an increase of 6 percent compared with the same point in the previous year. Currency adjusted the increase was 2 percent. The composition is assessed to be good. Around 15 percent of the carrying amount is explained by orders having been brought forward to counter delays and other disruptions in the supply chain, and also by increased purchasing and freight costs.

The stock-in-trade in SEK represented 18.9 percent (21.5) of rolling 12-month sales.

The ongoing supply chain efficiency efforts and the integration of the sales channels continue. Over time there will be a good basis for continued lower stock levels in relation to sales.

## Expansion through integrated channels

The H&M group's expansion is taking place with a focus on increased omnichannel sales. In 2022 H&M will launch in six new markets, with Cambodia having successfully opened in March via franchise. The other new H&M markets in 2022 will be Ecuador, Kosovo and North Macedonia, and via franchise Costa Rica and Guatemala. In 2023 H&M plans to open its first store in Albania.

At the beginning of this year H&M online was launched in Colombia and Peru. Later in the year COS will launch online in Australia and via Zalora in the Philippines. Also during 2022 Monki will launch on AboutYou, and on Zalora in Singapore and Malaysia. This year Arket will open its first store in France and & Other Stories in Singapore.

The H&M group is continuing to renegotiate a large number of leases as part of the company's intensified store optimisation, which also involves rebuilds and adjustment of the number of stores and of store space to ensure the best store portfolio in each market. The H&M group's contracts allow around a third of leases to be renegotiated or exited each year. For 2022 the plan is to open around 95 new stores and close around 240 stores, making a net decrease of around 145 stores. Most of the openings will be in growth markets, while the closures will mainly be in established markets.

## Expansion 2022

Brand	New markets
H&M	Store: Ecuador, Kosovo, North Macedonia, Costa Rica (franchise), Guatemala (franchise), Cambodia (franchise)** Online: Colombia**, Peru*
COS	Online: Australia**, Saudi Arabia (franchise)*
Monki	-
Weekday	-
& Other Stories	Store: Singapore
ARKET	Store: France, Russia*
Afound	Online: Denmark*
H&M HOME	Online: India**

\* Opened until 28 February 2022

\*\* Opened in March 2022



WEEKDAY

## Store count and markets by brand

As at 28 February 2022 the H&M group had 4,721 (4,949) stores, i.e. the total number of stores has decreased by 228 compared with 28 February 2021. In the current financial year 15 (15) new stores have opened and 95 (84) stores have closed. A total of 274 (269) of the group's stores are operated by franchise partners.

Brand	New Stores (net)	Total No of stores		No. of markets	
		28 Feb - 2022	28 Feb - 2021	Store	Online
	Q1 - 2022	28 Feb - 2022		28 Feb - 2022	
H&M	-75	4,167	4,372	75	55
COS	-4	271	280	47	37
Monki	-2	96	119	19	30
Weekday	0	57	57	16	30
& Other Stories	-1	77	74	24	33
ARKET	1	25	22	10	32
Afound	0	0	5	0	5
H&M HOME*	1	28	20	53	42
<b>Total</b>	<b>-80</b>	<b>4,721</b>	<b>4,949</b>		

\* Concept stores. H&amp;M HOME is also included with shop-in-shop in 398 H&amp;M stores.

COS, Weekday, Monki, Weekday, & Other Stories and ARKET offer Global selling which enables customers in around 70 additional markets to shop online. The exact number of markets per brand that have this service varies.



## Financing and liquidity

The H&M group aims to secure financial flexibility and freedom of action on the best possible terms. As previously, the efforts focus on continued improvements in working capital, cash flow and more efficient financing.

### Cash flow and working capital

Cash flow from operating activities in the three-month period amounted to SEK 3,624 m (5,936). Excluding IFRS 16 cash flow from operating activities amounted to SEK 737 m (2,788).

### Liquidity and debt financing

The H&M group's liquidity remains very good. Cash and cash equivalents increased to SEK 27,403 m (17,304). In addition, the group has undrawn credit facilities of SEK 15,445 m (25,128). The total liquidity buffer, i.e. cash and cash equivalents plus undrawn credit facilities, amounted to SEK 42,848 m (42,432).

Interest-bearing liabilities in the form of commercial papers, bonds and loans from credit institutions decreased to SEK 9,957 m (15,105). The average maturity of interest-bearing liabilities was 5.3 (4.9) years.

