

Six-month report

First half-year (1 December 2021 – 31 May 2022)

- The H&M group's net sales in SEK increased by 20 percent in the first half-year to SEK 103,670 m (86,569). In local currencies the increase was 15 percent.
- Well-received collections led to a higher share of full-price sales and lower costs for markdowns.
- Gross profit increased to SEK 54,106 m (44,106). This corresponds to a gross margin of 52.2 percent (50.9).
- Operating profit increased to SEK 5,446 m (2,724), corresponding to an operating margin of 5.3 percent (3.1). For rolling 12 months the operating margin was 8.3 percent (4.9).
- The group's profit after tax increased to SEK 3,899 m (1,697), corresponding to SEK 2.36 (1.03) per share.
- Cash flow from operating activities amounted to SEK 12,591 m (20,219).
- Financial net cash increased to SEK 16,313 m (12,799). Cash and cash equivalents plus undrawn credit facilities amounted to SEK 44,483 m (43,517).



H&M

Second quarter (1 March 2022 – 31 May 2022)

- Net sales increased by 17 percent to SEK 54,504 m (46,509). In local currencies the increase was 12 percent. Excluding Russia, Belarus and Ukraine sales increased by 17 percent in local currencies.
- Gross profit increased to SEK 29,846 m (25,049). This corresponds to a gross margin of 54.8 percent (53.9).
- The well-received collections led to costs for markdowns decreasing by around 1 percentage point in relation to sales.
- Operating profit increased to SEK 4,988 m (3,852), corresponding to an operating margin of 9.2 percent (8.3).
- Profit after financial items increased by 33 percent to SEK 4,782 m (3,593).
- The group's profit after tax increased to SEK 3,682 m (2,767), corresponding to SEK 2.22 (1.67) per share.

Net sales
+17%
in SEK for the second quarter

Operating margin
9.2%
in the second quarter

- The board of directors has decided to buy back own B shares for SEK 3 billion starting from 29 June 2022.
- Sales in the month of June 2022 is expected to decrease by 6 percent in local currencies compared with June 2021. The paused sales in Russia, Belarus and Ukraine represent 5 percentage points of the decrease. The June figure should be seen in the light of a very strong comparison base in June 2021, an increase by 24 percent, while July and August increased by 6 percent.
- H&M is accelerating its expansion in Latin America. A large number of leases have been signed for new stores.

"The H&M group's sales increase in the quarter is a result of well-received collections with increased full-price sales and lower markdowns. With a well-positioned customer offering, combined with physical and digital sales channels that strengthen each other, we are fully focused on meeting customers' ever-increasing expectations of affordable and sustainable fashion," says Helena Helmersson, CEO.

Comments by Helena Helmersson, CEO

“Well-received collections have led to strong development, with a further increase in full-price sales and decrease in markdowns. Sales in physical stores increased substantially while online continues to do well. This once again shows the value of having both physical and digital channels which strengthen and complement each other. The integration of the sales channels is therefore ongoing, in parallel with continual initiatives – in particular within tech, the supply chain and sustainability.

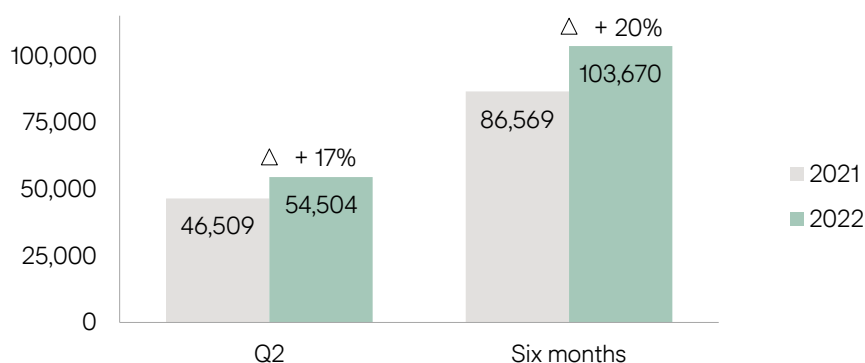
Although most of the restrictions associated with the Covid-19 pandemic essentially seem to be over, many challenges remain. Disruption and delays still exist in the supply chain, but are gradually being eased. At the same time, there is substantial inflation. The situation associated with the war in Ukraine and its consequences for our business are continually being evaluated. We are actively looking at various options to find solutions that give consideration to customers and colleagues as well as the impact on the business as a whole.

To navigate in a rapidly changing world it is more important than ever to be flexible and able to take quick decisions. As a direct consequence of the challenges in the world around us we are carrying out extensive work to prioritise initiatives, redistribute resources and ensure continued good profitability. We have a well-positioned customer offering and are fully focused on meeting customers' ever-increasing expectations. Despite the significant inflation in the world, customers must always feel confident that with all the H&M group's brands they will find the best combination of fashion, price, quality and sustainability. With a strong customer focus, committed colleagues and a robust financial position we see good opportunities for profitable, long-term and sustainable growth.”



