H & M Hennes & Mauritz AB

Nine-month report

Nine months (1 December 2016 – 31 August 2017)

- The H&M group's sales including VAT increased by 7 percent to SEK 173,290 m (161,767) during the first nine months of the financial year. Sales excluding VAT amounted to SEK 149,597 m (139,547), an increase of 7 percent. In local currencies sales increased by 4 percent.
- Profit after financial items amounted to SEK 15,936 m (16,630). The group’s profit after tax amounted to SEK 12,191 m (12,722), corresponding to SEK 7.37 (7.69) per share.

Third quarter (1 June 2017 – 31 August 2017)

- The H&M group's sales including VAT increased by 5 percent to SEK 59,383 m (56,802) during the third quarter. Sales excluding VAT amounted to SEK 51,229 m (48,982), an increase of 5 percent. In local currencies sales increased by 4 percent.
- Gross profit amounted to SEK 26,350 m (26,471), corresponding to a gross margin of 51.4 percent (54.0).
- Profit after financial items amounted to SEK 5,016 m (6,301). The group’s profit after tax amounted to SEK 3,837 m (4,820), corresponding to SEK 2.32 (2.91) per share. Profit development is mostly explained by large markdowns in order to give the autumn garments the best possible conditions for the new season.
- Continued rapid and profitable growth of the group’s online sales, which in some established markets already account for 25 to 30 percent of total sales.
- COS, & Other Stories, Monki, Weekday and H&M Home had a continued very good development.
- Successful reception of the new brand ARKET in London as well as online in 18 markets.

- H&M’s online store will open in a further two markets in 2017 - the Philippines and Cyprus - in addition to the six online markets that have already opened in 2017. The roll-out of online markets will continue during 2018 with among others India. The plan is to offer e-commerce in all of the store markets in the future as well as in other markets.
- Successful openings of the first stores in the new H&M markets of Kazakhstan, Colombia, Iceland and Vietnam. Georgia will open later this autumn. New H&M store markets planned for 2018 are Uruguay and Ukraine.
- Continued investments with a digital focus. The group’s online sales are estimated to grow by at least 25 percent per year going forward.

<table>
<thead>
<tr>
<th></th>
<th>Q3 2017</th>
<th>Q3 2016</th>
<th>Nine months 2017</th>
<th>Nine months 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>51,229</td>
<td>48,982</td>
<td>149,597</td>
<td>139,547</td>
</tr>
<tr>
<td>Gross profit</td>
<td>26,350</td>
<td>26,471</td>
<td>80,161</td>
<td>76,150</td>
</tr>
<tr>
<td>gross margin, %</td>
<td>51.4</td>
<td>54.0</td>
<td>53.6</td>
<td>54.6</td>
</tr>
<tr>
<td>Operating profit</td>
<td>4,939</td>
<td>6,247</td>
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<td>16,469</td>
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<td>77</td>
<td>54</td>
<td>188</td>
<td>161</td>
</tr>
<tr>
<td>Profit after financial items</td>
<td>5,016</td>
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<td>15,936</td>
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</tr>
<tr>
<td>Tax</td>
<td>-1,179</td>
<td>-1,481</td>
<td>-3,745</td>
<td>-3,908</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>3,837</td>
<td>4,820</td>
<td>12,191</td>
<td>12,722</td>
</tr>
<tr>
<td>Earnings per share, SEK</td>
<td>2.32</td>
<td>2.91</td>
<td>7.37</td>
<td>7.69</td>
</tr>
</tbody>
</table>

Definitions on key figures, see annual report 2016.

H&M Studio
Comments by Karl-Johan Persson, CEO

“The fashion retail sector is growing and is in a period of extensive and rapid change as a result of ongoing digitalisation. The competitive landscape is being redrawn, new players are coming in and customers’ behaviour and expectations are changing, with an ever greater share of sales taking place online.

This shift is clearly reflected in our online sales, which continue to develop very well. However, our growing online sales did not fully compensate for reduced footfall to stores in several of our established markets, which has resulted in our total sales development not reaching our targets so far this year. This is of course something that we are not satisfied with and which, among other things, resulted in that we entered the third quarter with inventory levels that were too high.

Through our aggressive summer sale we succeeded in improving the inventory position. This contributed to the autumn collections getting off to a good start, although sales slowed somewhat towards the end of September. As always, however, sales should be viewed over a whole season.

We are continuing to develop our assortment within all our brands, while at the same time rapidly making the following investments in order to seize the opportunities that arise with the shift within the industry:

- **Omni-channel – continued integration and development of our online store and our physical stores.** We are continuing to improve the online store and are adding more and faster delivery options, while at the same time further broadening the range of products online. The physical store is increasingly being integrated with the online store for a more convenient shopping experience. We are also testing out new store concepts for H&M, to offer our customers an even more inspiring store.

- **Expansion and optimisation** – in our established markets we are focusing on optimising the store portfolio through renegotiation, rebuilds and relocations, adjustment of store space and through closures. Overall we will be closing around 90 stores during the year, resulting in a net addition of approximately 385 new stores. We still see good potential for more physical stores primarily in many of our growth markets. In the year to date we have opened four new H&M store markets: Kazakhstan, Colombia, Iceland and most recently Vietnam. With Georgia which will open later this year, H&M will be present in 69 markets. This year we are also opening eight new H&M online markets, so that online shopping will be available in 43 markets by the end of the year. Next year we plan to continue our online expansion into further countries, including India. The plan is that in the future we will offer online shopping in all store markets as well as in other markets.