Financial net cash increased to SEK 17,446 m (2,199). Net debt including provisions for pensions and excluding IFRS 16 decreased to SEK -17,098 m (-1,577). Net debt in relation to EBITDA amounted to -0.7 (-0.2) excluding IFRS 16.

A maturity analysis of outstanding interest-bearing liabilities and undrawn credit facilities is given in the table below.

Year	Commercial papers	Bonds (EMTN)	Loans from credit institutions	Unused credit facilities
2022	500	-	12	-
2023	-	-	2,127	8,000
2024	-	-	-	7,445
2025	-	-	-	-
2026	-	-	2,000	-
2027	-	-	-	-
2028	-	-	-	-
2029	-	5,318	-	-
<b>Total SEK m</b>	<b>500</b>	<b>5,318</b>	<b>4,139</b>	<b>15,445</b>

In March 2022 a revolving credit facility of EUR 1,000 m was arranged. The credit facility replaces two previous undrawn facilities amounting to SEK 8,000 m that mature in 2023. For more information see Current quarter on page 10.

## Tax

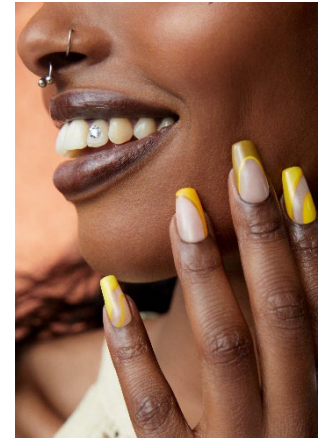
The group's tax rate for the 2022 financial year is expected to be around 23.0 percent. In the first quarter of the year a tax rate of 23.0 percent was used to calculate tax expense on the result of the period. The final tax rate for the year depends, among other things, on the results of the group's various companies and the corporate tax rate in each country.

## Current quarter

Net sales in the period 1 - 28 March 2022 increased by 6 percent in local currencies compared with the corresponding period last year. Excluding Russia, Belarus and Ukraine the increase was 11 percent.

The H&M group has paused all sales in Ukraine, Russia and Belarus. For more information on the extent of the H&M group's business in these countries, see page 104 of the annual and sustainability report (Note 30). There is a continued uncertainty concerning developments and the company is monitoring and evaluating the situation continuously.

The number of temporarily closed stores as at 30 March was 227. Other than the 185 stores that are closed in Russia, Belarus and Ukraine are also 42 stores temporarily closed due to the pandemic.



H&M

In March 2022 a revolving credit facility of EUR 1,000 m was arranged. Like the bond issued in February 2021, this facility is sustainability-linked and thus has a clear connection with the H&M group's sustainability work. The credit facility replaces two previous undrawn facilities amounting to SEK 8,000 m that mature in 2023. These are being closed in conjunction with the arrangement of the new facility. The new credit facility has a term of five years with two options to extend for a year at a time. A strong and diverse group of 15 banks is participating in the facility.

In March the first H&M store in Phnom Penh in Cambodia was successfully opened via franchise.

## Accounting principles

The group applies International Financial Reporting Standards (IFRS) and interpretations by the IFRS Interpretations Committee as adopted by the EU. This report has been prepared according to IAS 34 Interim Financial Reporting, the Swedish Financial Reporting Board's Recommendation RFR 1 Supplementary Rules for Consolidated Financial Statements and the Swedish Annual Accounts Act.

The parent company applies the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities, which essentially involves applying IFRS. In accordance with RFR 2, the parent company does not apply IFRS 9 when measuring financial instruments, nor does it capitalise development costs. IFRS 16 is also not applied in the parent company.

The accounting principles and calculation methods applied in this report are unchanged from those used in the preparation of the annual and sustainability report and consolidated financial statements for 2021. No new or revised IFRS standards or interpretations applied from 1 December 2021 have had any significant impact on the consolidated financial statements.

For a more detailed description of the accounting principles applied to the group and the parent company in this interim report see pages 85–86 of the annual and sustainability report for the 2021 financial year.

## Government assistance in connection with the Covid-19 situation

IAS 20 Accounting for Government Grants and Disclosure of Government Assistance – due to the extraordinary situation brought about by the pandemic the H&M group received government assistance in certain markets, mainly in respect of rents and staffing. In Sweden, no government assistance has been received for the period since 31 March 2021.