Sales

SEK m



The H&M group's net sales in the second quarter increased by 17 percent to SEK 54,504 m (46,509). In local currencies the increase was 12 percent. Excluding Russia, Belarus and Ukraine sales increased by 17 percent in local currencies.

Net sales in the six-month period increased by 20 percent to SEK 103,670 m (86,569). In local currencies the increase was 15 percent.

Sales in physical stores increased substantially while online sales continues to do well.

Sales for Portfolio Brands in the second quarter increased by 30 percent in SEK and by 25 percent in local currencies.



COS

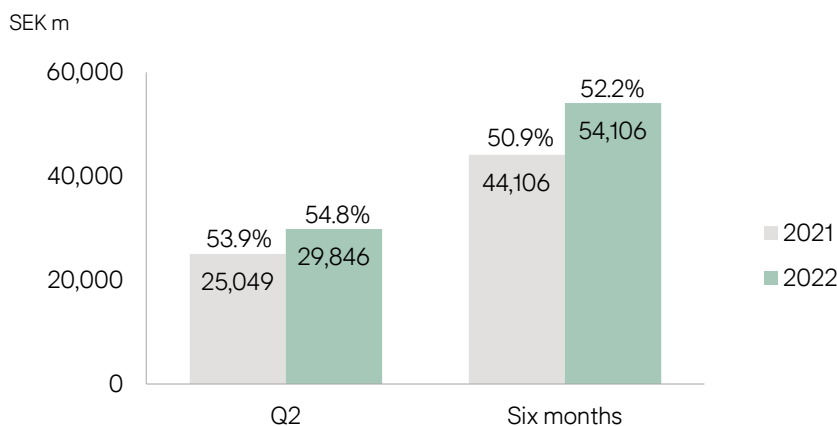
Sales per region, second quarter

	SEK m	SEK m	SEK	LCY	New stores (net)	Number of stores	
	Q2 - 2022	Q2 - 2021	Change in %		Q2 - 2022	31 May - 22	31 May - 21
The Nordics	5,064	4,739	7	5	-2	410	448
Western Europe	18,455	15,180	22	18	-12	1,094	1,162
Eastern Europe	4,123	5,303	-22	-23	-3	654	648
Southern Europe	6,882	5,068	36	39	-2	633	673
North & South America	12,587	9,711	30	14	0	734	753
Asia, Oceania & Africa	7,393	6,508	14	5	0	1,177	1,229
Total	54,504	46,509	17	12	-19	4,702	4,913

Sales in the Eastern Europe region have been impacted by the war and all sales in Russia, Belarus and Ukraine are temporarily paused.

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 19 percent to SEK 29,846 m (25,049) in the second quarter, corresponding to a gross margin of 54.8 percent (53.9). Adjusted for unrealised exchange gains on intra-group receivables in Russian rubles, the gross margin was 54.1 percent in the second quarter.

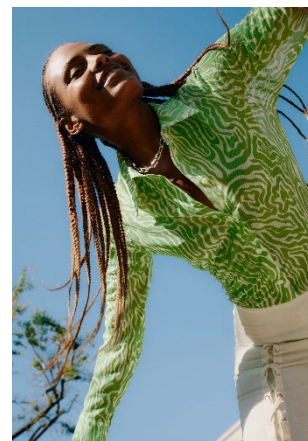
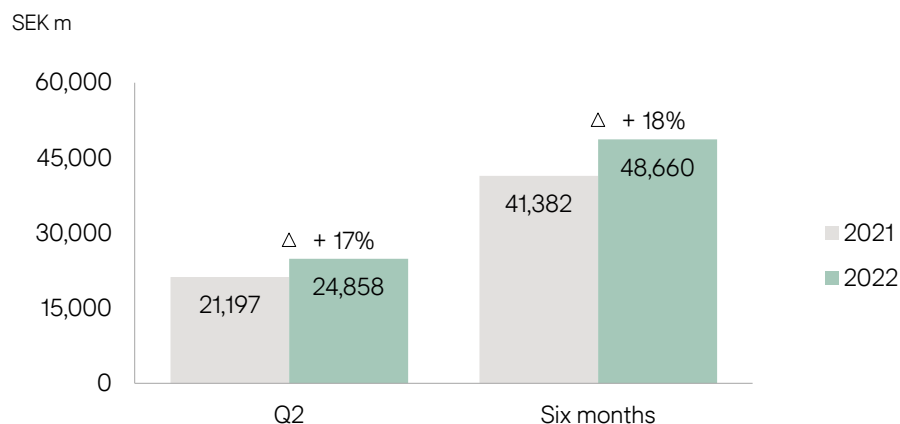
For the six-month period, gross profit increased to SEK 54,106 m (44,106), corresponding to a gross margin of 52.2 percent (50.9).

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 around one percentage point compared with the same quarter the previous year.