- **New technology, more efficient supply chain and changes in working methods –** advanced analytics offers opportunities to improve quantification, allocation, pricing, design and personalised communication. Technology is also enabling improved purchasing methods that allow shorter lead times and greater precision when planning the product range. Faster lead times, a more efficient supply chain and more purchases during the season provide us with great opportunities to achieve lower stock levels in future.

- **New brands** – the H&M group has several new brands that are growing rapidly and have great future potential. Our most recent brand ARKET was successfully launched in 18 European online markets and with stores in London, Copenhagen and Brussels. Creating and launching new brands is an important part of our growth strategy, and next year we plan to launch another new brand.

We are looking forward to our capital markets day in February 2018, at which we will have the opportunity to tell more about how we are addressing the significant changes taking place in the industry and how we will further strengthen our position going forward.”
Sales

Sales including VAT increased by 5 percent to SEK 59,383 m (56,802) in the third quarter. Sales including VAT in the nine-month period increased by 7 percent and amounted to SEK 173,290 m (161,767). In local currencies H&M group’s sales including VAT increased by 4 percent in the third quarter and by 4 percent in the nine-month period.

Sales excluding VAT increased by 5 percent to SEK 51,229 m (48,982) in the third quarter and by 7 percent to SEK 149,597 m (139,547) in the nine-month period.

The difference between the sales increase in SEK and in local currencies is due to how the Swedish krona has developed against the overall basket of currencies in the group compared to the same period last year.

Currency translation effects arise when sales and profits in local currencies are translated into the company’s reporting currency, which is SEK. A negative currency translation effect arises when the Swedish krona strengthens and a positive currency translation effect arises when the Swedish krona weakens.

Sales in top ten markets, nine months

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
<th>Change in %</th>
<th>31 Aug - 17</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SEK m incl. VAT</td>
<td>SEK m incl. VAT</td>
<td>SEK Local currency</td>
<td>Number of stores (net)</td>
<td>SEK m incl. VAT</td>
</tr>
<tr>
<td>Germany</td>
<td>27,310</td>
<td>26,877</td>
<td>-1</td>
<td>457</td>
<td>-2</td>
</tr>
<tr>
<td>USA</td>
<td>21,005</td>
<td>19,580</td>
<td>3</td>
<td>511</td>
<td>43</td>
</tr>
<tr>
<td>UK</td>
<td>10,876</td>
<td>11,052</td>
<td>-2</td>
<td>278</td>
<td>-3</td>
</tr>
<tr>
<td>France</td>
<td>10,337</td>
<td>10,023</td>
<td>3</td>
<td>236</td>
<td>-2</td>
</tr>
<tr>
<td>China</td>
<td>8,389</td>
<td>7,756</td>
<td>8</td>
<td>490</td>
<td>46</td>
</tr>
<tr>
<td>Sweden</td>
<td>7,626</td>
<td>7,481</td>
<td>2</td>
<td>172</td>
<td>-4</td>
</tr>
<tr>
<td>Italy</td>
<td>6,771</td>
<td>6,520</td>
<td>4</td>
<td>171</td>
<td>5</td>
</tr>
<tr>
<td>Spain</td>
<td>6,159</td>
<td>5,840</td>
<td>5</td>
<td>174</td>
<td>5</td>
</tr>
<tr>
<td>Netherlands</td>
<td>5,549</td>
<td>5,667</td>
<td>-2</td>
<td>144</td>
<td>-1</td>
</tr>
<tr>
<td>Norway</td>
<td>4,640</td>
<td>4,327</td>
<td>7</td>
<td>126</td>
<td>-1</td>
</tr>
<tr>
<td>Others*</td>
<td>64,628</td>
<td>56,644</td>
<td>14</td>
<td>1,794</td>
<td>116</td>
</tr>
<tr>
<td>Total</td>
<td>173,290</td>
<td>161,767</td>
<td>7</td>
<td>4,553</td>
<td>202</td>
</tr>
</tbody>
</table>

* Of which franchises

*Of which franchises
Gross profit and gross margin

H&M’s gross profit and gross margin are a result of many different factors, internal as well as external, and are mostly affected by the decisions that H&M 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.

Gross profit amounted to SEK 26,350 m (26,471) in the third quarter, corresponding to a gross margin of 51.4 percent (54.0). For the nine-month period, gross profit increased by 5 percent to SEK 80,161 m (76,150), corresponding to a gross margin of 53.6 percent (54.6).

Markdowns in relation to sales increased by 2.8 percentage points in the third quarter 2017 compared to the corresponding quarter in 2016. This summer’s aggressive markdowns were made due to opening stock levels being too high and to give the best possible conditions for the newly arrived autumn garments. The summer sale has resulted in an improved inventory position.

Overall, the market situation as regards external factors such as purchasing currencies and raw materials was slightly negative during the purchasing period for the third quarter compared to the corresponding purchasing period in the previous year.

For purchases made for the fourth quarter 2017, the overall market situation for the external factors is also considered slightly negative compared to the corresponding purchasing period the previous year. As the US-dollar weakens the purchasing conditions become more favourable.
Selling and administrative expenses

Cost control in the group remains very good. In the third quarter 2017, selling and administrative expenses increased by 6 percent in SEK as well as in local currencies compared to the third quarter last year. To manage the large markdown volumes in the quarter, additional hours were required both in stores and replenishment warehouses, which meant that selling and administrative expenses increased somewhat more than sales.