The H&M group has chosen to report these grants as a reduction in the cost of the items to which the grants relate. The grants are reported in the income statement and balance sheet when it is reasonably certain that the grants will be received.

## Financial instruments

The H&M group's financial instruments consist mainly of accounts receivable, other receivables, cash and cash equivalents, accounts payable, interest-bearing securities and liabilities, and currency derivatives.

Currency derivatives are measured at fair value based on Level 2 inputs in the IFRS 13 hierarchy. As of 28 February 2022, forward contracts with a positive market value amount to SEK 2,270 m (598), which is reported under other current receivables. Forward contracts with a negative market value amount to SEK 508 m (432), which is recognised in other current liabilities. Equity instruments are measured at fair value, either through profit or loss or through other comprehensive income. Where equity interests are assessed to be strategic, the H&M group has chosen to recognise changes in value in other comprehensive income.

Other financial assets and liabilities are measured at amortised cost. Liabilities to credit institutions accrue interest at rates which essentially correspond to current market rates, and therefore the fair values of these and other financial instruments are assessed to be approximately equal to their book values.



ARKET

## Risks and uncertainties

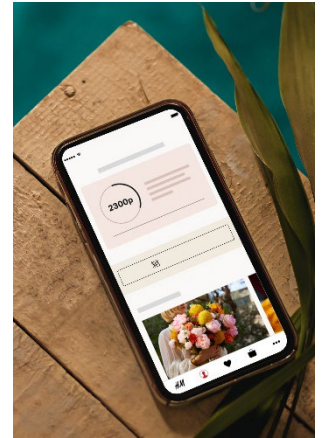
Risks may be due to events in the outside world and affect a certain sector or market, or they may be associated with the group's own business. The H&M group carries out regular risk analysis for both operational and financial risks. Operational risks are mainly associated with the business and the external risks that affect the group. Business decisions determine whether action is to be taken to reduce the likelihood of the risk in question occurring and if so, to what extent. Business decisions also determine the extent to which the consequences of a risk that has occurred may be mitigated.

There are external risks and uncertainties affecting the H&M group that are related to the shift in the industry, fashion, competitors, information security and cybersecurity, sustainability issues, weather, macroeconomics and geopolitical events, pandemics, foreign currencies, taxes, customs duty, and various regulations and ordinances, but also in connection with expansion into new markets, the launch of new concepts and how the brands are managed. More detailed information concerning the financial risks is given in H&M Group's annual and sustainability report.

## Initiatives for an improved customer experience

Customer behaviour is changing rapidly, and the H&M group works continually on improvements in order to offer customers the best possible experience. Here are some examples of ongoing initiatives:

- **H&M's customer loyalty programme** rewards members not just for purchases, but also for their commitment – such as bringing in old clothes for H&M's garment collecting, choosing climate-smart delivery options, bringing their own bag when shopping and choosing products made from more sustainable materials. The customer loyalty programme continues to be rolled out to more markets.
- **More payment options.** Members of H&M can pay now or later through the H&M app, whether shopping in store or online.
- **Digital receipts.** Customers can receive digital receipts in the H&M app in most markets.
- **Visual Search.** Image recognition helps customers by making recommendations and suggesting potential buys based on pictures that the customer has taken or been inspired by.
- **Next day delivery and express delivery** continue to be rolled out in more markets.
- **Climate-smart delivery options.** H&M customers in the Netherlands, Sweden, Italy and France can opt to receive and return items using a bicycle delivery service, a solution that is much appreciated by customers. Combined with using biogas vehicles from the logistics centre, this reduces CO2 emissions. In Sweden, Norway and parts of Germany deliveries are also made to climate smart lockers. Various kinds of climate-smart deliveries are offered in different markets.
- **Find in Store.** On seeing an item online, customers can use their mobile to find it quickly and easily in the size they want in a physical store as well as online.
- **Scan & Buy.** Customers can scan the QR code on a product in store to find and buy the item online in the size and colour they want.
- **In-store-mode** allows customers to see on their mobiles which items are in the store they are currently in, as well as online.
- **Click & Collect** allows customers to pick up online purchases in store.
- **Online returns in store** is a service that continues to be rolled out.
- **#HMxME** enables customers to share their own fashion stories from Instagram while also providing an easy way to buy the items.
- **Rate & Review** lets customers rate and review H&M products.
- **RFID (Radio Frequency Identification)** means items with a digital price tag can be located quickly, to get precise information on an item's availability.
- **Self-service checkouts** have been much appreciated by customers and are being rolled out to more markets.
- **Instagram.** In the US, H&M customers can shop directly from inspirational images and videos on Instagram and get notifications on Instagram when H&M releases new collections.
- **H&M HOME X Augmented Reality.** H&M is continuously seeking new ways to engage its customers and reduce its carbon footprint. One example of this is how customers can use augmented reality (AR) and the camera on their mobile to virtually "place" selected H&M HOME products in their own home environment and see what the whole thing will look like before making a purchase.
- **Rental in store.** Offers customers the opportunity to rent occasional wear. Customers book an appointment in the store to view available garments. Available in selected H&M stores in the Netherlands, Sweden and Germany.
- **Styleboard.** Members can create their own moodboard in the H&M app and shop directly from it. In the styleboard customers can add items from other brands outside the H&M universe as well. Currently available in Sweden, will be launched in Germany during spring.
- **Personalised start page.** A personally customised start page has been introduced for customers in Sweden and Germany to offer tailor-made inspiration and advice based on individual preferences.
- **Stylestory** is a creative tool where customers can express and share their favourite styles, while engaging other customers who can in turn discover and shop directly for the styles that inspire them. The tool is currently being launched in Sweden.