External factors that influence purchasing costs. For the second quarter the overall effect of external factors that influence purchasing costs was negative compared with the same purchasing period the previous year, driven mainly by increased prices for shipping and raw materials.

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

Selling and administrative expenses



Rebecca Ståhl

Continued good cost control. Selling and administrative expenses increased in the second quarter by 17 percent to SEK 24,858 m (21,197). Adjusted for government support associated with the pandemic the increase was 14 percent. In local currencies the increase was 8 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.

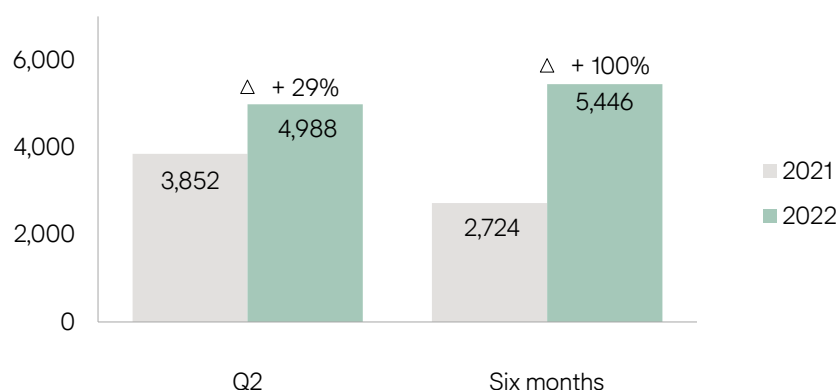
The ongoing initiatives, particularly within tech, have affected the quarter by around SEK 500 m.

Government support associated with the pandemic. As the Covid restrictions have gradually decreased, government assistance has been scaled back. In the second quarter pandemic assistance of SEK 84 m (696) was received.

For the six-month period, selling and administrative expenses increased by 18 percent in SEK compared with the same period last year. In local currencies these expenses increased by 11 percent.

Operating profit and operating margin

SEK m



MONKL

Operating profit in the second quarter increased to SEK 4,988 m (3,852), corresponding to an operating margin of 9.2 percent (8.3). Operating profit in the six-month period increased to SEK 5,446 m (2,724) corresponding to an operating margin of 5.3 percent (3.1). For rolling 12 months the operating margin was 8.3 percent (4.9).

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 negatively impacted by the ongoing war in Ukraine as well as its consequences for the business in Russia and Belarus. See page 11.

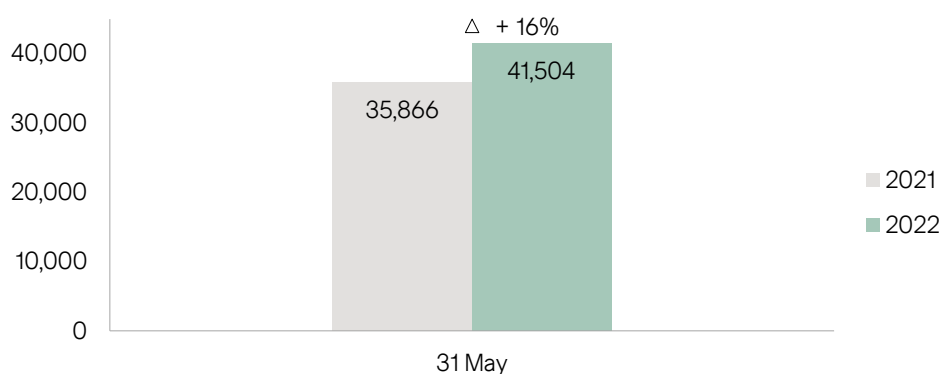
Income statement including and excluding IFRS 16 effects

	Q2	Q2	Six months	Six months
SEK m	2022	2021	2022	2021
Net sales	54,504	46,509	103,670	86,569
Gross profit	29,846	25,049	54,106	44,106
Gross profit excl. IFRS 16	29,827	25,032	54,068	44,070
Operating profit	4,988	3,852	5,446	2,724
<i>Operating margin, %</i>	<i>9.2</i>	<i>8.3</i>	<i>5.3</i>	<i>3.1</i>
Operating profit excl. IFRS 16	4,713	3,574	4,921	2,148
<i>Operating margin, %, excl. IFRS 16</i>	<i>8.6</i>	<i>7.7</i>	<i>4.7</i>	<i>2.5</i>
Net financial items	-206	-259	-382	-520
Net financial items, excl. IFRS 16	-25	-58	-8	-113
Profit after financial items	4,782	3,593	5,064	2,204
Profit after financial items, excl. IFRS 16	4,688	3,516	4,913	2,035
Profit for the period	3,682	2,767	3,899	1,697
Profit for the period, excl. IFRS 16	3,610	2,707	3,783	1,567
Depreciation & amortisation	5,209	5,613	10,602	11,325
Depreciation & amortisation, excl. IFRS 16	2,476	2,527	4,951	5,100

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

Stock-in-trade

SEK m



#MHOME

The carrying amount of the stock-in-trade amounted to SEK 41,504 m (35,866), an increase of 16 percent compared with the same point in the previous year. Currency adjusted the increase was 7 percent. The composition is assessed to be good. Around 20 percent of the carrying amount is explained by orders having been brought forward to counter delays in the supply chain, increased purchasing and freight costs, goods in Russia and goods that were intended for Russia but that have been reallocated to other markets.