For the nine-month period, selling and administrative expenses increased by 8 percent in SEK and by 6 percent in local currencies compared to the corresponding period last year.

Profit after financial items

Profit development in the third quarter is mainly explained by increased markdown expenses to improve the inventory position. Profit after financial items was also affected by a dampened sales increase due to the significant markdown activities.
Stock-in-trade amounted to SEK 33,583 m (31,231), an increase of 8 percent in SEK compared to the same point of time last year. Currency adjusted the increase was 4 percent.

This summer’s aggressive markdowns have resulted in an improved inventory position and good possibilities for the newly arrived autumn garments.

The stock-in-trade amounted to 33.5 percent (34.2) of total assets and 16.6 percent (16.6) of sales excluding VAT rolling twelve months.

As a result of faster lead times, more efficient supply chain and more purchases during the season, there is a great potential to achieve lower inventory levels in future.

Expansion

The growth target of the H&M group is to increase sales in local currencies by 10 – 15 percent per year with continued high profitability.

In spring 2017 H&M online stores were opened in further six new markets: Turkey, Taiwan, Hong Kong, Macau, Singapore and Malaysia, all of which have had a good start. The H&M online store is today available in 41 markets and with the addition of Cyprus and the Philippines, which will open later this autumn, the H&M online store will be available in 43 markets by the end of this year. Next year the online expansion will continue into further countries, including India. The plan is to offer e-commerce in the future in all store markets as well as in other markets.

New markets for H&M stores in 2017 are Kazakhstan, Colombia, Iceland, Vietnam and Georgia. During the spring the first H&M stores in Kazakhstan and Colombia were opened, and in the third quarter the first store in Reykjavik in Iceland. This was followed by a store opening in Ho Chi Minh City, Vietnam in September. All stores were very well received.

For full-year 2017 approximately 475 new physical stores are planned to open, with the focus primarily on growth markets. Most of the new stores in 2017 will be H&M stores, while approximately 70 will consist of the newer brands COS, & Other Stories, Monki, Weekday and ARKET.

ARKET got a great reception in August and September on the opening of its first stores in London (Regent Street and Covent Garden), Copenhagen and Brussels, and the launch of its online store in 18 European markets. During the year another opening will take place in Munich. In spring 2018 Stockholm and Amsterdam will get their first ARKET stores.

H&M Home will also continue its rapid expansion, with approximately 60 new H&M Home shop-in-shops planned for 2017. The first standalone H&M Home stores are planned to open in 2018.

In parallel with the expansion the store portfolio is being optimised through renegotiation, rebuilds and relocations, adjustment of store space and through closures to continually ensure that the store portfolio is right for each market. As a part of this, approximately 90 stores will close, giving a net addition of around 385 new stores for full-year 2017.

Uruguay and Ukraine are set to become new H&M store markets in 2018.
Store count by brand

In the nine-month period, the group opened 269 (264) stores and closed 67 (53) stores, i.e. a net increase of 202 (211) new stores. The group had a total of 4,553 (4,135) stores as of 31 August 2017, of which 209 (176) are operated by franchise partners.

<table>
<thead>
<tr>
<th>Brand</th>
<th>New markets</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Online: Turkey*, Taiwan*, Hong Kong*, Macau*, Singapore*, Malaysia*, Philippines, Cyprus</td>
</tr>
<tr>
<td>COS</td>
<td>Store: Malaysia*, Israel (franchise)<em>, Slovenia</em></td>
</tr>
<tr>
<td></td>
<td>Online: South Korea**</td>
</tr>
<tr>
<td>Monki</td>
<td>Store: France*, UK*</td>
</tr>
<tr>
<td>Weekday</td>
<td>Store: Ireland*, Finland*, South Korea*, United Arab Emirates (franchise)*</td>
</tr>
<tr>
<td>&amp; Other Stories</td>
<td>Store: Ireland*, Finland*, South Korea*, United Arab Emirates (franchise)*</td>
</tr>
<tr>
<td>Cheap Monday</td>
<td>Store: UK*, Belgium**, Denmark**, Germany</td>
</tr>
<tr>
<td>ARKET</td>
<td>Store: UK*, Belgium**, Denmark**, Germany</td>
</tr>
</tbody>
</table>

* Opened by 31 Aug - 2017
** Opened in September - 2017

Store count by region

<table>
<thead>
<tr>
<th>Region</th>
<th>New Stores 2017 (net)</th>
<th>Total No of stores</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>31 Aug - 2017</td>
</tr>
<tr>
<td>Europe &amp; Africa</td>
<td>7</td>
<td>40</td>
</tr>
<tr>
<td>Asia &amp; Oceania</td>
<td>30</td>
<td>109</td>
</tr>
<tr>
<td>North &amp; South America</td>
<td>18</td>
<td>53</td>
</tr>
<tr>
<td>Total</td>
<td>55</td>
<td>202</td>
</tr>
</tbody>
</table>
Tax
The H&M group's tax rate is expected to be approximately 22.5 – 23.5 percent for the 2016/2017 financial year. In the first three quarters of this financial year an estimated tax rate of 23.5 percent have been used. The final outcome of the tax rate depends on the results of the group’s various companies and the corporate tax rates in each country.