## Product flow

The H&M group is continuing to fully integrate the channels in an omni model. An important part of this is the group's logistics systems and investments within tech and AI. Several initiatives involving new highly automated logistics centres with a focus on innovation are in progress globally. This will create additional capacity, flexibility and speed between sales channels as well as increasing assortment availability.

A new highly automated logistics centre is under construction in Ajax, Canada. This will supplement the logistics centres that have opened on the US East and West Coasts, creating further capacity for the H&M group's continued expansion in North America. The new logistics centre is scheduled for completion in late 2022/early 2023.

## Sustainability

Sustainability has been an integral part of the H&M group's business for many years. To acknowledge this even further, the group is integrating its Annual and Sustainability Report 2021. More detailed information about the group's sustainability work can be found in the digital Sustainability Disclosure 2021 at [hmgroup.com](https://www.hmgroup.com). Some sustainability-linked highlights from 2021 include:

**Sharpened climate goals.** The H&M group is committed to achieving net-zero by 2040 and reducing the absolute scope 1, 2 and 3\* emissions by 56 percent by 2030, compared to 2019. The H&M Group has a long-term goal to phase out coal from its supply chain. Since January 1, 2022, the H&M Group is not onboarding any new suppliers or supplier factories into its supply chain if they have on-site coal boilers in their factories.

**100 percent renewable electricity** in its own operations by 2030. The H&M Group is close to its goal to source 100 percent renewable electricity for stores, offices, data centers and distribution centers. The company raised the share of renewable electricity from 90 to 95 percent for H&M Group operations globally in 2021.

**100 percent recycled or other more sustainably sourced materials by 2030.** Today, 80 percent of the H&M Group's materials are either recycled or sourced in a more sustainable way, coming closer to the goal to reach 100 percent by 2030.

**30 percent recycled materials by 2025.** From 2020 to 2021, the H&M Group tripled the share of recycled materials used in its garments from 5.8 percent to 17.9 percent, keeping the goal in focus to reach 30 percent by 2025.

**0 percent virgin polyester by 2025.** The H&M Group has set a goal to phase out virgin polyester by 2025.

**100 percent of products designed for circularity by 2025.** With the development of the innovative Circulator, H&M Group will enable its own teams to create products fit for a circular economy and invite others to do the same. Creating a more circular product means thinking circular in every decision step during the design process of a garment – from the drawing board all the way through the multiple loops of repair, reuse, remake and recycle in a circular ecosystem.

**25 percent reduction in packaging material by 2025,** compared to 2018. In 2021, the H&M Group reduced plastic packaging by 27.8 percent, aiming to reduce the use of packaging throughout the value chain by 25 percent by 2025. A new packaging system for online shopping is being rolled out in more markets, swapping plastics to FSC-certified paper.