The stock-in-trade in SEK represented 19.2 percent (18.9) of rolling 12-month sales, which amounted to SEK 216,068 m (189,988).

The ongoing supply chain efficiency efforts and the integration of the sales channels continue. Over time there will be a good basis for 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. The company is accelerating its expansion in the North and South America region, with on Latin America, mainly through a large number of newly signed store leases.

At the beginning of this year H&M online was launched in Colombia and Peru. Uruguay will be a new H&M online market in the second half of 2022, and via franchise in Israel at the end of the year. In the spring COS launched online in Australia and via Zalora in the Philippines. Monki has launched on About You, as well as on Zalora in Singapore and Malaysia, & Other Stories on HURR in the UK, and Arket on YOOX. During the year, Arket will open its first store in France, while & Other Stories will open its first store in Singapore and will open on Zalora in Singapore, Malaysia and the Philippines.

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 94 new stores and close around 272 stores, making a net decrease of around 178 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*, Uruguay, Israel (franchise)
COS	Online: Australia*, Saudi Arabia (franchise)*
Monki	-
Weekday	-
& Other Stories	Store: Singapore
ARKET	Store: France, Russia*
Afound	Online: Denmark*, Norway**, Finland
H&M HOME	Online: India*

* Opened until 31 May 2022

** Opened in June 2022



WEEKDAY

Store count and markets by brand

As at 31 May 2022 the H&M group had 4,702 (4,913) stores, i.e. the total number of stores has decreased by 211 compared with 31 May 2021. In the current financial year 39 (50) new stores have opened and 138 (155) stores have closed. A total of 281 (271) of the group's stores are operated by franchise partners. At the end of the quarter 181 stores were closed due to the war in Ukraine, in addition 15 stores were temporarily closed in China due to Covid-19.

Brand	New Stores 2022 (net)		Total No of stores		No. of markets	
	Q2	Six months	31 May - 2022	31 May - 2021	Store	Online
					31 May - 2022	
H&M	-10	-85	4,157	4,332	76	56
COS	-4	-8	267	283	47	38
Monki	-5	-7	91	113	18	30
Weekday	0	0	57	58	16	30
& Other Stories	-1	-2	76	75	24	33
ARKET	0	1	25	23	10	32
Afound	0	0	0	5	0	5
H&M HOME*	1	2	29	24	54	43
Total	-19	-99	4,702	4,913		

* Concept stores. H&M HOME is also included with shop-in-shop in 401 H&M stores.

COS, 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 six-month period amounted to SEK 12,591 m (20,219). Excluding IFRS 16 cash flow from operating activities amounted to SEK 6,456 m (13,948).

Liquidity and debt financing

The H&M group's liquidity remains very good. Cash and cash equivalents increased to SEK 26,571 m (23,434). In addition, the group has undrawn credit facilities of SEK 17,912 m (20,083). The total liquidity buffer, i.e. cash and cash equivalents plus undrawn credit facilities, increased to SEK 44,483 m (43,517).

Interest-bearing liabilities in the form of commercial papers, bonds and loans from credit institutions decreased to SEK 10,258 m (10,635). The average maturity of interest-bearing liabilities was 4.8 (5.4) years.

Financial net cash increased to SEK 16,313 m (12,799). Net debt including provisions for pensions and excluding IFRS 16 amounted to SEK -16,128 m (-12,160). Net debt in relation to EBITDA amounted to -0.6 (-0.6) excluding IFRS 16.

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



H&M

Year	Commercial papers	Bonds (EMTN)	Loans from credit institutions	Unused credit facilities
2022	925	-	-	-
2023	-	-	2,120	-
2024	-	-	-	7,376
2025	-	-	-	-
2026	-	-	2,000	-
2027	-	-	-	10,536
2028	-	-	-	-
2029	-	5,268	-	-
Total SEK m	925	5,268	4,120	17,912

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. These were 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 diverse group of 15 banks participated in the facility.

Share buybacks

The board of directors has decided to buy back own B shares for SEK 3 billion based on the mandate given by the annual general meeting. The buyback programme is being initiated on 29 June 2022; for more information see the separate press release issued on 29 June 2022.

Tax

The group's tax rate for the 2022 financial year is expected to be around 23.0 percent. In the first three quarters 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

Sales in the month of June 2022 is expected to decrease by 6 percent in local currencies compared with June 2021. The paused sales in Russia, Belarus and Ukraine represent 5 percentage points of the decrease. The June figure should be seen in the light of a very strong comparison base in June 2021, an increase by 24 percent, while July and August increased by 6 percent.