Financing
As communicated in conjunction with the three-month report on 30 March 2017, the H&M group signed a revolving credit facility (RCF) of EUR 700 m during the first quarter in order to increase financial flexibility. The RCF, which has not yet been drawn down, was signed on very good terms for a period of five years with an option to extend for a further two years.

Current quarter
The autumn collections have got off to a good start, although towards the end of September sales slowed somewhat. As always, however, sales should be viewed over a whole season.

Accounting principles
The group applies International Financial Reporting Standards (IFRS) as adopted by the EU. This report has been prepared according to IAS 34 Interim Financial Reporting as well as the Swedish Annual Accounts Act.

The accounting principles and calculation methods applied in this report are unchanged from those used in the preparation of the annual report and consolidated financial statements for 2016 which are described in Note 1 – Accounting principles.

H & M Hennes & Mauritz AB’s financial instruments consist of accounts receivable, other receivables, cash and cash equivalents, accounts payable, accrued trade payables, interest-bearing securities and currency derivatives. Currency derivatives are measured at fair value based on input data corresponding to level 2 of IFRS 13. As of 31 August 2017, forward contracts with a positive market value amount to SEK 1,344 m (532), which is reported under other current receivables. Forward contracts with a negative market value amount to SEK 685 m (893), which is reported under other current liabilities. Other financial assets and liabilities have short terms. It is therefore judged that the fair values of these financial instruments are approximately equal to their book values.

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 IAS 39 to the measurement of financial instruments; nor does it capitalise development expenditure.

For definitions see annual report and consolidated accounts for 2016.

Risks and uncertainties
A number of factors may affect the H&M group’s result and business. Many of these can be dealt with through internal routines, while certain others are affected more by external influences. There are risks and uncertainties for the H&M group related to fashion, weather conditions, macroeconomic and geopolitical changes, sustainability issues, foreign currency, cyber-attacks, tax and different regulations but also in connection with expansion into new markets, the launch of new concepts and how the brand is managed.

For a more detailed description of risks and uncertainties, refer to the administration report and to note 2 in the annual report and consolidated accounts for 2016.
Calendar

15 December 2017  
Sales development in fourth quarter 2017, 1 Sep 2017 – 30 Nov 2017

31 January 2018  
Full-year report, 1 Dec 2016 – 30 Nov 2017

February 2018  
Capital markets day, Stockholm, exact date to be announced later

15 March 2018  
Sales development in first quarter 2018, 1 Dec 2017 – 28 Feb 2018

27 March 2018  
Three-month report, 1 Dec 2017 – 28 Feb 2018

8 May 2018, 15.00 CET  
Annual General Meeting 2018, Erling Persson Hall, Aula Medica, Karolinska Institutet, Solna

15 June 2018  
Sales development in second quarter 2018, 1 March 2018 - 31 May 2018

28 June 2018  
Six-month report, 1 Dec 2017 – 31 May 2018

Stockholm, 27 September 2017  
Board of Directors

Communication in connection with the nine-month report on 28 September

The nine-month report will be published at 08:00 CET on 28 September 2017. A telephone conference for the financial market and media will be held in English at 09:00 CET, hosted by CEO Karl-Johan Persson, CFO Jyrki Tervonen and Head of Investor Relations Nils Vinge.

For login details please register at:  

These login details are also available at about.hm.com.

To book media interviews with CEO Karl-Johan Persson and Head of Investor Relations Nils Vinge, please contact:  
Kristina Stenvinkel, Communications Director  
Telephone: +46 8 796 39 08  
E-mail: stenvinkel@hm.com

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Registered office: Stockholm, Reg. No. 556042-7220
Review report
H & M Hennes & Mauritz AB (publ), corporate identity number 556042-7220

Introduction
We have reviewed the interim report for H & M Hennes & Mauritz AB (publ) as of 31 August 2017 and for the nine-month period which ended on this date. It is the responsibility of the Board of Directors and the Chief Executive Officer to prepare and present this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express an opinion on this interim report based on our review.

Focus and scope of review
We conducted our review in accordance with the International Standard on Review Engagements (ISRE 2410), Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope compared with the focus and scope of an audit conducted in accordance with the International Standards on Auditing and the generally accepted auditing practices.

The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the opinion expressed based on a review does not provide the same level of assurance as an opinion expressed on the basis of an audit.

Conclusion
On the basis of our review, nothing has come to our attention that causes us to believe that the interim report, in all material aspects, was not prepared in accordance with IAS 34 and the Swedish Annual Accounts Act in the case of the group and in accordance with the Annual Accounts Act in the case of the parent company.

