

Address by CEO Helena Helmersson
to the annual general meeting on
4 May 2022

Hello and a warm welcome to the H&M group's annual general meeting, in which I'll summarise our performance in 2021 and the first quarter of 2022 and also tell you about our initiatives going forward.

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Before summing up 2021, I would like to express our deep concern about the war in Ukraine. We extend our sympathy to all those affected. What we see going on is incomprehensible and a great human tragedy. Our focus is on supporting our colleagues in various ways and that is our priority. We join all those around the world who are calling for peace. We have temporarily paused all sales in Ukraine, Russia and Belarus. H&M Group, the H&M Foundation and the Erling Persson Foundation have so far donated around 170 million kronor as well as clothes and other necessities to organisations including UNHCR, Save the Children, the Red Cross and UNICEF.

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To return to talking about our performance in 2021, our strong recovery continued during the year. Although sales were negatively affected by restrictions associated with the pandemic, at the end of the year sales were back at the same level as before the pandemic and profitability was better than for several years, despite supply chain disruption and other geopolitical challenges.

Net sales in local currencies increased by 12 percent for the full year. Earnings after financial items amounted to SEK 14.3 billion. We ended the year with good sales development, greatly improved profits and in a strong financial position.

The increase in profits also meant that we were able to contribute a further SEK 224 million to the H&M Incentive Program, our incentive scheme for all employees of the H&M group.

The year was characterised by the fact that restrictions changed from time to time in most of our markets. Although it was still largely a matter of managing the negative effects of the pandemic in the first half of 2021, it was clear that customers appreciated our offering. Much-appreciated collections combined with rapid adaptation and further improvements meant that our recovery was faster than expected and it continued for a large part of the second half, up until the pandemic's second wave brought new lockdowns and sales slowed. When markets were allowed to open, store sales picked up and at the same time online sales continued to perform very well. As more and more people were vaccinated and restrictions were eased, customers were able to visit our stores again.

Our colleagues everywhere have demonstrated great commitment and worked to meet customers' expectations despite the challenges, restrictions and lockdowns associated with the pandemic. This demonstrates both our flexibility and our ability to act, and above all how incredibly valuable our corporate culture is for our ability to navigate when the world around us changes. I would like to say a big thank you to all our colleagues in the H&M group. Our strong culture with our shared values is important for our ability to manage the challenges and opportunities in a world that is constantly changing.

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We want to give our customers unbeatable value and the H&M group's customer offering is well positioned for a future with increased demand for sustainable products that also offer value for money. To meet customers' ever-increasing expectations, we are continuing to strengthen, develop and broaden the offering with more products and services that enable people to make sustainable choices, thereby developing our relationships with customers and attracting even more customers around the world. We are continuing to gradually increase the percentage of recycled materials in the collections and we are increasing product transparency to the customer further using the Higg Index tool. To make it easier to adopt a more sustainable and circular lifestyle customers can also, for example, recycle clothing, buy and sell second-hand, choose climate-smart deliveries and – in a selection of stores – rent and repair clothing.

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We have been making major long-term investments in all parts of the company for a number of years. The emphasis has been on the digital, to meet customers' changed behaviours with more and more shopping online and new expectations of both the products and the shopping experience in all sales channels. We are therefore continuing our work to integrate the channels further in order to create an experience that is as smooth as possible, in which the physical and digital sales channels complement and strengthen each other so that customers can meet us where, when and how they want to – in our stores and via all digital interfaces such as our online sites, apps, social media and digital marketplaces.

The physical stores will also continue to play a very important role in the future, as a place where customers can physically explore and experience our brands. Customers clearly appreciate having stores available close by where they can try on clothes and be inspired. The role of the physical stores has also been developed to become an important part of the supply chain, particularly in last-mile solutions – in other words, the last part of the supply chain to the customer. Customers can also combine shopping in store with utilising services such as click-and-collect, pick-up in store and making online returns. Alongside our continued initiatives for digital growth, we are intensifying our work to ensure that the store portfolio is optimised to meet customers' needs in interaction with our digital channels.

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One element of ensuring the best customer offering and the best customer experience in all sales channels is our supply chain. For many years we have been working to make it faster, more efficient

and more flexible – and this has benefited us during the pandemic. Working closely with our partners has enabled us to adjust volumes quickly.

We have continued our initiatives within tech, AI, advanced analytics and logistics that enable us to always have the right product in the right place at the right time and at the right cost. Constantly improving accuracy is not just positive for the customer offering, but also contributes to a more sustainable use of resources.