The cost of markdowns in relation to sales in the third quarter is expected to be at the same level as in the corresponding quarter the previous year.

The number of temporarily closed stores as at 31 May was 196. Other than the 181 stores that are closed in Russia, Belarus and Ukraine are also 15 stores temporarily closed in China due to the pandemic.

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.

The group's assessment is that no significant impact on its financial statements arises as a result of Türkiye's classification as a country with hyperinflation.

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 31 May 2022, forward contracts with a positive market value amount to SEK 1,814 m (379), which is reported under other current receivables. Forward contracts with a negative market value amount to SEK 1,129 m (649), 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. Therefore the fair values of these and other financial instruments are assessed to be approximately equal to their book values.



& other Stories

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.

Information concerning exposure to Russia, Belarus and Ukraine

Since 24 February 2022 the H&M group has temporarily paused all sales in Ukraine as a result of the invasion. Since 2 March 2022 all sales have also been paused in Russia and Belarus.

The operating result for these markets for the quarter amounted to SEK -228 m. In addition to this, the group has an unrealised exchange gain of SEK 353 m in respect of intra group receivables in Russian rubles.

Pre-Covid, i.e. in the 2019 financial year, these three markets accounted for around 10 percent of the group's operating profit.

The combined assets – i.e. stock-in-trade, cash and cash equivalents, equipment and right-of-use assets – amounted to SEK 4,427 m at the end of the quarter. The significant exchange rate movement of the Russian ruble has a material effect on the values when presented in SEK. From 28 February 2022, when the exchange rate was SEK 0.092, until and including the closing day on 31 May 2022, the Russian ruble strengthened by 73 percent against SEK to SEK 0.159.

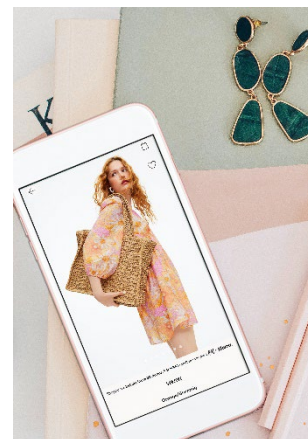
The composition of the stock-in-trade is assessed to be good.

The number of employees is around 7,500 and the number of stores is 181.

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.
- **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 and Germany.
- **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 launched in Sweden.
- **Smart mirrors in COS fitting rooms.** A pilot project in COS stores in the US is testing fitting rooms equipped with smart mirrors that recognise products brought into the room with the possibility to offer personalised product and styling recommendations. On the store floor, other types of smart mirrors can be used for virtual try-on and styling.



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

The H&M group's sustainability vision is to lead the change towards a circular and climate positive fashion industry while being a fair and equal company across our value chain. More detailed information about the group's sustainability work can be found in the Sustainability Disclosure 2021 at [hmgroupp.com](https://www.hmgroupp.com). Some of the latest sustainability initiatives are:

The Green Fashion Initiative. The H&M group recently launched an initiative aimed at reducing greenhouse gas emissions in its supply chain by making funding available to supplying factories to invest in the technologies and processes needed to reduce energy demand and replace fossil fuels across the fashion industry.

Fashion Climate Fund. An initiative started by the Apparel Impact Institute aimed at reducing emissions in the supply chain by increasing knowledge concerning energy efficiency and renewable energy. Suppliers are also able to receive financial support for their transition away from fossil fuel. Along with the H&M Foundation, among others, the H&M group is one of the lead investors in the fund. This is in line with the company's commitment that it will achieve net-zero greenhouse gas emissions (net-zero standard according to the Science Based Targets initiative) by 2040 and reduce carbon emissions in the supply chain in absolute terms by 56 percent by 2030.

H&M Group's collaboration with TextileGenesis is being expanded as its innovative traceability technology for all man-made cellulose and recycled polyester is rolled out during 2022. Their platform uses blockchain technology to improve supply chain traceability and transparency. The pilot project has meant that hundreds of suppliers across several countries have been trained. The H&M group believes that supply chain traceability and transparency go hand-in-hand with creating greater accountability for where materials and products come from, thereby driving positive change in the fashion industry.

Global Biodiversity Framework. Ahead of the UN event Stockholm+50 and in time for this year's World Environmental Day, WWF, the H&M group and IKEA brought together around 30 stakeholders and business leaders at the H&M group head office in Stockholm for a public panel event and round table discussions on biodiversity. This collaboration is to advance the companies' high priority corporate action on biodiversity and contribute to the discussions leading up to the UN Biodiversity Conference (COP 15) in Kunming later this year.

Read more about many of the initiatives taken and the group's sustainability work in the H&M Group Annual and Sustainability Report 2021 and at [hmgroupp.com](https://www.hmgroupp.com).