Stockholm, 27 September 2017

Ernst & Young AB
Åsa Lundvall
Authorised Public Accountant

Information in this interim report is that which H & M Hennes & Mauritz AB (publ) is required to disclose under EU Market Abuse Regulation (596/2014/EU) and Sweden’s Securities Market Act. The information was submitted for publication by the abovementioned persons at 8.00 (CET) on 28 September 2017. This interim report and other information about H&M, is available at about.hm.com.
GROUP INCOME STATEMENT IN SUMMARY (SEK m)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales including VAT</td>
<td>59,383</td>
<td>56,802</td>
<td>173,290</td>
<td>161,767</td>
<td>222,865</td>
</tr>
<tr>
<td>Sales excluding VAT</td>
<td>51,229</td>
<td>48,982</td>
<td>149,597</td>
<td>139,547</td>
<td>192,267</td>
</tr>
<tr>
<td>Cost of goods sold</td>
<td>-24,879</td>
<td>-22,511</td>
<td>-69,436</td>
<td>-63,397</td>
<td>-86,090</td>
</tr>
<tr>
<td>GROSS PROFIT</td>
<td>26,350</td>
<td>26,471</td>
<td>80,161</td>
<td>76,150</td>
<td>106,177</td>
</tr>
<tr>
<td>Gross margin, %</td>
<td>51.4</td>
<td>54.0</td>
<td>53.6</td>
<td>54.6</td>
<td>55.2</td>
</tr>
<tr>
<td>Selling expenses</td>
<td>-19,756</td>
<td>-18,690</td>
<td>-59,233</td>
<td>-54,823</td>
<td>-75,729</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>-1,655</td>
<td>-1,534</td>
<td>-5,180</td>
<td>-4,858</td>
<td>-6,625</td>
</tr>
<tr>
<td>OPERATING PROFIT</td>
<td>4,939</td>
<td>6,247</td>
<td>15,748</td>
<td>16,469</td>
<td>23,823</td>
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<tr>
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<td>10.5</td>
<td>11.8</td>
<td>12.4</td>
</tr>
<tr>
<td>Net financial items</td>
<td>77</td>
<td>54</td>
<td>188</td>
<td>161</td>
<td>216</td>
</tr>
<tr>
<td>PROFIT AFTER FINANCIAL ITEMS</td>
<td>5,016</td>
<td>6,301</td>
<td>15,936</td>
<td>16,630</td>
<td>24,039</td>
</tr>
<tr>
<td>Tax</td>
<td>-1,179</td>
<td>-1,481</td>
<td>-3,745</td>
<td>-3,908</td>
<td>-5,403</td>
</tr>
<tr>
<td>PROFIT FOR THE PERIOD</td>
<td>3,837</td>
<td>4,820</td>
<td>12,191</td>
<td>12,722</td>
<td>18,636</td>
</tr>
</tbody>
</table>

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (SEK m)

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>PROFIT FOR THE PERIOD</td>
<td>3,837</td>
<td>4,820</td>
<td>12,191</td>
<td>12,722</td>
<td>18,636</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Items that are or may be reclassified to profit or loss</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Translation differences</td>
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<td>964</td>
<td>-3,581</td>
<td>164</td>
<td>1,186</td>
</tr>
<tr>
<td>Change in hedging reserves</td>
<td>1,267</td>
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<td>1,068</td>
<td>-858</td>
<td>-578</td>
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<tr>
<td>Tax attributable to change in hedging reserves</td>
<td>-304</td>
<td>172</td>
<td>-256</td>
<td>206</td>
<td>139</td>
</tr>
<tr>
<td>Items that will not be classified to profit or loss</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Remeasurement of defined benefit pension plans</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-78</td>
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<tr>
<td>Tax related to the above remeasurement</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>19</td>
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<tr>
<td>OTHER COMPREHENSIVE INCOME</td>
<td>-1,785</td>
<td>419</td>
<td>-2,769</td>
<td>-488</td>
<td>688</td>
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<tr>
<td>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</td>
<td>2,052</td>
<td>5,239</td>
<td>9,422</td>
<td>12,234</td>
<td>19,324</td>
</tr>
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</table>

All comprehensive income is attributable to the shareholders of the parent company H & M Hennes & Mauritz AB.
### GROUP BALANCE SHEET IN SUMMARY (SEK m)

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>31 Aug - 2017</th>
<th>31 Aug - 2016</th>
<th>30 Nov 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fixed assets</strong></td>
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<td></td>
</tr>
<tr>
<td>Intangible fixed assets</td>
<td>6,572</td>
<td>5,020</td>
<td>5,347</td>
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<td>Property, plant and equipment</td>
<td>36,926</td>
<td>35,364</td>
<td>38,693</td>
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<tr>
<td>Financial assets</td>
<td>3,657</td>
<td>3,447</td>
<td>3,876</td>
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<tr>
<td><strong>Current assets</strong></td>
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<tr>
<td>Stock-in-trade</td>
<td>33,583</td>
<td>31,231</td>
<td>31,732</td>
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<td>Current receivables</td>
<td>9,708</td>
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<td>9,485</td>
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<td>Cash and cash equivalents</td>
<td>9,665</td>
<td>8,680</td>
<td>9,446</td>
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<td><strong>TOTAL ASSETS</strong></td>
<td>47,155</td>
<td>43,831</td>
<td>47,916</td>
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<table>
<thead>
<tr>
<th>EQUITY AND LIABILITIES</th>
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<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Equity</td>
<td>54,521</td>
<td>54,146</td>
<td>61,236</td>
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<tr>
<td>Long-term liabilities*</td>
<td>5,951</td>
<td>4,495</td>
<td>5,638</td>
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<tr>
<td>Current liabilities**</td>
<td>39,639</td>
<td>32,734</td>
<td>31,705</td>
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<td><strong>TOTAL EQUITY AND LIABILITIES</strong></td>
<td>100,111</td>
<td>91,375</td>
<td>98,579</td>
</tr>
</tbody>
</table>

*Interest-bearing long-term liabilities amounts to SEK 814 m (515).