**100 percent recycled or other sustainably sourced packaging by 2030.** Packaging is also part of the H&M Group's circular design vision, taking a holistic circular approach to packaging with all the stages of the value chain into account. In 2021, 68 percent of the group's packaging was made from recycled or other more sustainably sourced material.

**25 percent reduction in production water use** (water intensive tier 1 and 2 suppliers) from 2017 baseline by 2022. The H&M Group has been working to reduce negative water impacts throughout the value chain for over ten years. The company works towards reducing negative impact on water through improvements in its supply chain and enable others to do the same. In 2021, H&M Group continued the work with WWF to set context-specific water targets and develop the new 2030 Water Strategy.

\* See the Annual and sustainability report 2021 at [hmgroup.com](https://www.hmgroup.com).

Read more about many of the initiatives taken and our sustainability work at [hmgroup.com](https://www.hmgroup.com).



#AMHOME

## Calendar

4 May 2022	Annual general meeting, digital with postal voting
15 June 2022	Sales development in the second quarter, 1 Mar 2022 – 31 May 2022
29 June 2022	Six-month report, 1 Dec 2021 – 31 May 2022
15 September 2022	Sales development in the third quarter, 1 Jun 2022 – 31 Aug 2022
29 September 2022	Nine-month report, 1 Dec 2021 – 31 Aug 2022
15 December 2022	Sales development in the fourth quarter, 1 Sep 2022 – 30 Nov 2022
27 January 2023	Full-year report, 1 Dec 2021 – 30 Nov 2022

Stockholm, 30 March 2022  
Board of Directors



H&M

## Communication in conjunction with the three-month report

The three-month report, i.e. 1 December 2021 – 28 February 2022, will be published at 08:00 CEST on 31 March 2022, followed by a telephone conference at 09:00 CEST for the financial market and media. The telephone conference will be held in English, hosted by CEO Helena Helmersson, CFO Adam Karlsson and Head of IR Nils Vinge.

For log in details for the telephone conference please register at [hmgroupp.com](http://hmgroupp.com) or via this link: <http://emea.directeventreg.com/registration/3588167>.

To book interviews in conjunction with the three-month report on 31 March 2022, please contact: Kristina Stenvinkel, telephone: +46 70 796 54 40, [stenvinkel@hm.com](mailto:stenvinkel@hm.com) or Iñigo Sáenz Maestre, Head of Media Relations, telephone +46 72 980 53 52, [inigo.saenz@hm.com](mailto:inigo.saenz@hm.com).

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*For more information about the H&M group visit [hmgroupp.com](http://hmgroupp.com).*

Information in this interim report is that which H & M Hennes & Mauritz AB (publ) is required to disclose under the EU Market Abuse Regulation (EU) No 596/2014. The information was submitted for publication by the abovementioned persons at 08:00 (CET) on 31 March 2022. This interim report and other information about the H&M group, is available at [hmgroupp.com](http://hmgroupp.com).

*H & M Hennes & Mauritz AB (publ) was founded in Sweden in 1947 and is quoted on Nasdaq Stockholm. H&M's business idea is to offer fashion and quality at the best price in a sustainable way. In addition to H&M, the group includes the brands COS, Monki, Weekday, & Other Stories, H&M HOME and ARKET as well as Afound. For further information, visit [hmgroupp.com](http://hmgroupp.com).*

**GROUP INCOME STATEMENT IN SUMMARY (SEK m)**

	Q1 2022	Q1 2021	1 Dec 2020- 30 Nov 2021
Net sales	49,166	40,060	198,967
Cost of goods sold	-24,906	-21,003	-93,961
<b>GROSS PROFIT</b>	<b>24,260</b>	<b>19,057</b>	<b>105,006</b>
<i>Gross margin, %</i>	49.3	47.6	52.8
Selling expenses	-21,061	-18,041	-80,535
Administrative expenses	-2,741	-2,144	-9,216
<b>OPERATING PROFIT</b>	<b>458</b>	<b>-1,128</b>	<b>15,255</b>
<i>Operating margin, %</i>	0.9	-2.8	7.7
Net financial items	-176	-261	-955
<b>PROFIT AFTER FINANCIAL ITEMS</b>	<b>282</b>	<b>-1,389</b>	<b>14,300</b>
Tax	-65	319	-3,290
<b>PROFIT FOR THE PERIOD</b>	<b>217</b>	<b>-1,070</b>	<b>11,010</b>

All profit for the year is attributable to the shareholders of the parent company H & M Hennes & Mauritz AB.