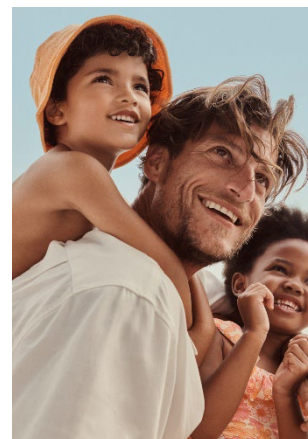
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Calendar

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
15 March 2023	Sales development in the first quarter, 1 Dec 2022 – 28 feb 2023
30 March 2023	Three-month report, 1 Dec 2022 – 28 Feb 2023

The six-month report has not been reviewed by the company's auditors.

Stockholm, 28 June 2022
Board of Directors



H&M

Communication in conjunction with the six-month report

The six-month report, i.e., 1 December 2021 – 31 May 2022, will be published at 08:00 CEST on 29 June 2022, followed by a press conference at 09:30 CEST hosted by CEO Helena Helmersson, CFO Adam Karlsson and Head of IR Nils Vinge. The press conference for the financial market and media will be held in Swedish at H&M's head office in Stockholm, Ljussgården, Mäster Samuelsgatan 49, 3rd floor. The presentation material will be available at hmgroupp.com/investors.

A telephone conference for the financial market and media will be held in English at 14.00 CEST, 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](https://event-registration.arkadin.com/62a1e6873d876e39fbc13347) or via this link: <https://event-registration.arkadin.com/62a1e6873d876e39fbc13347>.

To book interviews in conjunction with the six-month report on 29 June 2022, please contact: Kristina Stenvinkel, telephone: +46 70 796 54 40, stenvinkel@hm.com.

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For more information about the H&M group visit 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 (CEST) on 29 June 2022. This interim report and other information about the H&M group, is available at 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.

Assurance by the board of directors and CEO

The board of directors and chief executive officer hereby provide an assurance that the half-year report for 1 December 2021 – 31 May 2022 provides a true and fair view of the parent company's and the group's business, position and earnings, and also describes the significant risks and uncertainties faced by the parent company and the companies in the group.

Stockholm 28 June, 2022

Karl-Johan Persson
Chair of the Board

Stina Bergfors
Board member

Anders Dahlvig
Board member

Ingrid Godin
Board member

Danica Kragic Jensfelt
Board member

Louise Wikholm
Board member

Lena Patriksson Keller
Board member

Hampus Glanzelius
Board member

Christian Sievert
Board member

Erica Wiking Häger
Board member

Niklas Zennström
Board member

Helena Helmersson
Chief Executive Officer

GROUP INCOME STATEMENT IN SUMMARY (SEK m)

	Q2 2022	Q2 2021	Six months 2022	Six months 2021	1 Dec 2020- 30 Nov 2021
Net sales	54,504	46,509	103,670	86,569	198,967
Cost of goods sold	-24,658	-21,460	-49,564	-42,463	-93,961
GROSS PROFIT	29,846	25,049	54,106	44,106	105,006
<i>Gross margin, %</i>	54.8	53.9	52.2	50.9	52.8
Selling expenses	-22,237	-18,871	-43,298	-36,912	-80,535
Administrative expenses	-2,621	-2,326	-5,362	-4,470	-9,216
OPERATING PROFIT	4,988	3,852	5,446	2,724	15,255
<i>Operating margin, %</i>	9.2	8.3	5.3	3.1	7.7
Net financial items	-206	-259	-382	-520	-955
PROFIT AFTER FINANCIAL ITEMS	4,782	3,593	5,064	2,204	14,300
Tax	-1,100	-826	-1,165	-507	-3,290
PROFIT FOR THE PERIOD	3,682	2,767	3,899	1,697	11,010

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

Earnings per share, SEK*	2.22	1.67	2.36	1.03	6.65
Number of shares, thousands*	1,655,072	1,655,072	1,655,072	1,655,072	1,655,072
Depreciation and amortisation, total	5,209	5,613	10,602	11,325	22,320
of which cost of goods sold	384	428	767	868	1,617
of which selling expenses	4,634	4,966	9,440	10,027	19,831
of which administrative expenses	191	219	395	430	872

* Before and after dilution.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME IN SUMMARY (SEK m)

	Q2 2022	Q2 2021	Six months 2022	Six months 2021	1 Dec 2020- 30 Nov 2021
PROFIT FOR THE PERIOD	3,682	2,767	3,899	1,697	11,010
Other comprehensive income					
<i>Items that are or may be reclassified to profit or loss</i>					
Translation differences	1,581	-235	2,614	-317	1,430
Change in hedging reserves	785	-366	503	-471	-101
Tax attributable to change in hedging reserves	-162	84	-104	108	26
<i>Items that will not be reclassified to profit or loss</i>					
Remeasurement of defined benefit pension plans	206	-	290	-	187
Tax related to the above remeasurement	-48	-	-67	-	-43
Remeasurement of financial assets	182	-	-212	-	3,644
OTHER COMPREHENSIVE INCOME	2,544	-517	3,024	-680	5,143
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	6,226	2,250	6,923	1,017	16,153