Together with our suppliers and other partners we are helping to reduce impacts on climate and the environment and to improve the standard of living for millions of people and for communities. In parallel we are further improving resource efficiency and capabilities for an even more flexible, circular and resilient supply chain.

We have high aims that we are working hard to achieve together with our suppliers. The whole industry must contribute here; no company can solve this alone. Today many good ideas and innovations are being developed aimed at solving complex environmental issues.

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With an ambition to make sustainable fashion available to all, at the H&M group we take a circular approach so that we can continue to grow but at the same time reduce the use of natural resources.

The H&M group wants to lead the change towards circular and climate-positive fashion so that we can secure our journey of growth in both the short and long term.

We can only tackle the global climate crisis by working together with all stakeholders: our customers, colleagues, suppliers and other business partners, shareholders and the communities we are part of. As a responsible company, our ambitious sustainability vision, our sustainability strategy and our sustainability goals are well integrated into our business. The more we use our size and our influence to create positive change, the more we can grow and contribute in a sustainable way.

In 2021 we took further steps to improve sustainability. For example, we tripled the percentage of recycled materials in the collections. Our goal is for 100 percent of our materials to come from recycled or other more sustainable sources by 2030. Another goal is to reduce our carbon footprint in absolute figures by 56 percent by 2030 from a 2019 baseline. As part of this we are working to use 100 percent renewable energy in our own operations and to increase the use of renewable energy among our partners and suppliers, in order to contribute to further reductions in the use of coal.

Our sustainability efforts were recognised on various occasions during the year, including being ranked second in the Fashion Transparency Index of 250 fashion brands. We were also appointed as UN Global Compact LEAD for our commitment to the UN Global Compact and its Ten Principles for responsible business.

2021 was the first year that we at the H&M group began integrating our annual and sustainability reports. This is an important step, but also a natural development since sustainability has been an integral part of our business for a long time. One example of this is the target highlighted in conjunction with our full-year report for 2021, when we communicated that by no later than 2030 the H&M group will double sales while at the same time halving its carbon footprint. Profitability is to

exceed 10 percent over time. Continued focus on customers, investments, partnerships and innovations is important for achieving our ambitious goals.

We have a growth plan consisting of three main areas. Firstly, we are broadening and developing the customer offering and the experience of the H&M brand both physically and digitally. We are leveraging and increasing the value of H&M's global reach by billions of visits a year and adding even more new customers. Secondly, we are also growing through new brands and business models that add new customer groups and capabilities. Thirdly, we are creating additional value through continued investments in the existing operations and partnerships with new companies.

Our financial strength and the advantages of having long-term, experienced and committed principal shareholders in the form of the Persson family, which founded the H&M group, give us the ability to invest in innovations within tech, materials and sustainable initiatives, with an ambition to lead the change in the fashion industry towards becoming circular and renewable. Through our investment arm Co:lab we now have around 20 investments in new companies that are important for the H&M group's growth strategy. For example, we are investing in companies that are developing new methods of textiles recycling. These solutions are now being scaled up and by investing, we have secured access to these innovative sustainable materials. Another example of innovation is taking place through the H&M Foundation's Global Change Award, which is the world's biggest innovation competition for transforming the fashion industry to become more sustainable.

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The pandemic and its consequences – such as lockdowns and disruption in the supply chain – are not yet fully over and we are humbled by the many geopolitical challenges in the world around us and the war that is ongoing. This is creating an incredible amount of human suffering and it is also having an impact on companies and operations – something that calls for a high level of flexibility, responsiveness and drive. We are doing all we can to navigate this environment.

Our main focus remains on developing all the H&M group's unique brands. We are proud that our strong recovery continued in 2021 with much appreciated collections and products, customer focus and strong relations with our partners. The new year of 2022 began with increased initiatives to create an even better basis for long-term growth. The initiatives mainly involve continuing to develop the customer experience by, for example, further broadening the assortment and integrating the sales channels, and by continuing to invest in infrastructure such as tech and the supply chain, but also in renewable energy and sustainable materials.

Customers must always feel confident that with us they will be able to find the best combination of fashion, price, quality and sustainability. With continued satisfied customers and strong relations with all our partners, we are optimistic as regards the opportunities for long-term and sustainable growth for the H&M group.

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Thank you very much for listening. Now we are happy to take your questions.