Earnings per share, SEK*	0.13	-0.65	6.65
Number of shares, thousands*	1,655,072	1,655,072	1,655,072
Depreciation and amortisation, total	5,393	5,712	22,320
of which cost of goods sold	383	440	1,617
of which selling expenses	4,806	5,061	19,831
of which administrative expenses	204	211	872

\* Before and after dilution.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME IN SUMMARY (SEK m)**

	Q1 2022	Q1 2021	1 Dec 2020- 30 Nov 2021
PROFIT FOR THE PERIOD	217	-1,070	11,010
Other comprehensive income			
<i>Items that are or may be reclassified to profit or loss</i>			
Translation differences	1,033	-82	1,430
Change in hedging reserves	-282	-105	-101
Tax attributable to change in hedging reserves	58	24	26
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurement of defined benefit pension plans	84	-	187
Tax related to the above remeasurement	-19	-	-43
Revaluation of financial assets	-394	-	3,644
<b>OTHER COMPREHENSIVE INCOME</b>	<b>480</b>	<b>-163</b>	<b>5,143</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>697</b>	<b>-1,233</b>	<b>16,153</b>

All comprehensive income is attributable to the shareholders of the parent company H & M Hennes & Mauritz AB.

**GROUP BALANCE SHEET IN SUMMARY (SEK m)**

ASSETS	28 Feb - 2022	28 Feb - 2021	30 Nov - 2021
<b>Non-current assets</b>			
Intangible non-current assets	9,416	10,213	9,556
Property, plant and equipment	25,774	29,735	26,576
Right-of-use assets	55,244	56,420	53,086
Non-current financial assets	4,950	979	5,091
Other non-current assets	6,741	6,499	6,486
	102,125	103,846	100,795
<b>Current assets</b>			
Stock-in-trade	39,331	36,978	37,306
Current receivables	16,404	11,948	14,209
Cash and cash equivalents	27,403	17,304	27,471
	83,138	66,230	78,986
<b>TOTAL ASSETS</b>	<b>185,263</b>	<b>170,076</b>	<b>179,781</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	60,715	53,390	60,018
Long-term liabilities*	13,525	17,974	13,207
Long-term leasing liabilities*	47,274	47,956	45,379
Current liabilities**	51,909	37,961	49,479
Current leasing liabilities**	11,840	12,795	11,698
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>185,263</b>	<b>170,076</b>	<b>179,781</b>

\* Interest-bearing long-term liabilities including leasing amounts to SEK 57,067 m (62,053), excluding IFRS 16 SEK 9,793 m (14,097) of which provisions for pensions SEK 347 m (622).

\*\* Interest-bearing current liabilities including leasing amounts to SEK 12,351 m (14,425), excluding IFRS 16 SEK 511 m (1,630).

**CHANGE IN GROUP EQUITY IN SUMMARY (SEK m)**

	28 Feb - 2022	28 Feb - 2021	30 Nov - 2021
Shareholders' equity at the beginning of the period	60,018	54,623	54,623
Total comprehensive income for the period	697	-1,233	16,153
Dividend	-	-	-10,758
Shareholders' equity at the end of the period	60,715	53,390	60,018



**GROUP CASH FLOW STATEMENT IN SUMMARY (SEK m)**

	Q1 - 2022	Q1 - 2021
<b>Operating activities</b>		
Profit after financial items*	282	-1,389
<i>Adjustment for non-cash items</i>		
- Provisions for pensions	-5	11
- Depreciation and amortisation	5,393	5,712
Taxes paid	-1,108	-744
<b>Cash flow from operating activities before changes in working capital</b>	<b>4,562</b>	<b>3,590</b>
<b>Changes in working capital</b>		
Operating receivables	-586	-1,190
Stock-in-trade	-1,574	1,213
Operating liabilities	1,222	2,323
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>3,624</b>	<b>5,936</b>
<b>Investing activities</b>		
Investments in intangible fixed assets	-280	-221
Investments in tangible fixed assets	-576	-492
Other investments	-226	-105
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>-1,082</b>	<b>-818</b>
<b>Financial activities</b>		
Change in interest-bearing liabilities	71	-1,227
Amortisation lease	-2,887	-3,148
<b>CASH FLOW FROM FINANCIAL ACTIVITIES</b>	<b>-2,816</b>	<b>-4,375</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>-274</b>	<b>743</b>
<b>Cash and cash equivalents at beginning of the financial year</b>	<b>27,471</b>	<b>16,540</b>
Cash flow for the period	-274	743
Exchange rate effect	206	21
<b>Cash and cash equivalents at end of the period**</b>	<b>27,403</b>	<b>17,304</b>