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	31 May - 2022	31 May - 2021	30 Nov - 2021
Non-current assets			
Intangible non-current assets	9,318	9,906	9,556
Property, plant and equipment	24,960	28,328	26,576
Right-of-use assets	53,877	54,084	53,086
Non-current financial assets	5,751	1,027	5,091
Other non-current assets	6,712	6,660	6,486
	100,618	100,005	100,795
Current assets			
Stock-in-trade	41,504	35,866	37,306
Current receivables	17,362	12,449	14,209
Cash, cash equivalents and short-term investments	26,571	23,434	27,471
	85,437	71,749	78,986
TOTAL ASSETS	186,055	171,754	179,781
EQUITY AND LIABILITIES			
Equity	56,183	55,640	60,018
Long-term liabilities*	13,615	13,757	13,207
Long-term leasing liabilities*	45,996	45,901	45,379
Current liabilities**	58,816	44,213	49,479
Current leasing liabilities**	11,445	12,243	11,698
TOTAL EQUITY AND LIABILITIES	186,055	171,754	179,781

* Interest-bearing long-term liabilities including leasing amounts to SEK 55,500 m (55,785), excluding IFRS 16 SEK 9,505 m (9,884) of which provisions for pensions SEK 184 m (640).

** Interest-bearing current liabilities including leasing amounts to SEK 12,383 m (13,633), excluding IFRS 16 SEK 938 m (1,390).

CHANGE IN GROUP EQUITY IN SUMMARY (SEK m)

	31 May - 2022	31 May - 2021	30 Nov - 2021
Shareholders' equity at the beginning of the period	60,018	54,623	54,623
Total comprehensive income for the period	6,923	1,017	16,153
Dividend	-10,758	-	-10,758
Shareholders' equity at the end of the period	56,183	55,640	60,018

GROUP CASH FLOW STATEMENT IN SUMMARY (SEK m)

	Six months 2022	Six months 2021
Operating activities		
Profit after financial items*	5,064	2,204
<i>Adjustment for non-cash items</i>		
- Provisions for pensions	27	32
- Depreciation and amortisation	10,602	11,325
Taxes paid	-1,979	-2,316
Cash flow from operating activities before changes in working capital	13,714	11,245
Changes in working capital		
Operating receivables	-671	-1,278
Stock-in-trade	-3,791	2,351
Operating liabilities	3,339	7,901
CASH FLOW FROM OPERATING ACTIVITIES	12,591	20,219
Investing activities		
Investments in intangible fixed assets	-600	-287
Investments in tangible fixed assets	-1,426	-866
Other	-799	-132
CASH FLOW FROM INVESTING ACTIVITIES	-2,825	-1,285
Financial activities		
Change in interest-bearing liabilities	489	-5,698
Amortisation lease	-6,135	-6,271
Dividend	-5,379	-
CASH FLOW FROM FINANCIAL ACTIVITIES	-11,025	-11,969
CASH FLOW FOR THE PERIOD	-1,259	6,965
Cash and cash equivalents at beginning of the financial year	27,471	16,540
Cash flow for the period	-1,259	6,965
Exchange rate effect	359	-71
Cash and cash equivalents at end of the period**	26,571	23,434

* Interest paid for the group amounts to SEK 88 m (195). Interest expense related to leases amounts to SEK 374 m (407) for the group. Received interest for the group amounts to SEK 80 m (82).

** Cash and cash equivalents and short-term investments at the end of the period amounted to SEK 26,571 m (23,434).

FIVE YEAR SUMMARY**Six months, 1 December - 31 May**

	2018*	2019*	2020	2021	2022
Net sales, SEK m	98,165	108,489	83,612	86,569	103,670
Change net sales from previous year in SEK, %	0	11	-23	4	20
Change net sales previous year in local currencies, %	0	5	-24	12	15
Operating profit, SEK m	7,215	6,940	-3,498	2,724	5,446
Operating margin, %	7.3	6.4	-4.2	3.1	5.3
Depreciation and amortisation for the period, SEK m	4,703	5,471	12,764	11,325	10,602
Profit after financial items, SEK m	7,275	6,977	-3,978	2,204	5,064
Profit after tax, SEK m	6,010	5,372	-3,063	1,697	3,899
Cash and cash equivalents and short-term investments, SEK m	11,107	13,076	12,704	23,434	26,571
Stock-in-trade, SEK m	36,333	40,406	40,000	35,866	41,504
Equity, SEK m	51,889	49,144	52,767	55,640	56,183
Number of shares, thousands**	1,655,072	1,655,072	1,655,072	1,655,072	1,655,072
Earnings per share, SEK**	3.63	3.25	-1.85	1.03	2.36
Equity per share, SEK**	31.35	29.69	31.88	33.62	33.95
Cash flow from operating activities per share, SEK**	5.52	5.50	2.37	12.22	7.61
Share of risk-bearing capital, %	50.0	43.0	30.2	34.7	32.3
Equity/assets ratio, %	46.1	39.4	27.9	32.4	30.2
Total number of stores	4,801	4,979	5,058	4,913	4,702
Rolling twelve months					
Earnings per share, SEK**	8.36	7.26	3.03	3.63	7.98
Return on equity, %	26.5	23.8	9.8	11.1	23.6
Return on capital employed, %	27.0	21.9	6.5	6.9	14.6