**Interest-bearing current liabilities amounts to SEK 3,597 m (3,724).

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholders' equity at the beginning of the period</td>
<td>61,236</td>
<td>58,049</td>
<td>58,049</td>
</tr>
<tr>
<td>Total comprehensive income for the period</td>
<td>9,422</td>
<td>12,234</td>
<td>19,324</td>
</tr>
<tr>
<td>Dividend</td>
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<td>-16,137</td>
<td>-16,137</td>
</tr>
<tr>
<td>Shareholders' equity at the end of the period</td>
<td>54,521</td>
<td>54,146</td>
<td>61,236</td>
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</table>
### GROUP CASH FLOW STATEMENT (SEK m)

<table>
<thead>
<tr>
<th></th>
<th>Nine months 2017</th>
<th>Nine months 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current operations</strong></td>
<td></td>
<td></td>
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<tr>
<td>Profit after financial items*</td>
<td>15,936</td>
<td>16,630</td>
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<tr>
<td>Provisions for pensions</td>
<td>66</td>
<td>64</td>
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<tr>
<td>Depreciation</td>
<td>6,324</td>
<td>5,535</td>
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<tr>
<td>Tax paid</td>
<td>-3,545</td>
<td>-3,034</td>
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<tr>
<td>Other</td>
<td>-29</td>
<td>-</td>
</tr>
<tr>
<td><strong>Cash flow from current operations before changes in working capital</strong></td>
<td>18,752</td>
<td>19,195</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cash flow from changes in working capital</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current receivables</td>
<td>-509</td>
<td>-503</td>
</tr>
<tr>
<td>Stock-in-trade</td>
<td>-2,822</td>
<td>-6,401</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>818</td>
<td>5,258</td>
</tr>
<tr>
<td><strong>CASH FLOW FROM CURRENT OPERATIONS</strong></td>
<td>16,239</td>
<td>17,549</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Investment activities</strong></td>
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</tr>
<tr>
<td>Investment in intangible fixed assets</td>
<td>-1,596</td>
<td>-1,201</td>
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<tr>
<td>Investment in tangible fixed assets</td>
<td>-7,015</td>
<td>-8,087</td>
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<tr>
<td>Other investments</td>
<td>-49</td>
<td>-90</td>
</tr>
<tr>
<td><strong>CASH FLOW FROM INVESTMENT ACTIVITIES</strong></td>
<td>-8,660</td>
<td>-9,378</td>
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<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Financing activities</strong></td>
<td></td>
<td></td>
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<tr>
<td>Short-term loans</td>
<td>1,391</td>
<td>3,724</td>
</tr>
<tr>
<td>Dividend</td>
<td>-8,110</td>
<td>-16,137</td>
</tr>
<tr>
<td><strong>CASH FLOW FROM FINANCING ACTIVITIES</strong></td>
<td>-6,719</td>
<td>-12,413</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CASH FLOW FOR THE PERIOD</strong></td>
<td>860</td>
<td>-4,242</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of the financial year</td>
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</tr>
<tr>
<td>Cash flow for the period</td>
<td>860</td>
<td>-4,242</td>
</tr>
<tr>
<td>Exchange rate effect</td>
<td>-641</td>
<td>-28</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of the period**</td>
<td>9,665</td>
<td>8,680</td>
</tr>
</tbody>
</table>

* Interest paid for the group amounts to SEK 17 m (5).

** Cash and cash equivalents and short-term investments at the end of the period amounted to SEK 9,665 m (8,680).
## SALES INCLUDING VAT BY MARKET AND NUMBER OF STORES