\* Interest paid for the group amounts to SEK 61 m (93). Interest expense related to leases amounts to SEK 193 m (206) for the group. Received interest for the group amounts to SEK 78 m (38).

\*\* Cash and cash equivalents and short-term investments at the end of the period amounted to SEK 27,403 m (17,304).

**FIVE YEAR SUMMARY****Q1, 1 December - 28 February**

	2018*	2019*	2020	2021	2022
Net sales, SEK m	46,181	51,015	54,948	40,060	49,166
Change net sales from previous year in SEK, %	-2	10	8	-27	23
Change net sales previous year in local currencies, %	0	4	5	-21	18
Operating profit, SEK m	1,208	1,005	2,690	-1,128	458
Operating margin, %	2.6	2.0	4.9	-2.8	0.9
Depreciation and amortisation for the period, SEK m	2,279	2,677	6,397	5,712	5,393
Profit after financial items, SEK m	1,263	1,043	2,504	-1,389	282
Profit after tax, SEK m	1,372	803	1,928	-1,070	217
Cash and cash equivalents and short-term investments, SEK m	10,003	11,851	11,972	17,304	27,403
Stock-in-trade, SEK m	34,959	39,968	37,201	36,978	39,331
Equity, SEK m	61,720	60,042	59,237	53,390	60,715
Number of shares, thousands**	1,655,072	1,655,072	1,655,072	1,655,072	1,655,072
Earnings per share, SEK**	0.83	0.49	1.16	-0.65	0.13
Equity per share, SEK**	37.29	36.28	35.79	32.26	36.68
Cash flow from operating activities per share, SEK**	0.79	1.11	4.13	3.59	2.19
Share of risk-bearing capital, %	61.5	53.1	34.1	33.7	35.2
Equity/assets ratio, %	57.0	49.4	31.7	31.4	33.2
Total number of stores	4,743	4,958	5,053	4,949	4,721
<b>Rolling twelve months</b>					
Earnings per share, SEK**	9.12	7.30	8.80	-1.06	7.43
Return on equity, %	24.1	19.8	24.4	-3.1	21.6
Return on capital employed, %	27.2	20.3	17.1	-0.4	13.1

\* Excluding IFRS 16.

\*\* Before and after dilution.

For definitions and explanations of the alternative performance measures in this report see page 111-113 in the annual and sustainability report for the 2021 financial year.

## SEGMENT REPORTING (SEK m)

	Q1 - 2022	Q1 - 2021
<b>Asia and Oceania</b>		
External net sales	7,034	7,264
Operating profit	66	340
Operating margin, %	0.9	4.7
<b>Europe and Africa*</b>		
External net sales	31,204	24,776
Operating profit	-787	-2,249
Operating margin, %	-2.5	-9.1
<b>North and South America</b>		
External net sales	10,928	8,020
Operating profit	140	-294
Operating margin, %	1.3	-3.7
<b>Group Functions</b>		
Net sales to other segments	14,405	8,754
Operating profit	1,039	1,075
<b>Eliminations</b>		
Net sales to other segments	-14,405	-8,754
<b>Total</b>		
External net sales	49,166	40,060
Operating profit	458	-1,128
<i>Operating margin, %</i>	0.9	-2.8
Net financial items	-176	-261
Profit after financial items	282	-1,389

\* South Africa

**PARENT COMPANY INCOME STATEMENT IN SUMMARY (SEK m)**

	<b>Q1 2022</b>	<b>Q1 2021</b>	<b>1 Dec 2020- 30 Nov 2021</b>
Net sales	906	796	3,981
<b>GROSS PROFIT</b>	<b>906</b>	<b>796</b>	<b>3,981</b>
Administrative expenses	-39	-23	-46
<b>OPERATING PROFIT</b>	<b>867</b>	<b>773</b>	<b>3,935</b>
Net financial items*	-11	-49	8,172
<b>PROFIT AFTER FINANCIAL ITEMS</b>	<b>856</b>	<b>724</b>	<b>12,107</b>
Year-end appropriations	-	-	-4
Tax	-176	-155	-825
<b>PROFIT FOR THE PERIOD</b>	<b>680</b>	<b>569</b>	<b>11,278</b>

\* Revenue from interests in group companies in the quarter consists of SEK 0 m (0).

**PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME (SEK m)**

	<b>Q1 2022</b>	<b>Q1 2021</b>	<b>1 Dec 2020- 30 Nov 2021</b>
PROFIT FOR THE PERIOD	680	569	11,278
Other comprehensive income <i>Items that have not been and will not be reclassified to profit or loss</i>			
Remeasurement of defined benefit pension plans	6	-	7
Tax related to the above remeasurement	-1	-	-1
<b>OTHER COMPREHENSIVE INCOME</b>	<b>5</b>	<b>-</b>	<b>6</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>685</b>	<b>569</b>	<b>11,284</b>

**PARENT COMPANY BALANCE SHEET IN SUMMARY (SEK m)**

	<b>28 Feb - 2022</b>	<b>28 Feb - 2021</b>	<b>30 Nov 2021</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	168	184	173
Other non-current assets	1,448	1,091	1,099
	1,616	1,275	1,272
<b>Current assets</b>			
Current receivables	30,270	42,540	29,713
Cash and cash equivalents	0	0	-
	30,270	42,540	29,713
<b>TOTAL ASSETS</b>	<b>31,886</b>	<b>43,815</b>	<b>30,985</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	21,084	20,442	20,399
Untaxed reserves	32	38	32
Long-term liabilities*	9,371	13,802	9,377
Current liabilities**	1,399	9,533	1,177
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>31,886</b>	<b>43,815</b>	<b>30,985</b>

\* All long-term liabilities are interest-bearing.

\*\* Interest-bearing current liabilities amounts to SEK 500 m (1,300).

## ALTERNATIVE PERFORMANCE MEASURES

For other alternative performance measures see page 111-113 in the annual and sustainability report for the 2021 financial year.

### Gross profit excl IFRS 16

	Q1 - 2022	Q1 - 2021
Gross profit	24,260	19,057
IFRS 16 effect	-19	-19
<b>Gross profit excl IFRS 16</b>	<b>24,241</b>	<b>19,038</b>

Definition: Gross profit adjusted with the effect from IFRS 16.

Reason for use: To create comparability in analyses where years prior to IFRS 16 are included.

### Operating profit excl IFRS 16

	Q1 - 2022	Q1 - 2021
Operating profit	458	-1,128
IFRS 16 effect	-250	-298
<b>Operating profit excl IFRS 16</b>	<b>208</b>	<b>-1,426</b>

Definition: Operating profit adjusted with the effect from IFRS 16.

Reason for use: To create comparability in analyses where years prior to IFRS 16 are included.

### Net financial items excl IFRS 16

	Q1 - 2022	Q1 - 2021
Net financial items	-176	-261
IFRS 16 effect	193	206
<b>Net financial items excl IFRS 16</b>	<b>17</b>	<b>-55</b>

Definition: Net financial items adjusted with the effect from IFRS 16.

Reason for use: To create comparability in analyses where years prior to IFRS 16 are included.

### Profit after financial items excl IFRS 16

	Q1 - 2022	Q1 - 2021
Profit after financial items	282	-1,389
IFRS 16 effect	-57	-92
<b>Profit after financial items excl IFRS 16</b>	<b>225</b>	<b>-1,481</b>

Definition: Profit after financial items adjusted with the effect from IFRS 16.

Reason for use: To create comparability in analyses where years prior to IFRS 16 are included.

### Profit for the period excl IFRS 16

	Q1 - 2022	Q1 - 2021
Profit for the period	217	-1,070
IFRS 16 effect	-44	-70
<b>Profit for the period excl IFRS 16</b>	<b>173</b>	<b>-1,140</b>

Definition: Profit for the period adjusted with the effect from IFRS 16.

Reason for use: To create comparability in analyses where years prior to IFRS 16 are included.