* 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)

	Six months 2022	Six months 2021
Asia and Oceania		
External net sales	14,123	13,586
Operating profit	-112	97
Operating margin, %	-0.8	0.7
Europe and Africa*		
External net sales	66,031	55,255
Operating profit	872	-2,760
Operating margin, %	1.3	-5.0
North and South America		
External net sales	23,516	17,728
Operating profit	783	506
Operating margin, %	3.3	2.9
Group Functions		
Net sales to other segments	30,749	20,893
Operating profit	3,903	4,881
Eliminations		
Net sales to other segments	-30,749	-20,893
Total		
External net sales	103,670	86,569
Operating profit	5,446	2,724
Operating margin, %	5.3	3.1
Net financial items	-382	-520
Profit after financial items	5,064	2,204

* South Africa

PARENT COMPANY INCOME STATEMENT IN SUMMARY (SEK m)

	Q2 2022	Q2 2021	Six months 2022	Six months 2021	1 Dec 2020- 30 Nov 2021
Net sales	996	929	1,902	1,725	3,981
GROSS PROFIT	996	929	1,902	1,725	3,981
Administrative expenses	-36	-32	-75	-55	-46
OPERATING PROFIT	960	897	1,827	1,670	3,935
Net financial items*	1,825	-91	1,814	-140	8,172
PROFIT AFTER FINANCIAL ITEMS	2,785	806	3,641	1,530	12,107
Year-end appropriations	-	-	-	-	-4
Tax	-191	-172	-367	-327	-825
PROFIT FOR THE PERIOD	2,594	634	3,274	1,203	11,278

* Revenue from interests in group companies in the quarter consists of SEK 1,861 m (0) and in the six-month period of SEK 1,861 m (0).

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME (SEK m)

	Q2 2022	Q2 2021	Six months 2022	Six months 2021	1 Dec 2020- 30 Nov 2021
PROFIT FOR THE PERIOD	2,594	634	3,274	1,203	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	15	-	21	-	7
Tax related to the above remeasurement	-3	-	-4	-	-1
OTHER COMPREHENSIVE INCOME	12	-	17	-	6
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	2,606	634	3,291	1,203	11,284

PARENT COMPANY BALANCE SHEET IN SUMMARY (SEK m)

	31 May - 2022	31 May - 2021	30 Nov 2021
ASSETS			
Non-current assets			
Property, plant and equipment	163	183	173
Other non-current assets	1,445	1,091	1,099
	1,608	1,274	1,272
Current assets			
Current receivables	33,314	31,118	29,713
Cash and cash equivalents	0	0	-
	33,314	31,118	29,713
TOTAL ASSETS	34,922	32,392	30,985
EQUITY AND LIABILITIES			
Equity	12,933	21,076	20,399
Untaxed reserves	32	38	32
Long-term liabilities*	9,356	9,403	9,377
Current liabilities**	12,601	1,875	1,177
TOTAL EQUITY AND LIABILITIES	34,922	32,392	30,985

* All long-term liabilities are interest-bearing.

** Interest-bearing current liabilities amounts to SEK 925 m (1,300). Dividend to be paid amounts to SEK 5,379 m (0).

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

	Q2 - 2022	Q2 - 2021	Six months 2022	Six months 2021
Gross profit	29,846	25,049	54,106	44,106
IFRS 16 effect	-19	-17	-38	-36
Gross profit excl IFRS 16	29,827	25,032	54,068	44,070

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

	Q2 - 2022	Q2 - 2021	Six months 2022	Six months 2021
Operating profit	4,988	3,852	5,446	2,724
IFRS 16 effect	-275	-278	-525	-576
Operating profit excl IFRS 16	4,713	3,574	4,921	2,148

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

	Q2 - 2022	Q2 - 2021	Six months 2022	Six months 2021
Net financial items	-206	-259	-382	-520
IFRS 16 effect	181	201	374	407
Net financial items excl IFRS 16	-25	-58	-8	-113

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

	Q2 - 2022	Q2 - 2021	Six months 2022	Six months 2021
Profit after financial items	4,782	3,593	5,064	2,204
IFRS 16 effect	-94	-77	-151	-169
Profit after financial items excl IFRS 16	4,688	3,516	4,913	2,035

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

	Q2 - 2022	Q2 - 2021	Six months 2022	Six months 2021
Profit for the period	3,682	2,767	3,899	1,697
IFRS 16 effect	-72	-60	-116	-130
Profit for the period excl IFRS 16	3,610	2,707	3,783	1,567

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.