### Q3, 1 June - 31 August

<table>
<thead>
<tr>
<th>Market</th>
<th>Q3 - 2017</th>
<th>Q3 - 2016</th>
<th>Change in %</th>
<th>31 Aug - 17</th>
<th>Q3 - 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SEK m</td>
<td>SEK m</td>
<td></td>
<td>No. of stores</td>
<td>New stores</td>
</tr>
<tr>
<td>Sweden</td>
<td>2,619</td>
<td>2,644</td>
<td>-1/-1</td>
<td>172</td>
<td>4</td>
</tr>
<tr>
<td>Norway</td>
<td>1,698</td>
<td>1,654</td>
<td>3/-1</td>
<td>126</td>
<td>3</td>
</tr>
<tr>
<td>Denmark</td>
<td>1,414</td>
<td>1,437</td>
<td>-2/-4</td>
<td>102</td>
<td>1</td>
</tr>
<tr>
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<td>3,726</td>
<td>3,781</td>
<td>-1/4</td>
<td>278</td>
<td>4/5</td>
</tr>
<tr>
<td>Switzerland</td>
<td>1,521</td>
<td>1,641</td>
<td>-7/-8</td>
<td>98</td>
<td>1/2</td>
</tr>
<tr>
<td>Germany</td>
<td>8,748</td>
<td>8,784</td>
<td>0/-3</td>
<td>457</td>
<td>1/1</td>
</tr>
<tr>
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<td>1,873</td>
<td>1,896</td>
<td>-1/-4</td>
<td>144</td>
<td>2/1</td>
</tr>
<tr>
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<td>1,148</td>
<td>3/1</td>
<td>92</td>
<td>1/1</td>
</tr>
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<td>Austria</td>
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<td>1,377</td>
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<td>84</td>
<td>2/1</td>
</tr>
<tr>
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<td>120</td>
<td>117</td>
<td>3/1</td>
<td>10</td>
<td></td>
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<tr>
<td>Finland</td>
<td>768</td>
<td>757</td>
<td>1/-1</td>
<td>63</td>
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<tr>
<td>France</td>
<td>3,752</td>
<td>3,698</td>
<td>1/-1</td>
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<td>7,198</td>
<td>6,780</td>
<td>6/7</td>
<td>511</td>
<td>1/1</td>
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<td>2,265</td>
<td>2,164</td>
<td>5/2</td>
<td>174</td>
<td>2/1</td>
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<tr>
<td>Poland</td>
<td>1,454</td>
<td>1,272</td>
<td>14/9</td>
<td>169</td>
<td>1/1</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>424</td>
<td>371</td>
<td>14/9</td>
<td>48</td>
<td></td>
</tr>
<tr>
<td>Portugal</td>
<td>369</td>
<td>361</td>
<td>2/0</td>
<td>31</td>
<td></td>
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<tr>
<td>Italy</td>
<td>2,301</td>
<td>2,256</td>
<td>2/0</td>
<td>171</td>
<td>2/3</td>
</tr>
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<td>1,336</td>
<td>1,175</td>
<td>14/13</td>
<td>88</td>
<td>1/1</td>
</tr>
<tr>
<td>Slovenia</td>
<td>145</td>
<td>146</td>
<td>-1/-3</td>
<td>13</td>
<td>1/1</td>
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<td>276</td>
<td>5/3</td>
<td>24</td>
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<td>420</td>
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<tr>
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<td>178</td>
<td>7/5</td>
<td>20</td>
<td>1/1</td>
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<tr>
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<td>500</td>
<td>5/3</td>
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<td>490</td>
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<td>4/1</td>
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<td>1,299</td>
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<td>126</td>
<td>2/1</td>
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<td>3/2</td>
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<td>721</td>
<td>28/54</td>
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<td>26/22</td>
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<td>392</td>
<td>55/52</td>
<td>29</td>
<td>2/1</td>
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<td>11</td>
<td>1/1</td>
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<td>27</td>
<td>2/1</td>
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<td>205</td>
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<td>27</td>
<td>2/1</td>
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<td>6/1</td>
<td>12</td>
<td></td>
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<td>75/72</td>
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<td>88/81</td>
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<td>30/19</td>
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<td>8/7</td>
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<td>Kazakhstan</td>
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<td></td>
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<tr>
<td>Colombia</td>
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<td></td>
<td></td>
<td></td>
<td>2/1</td>
</tr>
<tr>
<td>Iceland</td>
<td>13</td>
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<td></td>
<td></td>
<td>1/1</td>
</tr>
<tr>
<td>Franchise</td>
<td>1,323</td>
<td>1,294</td>
<td>2/-3</td>
<td>209</td>
<td>5/1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>59,383</strong></td>
<td><strong>56,802</strong></td>
<td><strong>5/4</strong></td>
<td><strong>4,553</strong></td>
<td><strong>76/21</strong></td>
</tr>
</tbody>
</table>
### SALES INCLUDING VAT BY MARKET AND NUMBER OF STORES

**Nine months, 1 December - 31 August**

<table>
<thead>
<tr>
<th>Market</th>
<th>2017 SEK m</th>
<th>2016 SEK m</th>
<th>Change in %</th>
<th>31 Aug - 17</th>
<th>Nine months</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Local currency</td>
<td>No. of stores</td>
<td>New stores</td>
</tr>
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<td>Sweden</td>
<td>7,626</td>
<td>7,481</td>
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<td>2</td>
<td>172</td>
</tr>
<tr>
<td>Norway</td>
<td>4,640</td>
<td>4,327</td>
<td>7</td>
<td>2</td>
<td>126</td>
</tr>
<tr>
<td>Denmark</td>
<td>4,263</td>
<td>4,115</td>
<td>4</td>
<td>0</td>
<td>102</td>
</tr>
<tr>
<td>UK</td>
<td>10,876</td>
<td>10,552</td>
<td>-2</td>
<td>6</td>
<td>278</td>
</tr>
<tr>
<td>Switzerland</td>
<td>4,554</td>
<td>4,655</td>
<td>2</td>
<td>5</td>
<td>98</td>
</tr>
<tr>
<td>Germany</td>
<td>27,310</td>
<td>26,877</td>
<td>2</td>
<td>-1</td>
<td>457</td>
</tr>
<tr>
<td>Netherlands</td>
<td>5,549</td>
<td>5,667</td>
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<td><strong>161,767</strong></td>
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<td><strong>4,553</strong></td>
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### FIVE YEAR SUMMARY

**Nine months, 1 December - 31 August**

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales including VAT, SEK m</th>
<th>Sales excluding VAT, SEK m</th>
<th>Change sales excl. VAT from previous year in SEK, %</th>
<th>Change sales excl. VAT previous year in local currencies, %</th>
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<tr>
<td>2013</td>
<td>107,480</td>
<td>92,067</td>
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<td>2014</td>
<td>126,964</td>
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<td>8</td>
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<tr>
<td>2017</td>
<td>173,290</td>
<td>149,597</td>
<td>7</td>
<td>4</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating profit, SEK m</th>
<th>Operating margin, %</th>
<th>Depreciations for the period, SEK m</th>
<th>Profit after financial items, SEK m</th>
<th>Profit after tax, SEK m</th>
<th>Cash and cash equivalents and short-term investments, SEK m</th>
<th>Stock-in-trade, SEK m</th>
<th>Equity, SEK m</th>
</tr>
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<tbody>
<tr>
<td>2013</td>
<td>14,908</td>
<td>16.2</td>
<td>3,106</td>
<td>15,189</td>
<td>11,544</td>
<td>10,953</td>
<td>15,329</td>
<td>39,203</td>
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<tr>
<td>2014</td>
<td>17,852</td>
<td>16.4</td>
<td>3,709</td>
<td>18,096</td>
<td>13,754</td>
<td>13,451</td>
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<td>44,576</td>
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<td>15.0</td>
<td>4,708</td>
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<td>15,372</td>
<td>10,963</td>
<td>25,205**</td>
<td>52,030</td>
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<td>6,324</td>
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<td>33,583**</td>
<td>54,521</td>
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<table>
<thead>
<tr>
<th>Year</th>
<th>Number of shares, thousands*</th>
<th>Earnings per share, SEK*</th>
<th>Equity per share, SEK*</th>
<th>Cash flow from current operations per share, SEK*</th>
<th>Share of risk-bearing capital, %</th>
<th>Equity/assets ratio, %</th>
<th>Total number of stores</th>
<th>Rolling twelve months</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>1,655,072</td>
<td>6.97</td>
<td>23.69</td>
<td>9.05</td>
<td>73.4</td>
<td>69.9</td>
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<td>Earnings per share, SEK* 10.17</td>
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<td>1,655,072</td>
<td>8.31</td>
<td>26.93</td>
<td>10.88</td>
<td>70.2</td>
<td>65.8</td>
<td>3,341</td>
<td>Return on equity, % 43.4</td>
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<td>9.29</td>
<td>31.44</td>
<td>10.76</td>
<td>68.5</td>
<td>64.2</td>
<td>3,675</td>
<td>Return on capital employed, % 55.8</td>
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<td>32.72</td>
<td>10.60</td>
<td>63.6</td>
<td>59.3</td>
<td>4,135</td>
<td>Return on capital employed, % 55.8</td>
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<tr>
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<td>7.37</td>
<td>32.94</td>
<td>9.81</td>
<td>59.6</td>
<td>54.5</td>
<td>4,553</td>
<td>Return on capital employed, % 55.8</td>
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</table>

* Before and after dilution.

** The booked value of stock-in-trade for 2015-2017 is approximately 5 percent higher than previous years as a result of improved invoicing processes. Accounts payable have increased with the corresponding amount.

For definitions of key figures see the annual report.
## SEGMENT REPORTING (SEK m)

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<th>Nine months 2016</th>
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<td>318</td>
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<td>1.6</td>
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<tr>
<td><strong>Europe and Africa</strong></td>
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<tr>
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<td>Operating margin, %</td>
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<td>2.8</td>
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<td><strong>Group Functions</strong></td>
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<td>Net sales to other segments</td>
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<td>-59,456</td>
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<td>139,547</td>
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<tr>
<td>Operating profit</td>
<td>15,748</td>
<td>16,469</td>
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<tr>
<td>Operating margin, %</td>
<td>10.5</td>
<td>11.8</td>
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## PARENT COMPANY INCOME STATEMENT IN SUMMARY (SEK m)

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<tbody>
<tr>
<td>External sales excluding VAT</td>
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<td>Internal sales excluding VAT*</td>
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<td>862</td>
<td>5,217</td>
<td>3,691</td>
<td>15,704</td>
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</table>

* Internal sales in the quarter consists of royalty of SEK 959 m (969) and other SEK 2 m (2) received from group companies and for the nine-month period of royalty of SEK 2,932 m (2,823) and other SEK 73 m (5).

** Dividend income from subsidiaries in the quarter consists of SEK 409 m (46) and in the nine-month period of SEK 3,059 m (1,471).

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

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<td><strong>PROFIT FOR THE PERIOD</strong></td>
<td>1,063</td>
<td>862</td>
<td>5,217</td>
<td>3,691</td>
<td>15,704</td>
</tr>
</tbody>
</table>

**Other comprehensive income**

*Items that have not been and will not be reclassified to profit or loss*

- Remeasurement of defined benefit pension plans
- Tax related to the above remeasurement

**OTHER COMPREHENSIVE INCOME**

-4

**TOTAL COMPREHENSIVE INCOME FOR THE PERIOD**

1,063

862

5,217

3,691

15,704
<table>
<thead>
<tr>
<th></th>
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<tbody>
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<td>429</td>
<td>447</td>
<td>429</td>
</tr>
<tr>
<td>Long-term liabilities*</td>
<td>191</td>
<td>195</td>
<td>191</td>
</tr>
<tr>
<td>Current liabilities**</td>
<td>8,734</td>
<td>720</td>
<td>945</td>
</tr>
<tr>
<td><strong>TOTAL EQUITY AND LIABILITIES</strong></td>
<td>15,291</td>
<td>6,209</td>
<td>18,422</td>
</tr>
</tbody>
</table>

* Relates to provisions for pensions.
** No current liabilities are interest-bearing. Dividend to be paid amounts to SEK 8,027 m (0).