

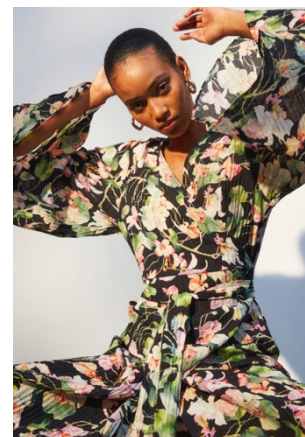
Nine-month report

Nine months (1 December 2022 – 31 August 2023)

- The H&M group's net sales in SEK increased by 8 percent in the first nine months of the financial year to SEK 173,385 m (161,120). In local currencies, net sales were flat compared with the previous year.
- The gross profit increased to SEK 87,239 m (82,266). This corresponds to a gross margin of 50.3 percent (51.1).
- Selling and administrative expenses amounted to SEK 78,016 m (75,918). In local currencies, these expenses decreased by 3 percent.
- Operating profit increased to SEK 10,205 m (6,348), corresponding to an operating margin of 5.9 percent (3.9). In 2022 one-time costs for Russia of SEK 1,751 m were charged against the nine-month result. Adjusted for these one-time costs the increase compared with the previous year was 26 percent.
- The result after tax increased by 61 percent to SEK 7,147 m (4,430), corresponding to SEK 4.39 (2.68) per share.
- Cash flow from operating activities increased to SEK 24,742 m (18,221).
- Financial net cash amounted to SEK 13,555 m (17,441). Cash and cash equivalents plus undrawn credit facilities were SEK 43,918 m (45,700).

Third quarter (1 June 2023 – 31 August 2023)

- Net sales increased by 6 percent to SEK 60,897 m (57,450) in the third quarter. In local currencies, net sales were flattish compared with the previous year.
- Sales for Portfolio Brands in the third quarter increased by 16 percent in SEK and by 10 percent in local currencies.
- Gross profit increased by 10 percent to SEK 31,015 m (28,160). This corresponds to a gross margin of 50.9 percent (49.0).
- Selling and administrative expenses decreased by 4 percent to SEK 26,271 m (27,258). In local currencies, these expenses decreased by 10 percent.
- Operating profit increased to SEK 4,739 m (902). This corresponds to an operating margin of 7.8 percent (1.6). One-time costs of SEK 2,104 m for winding down the Russian operations were charged to the third quarter 2022. Adjusted for these one-time costs the increase compared with the previous year was 58 percent.
- The result after tax increased to SEK 3,319 m (531), corresponding to SEK 2.04 (0.32) per share.
- Currency adjusted the stock-in-trade decreased by 21 percent compared with the previous year. Converted into Swedish kronor the stock-in-trade decreased by 14 percent to SEK 40,358 m (47,141). The stock-in-trade in SEK represented 17.1 percent (21.6) of rolling 12-month sales.
- In the third quarter cash flow from operating activities improved by 118 percent to SEK 12,257 m (5,630).



H&M

Cash flow from operating activities

SEK 12,257 m

Third quarter 2023

The result after tax

+61%

Nine months 2023

- Sales during September 2023 are expected to decrease by 10 percent in local currencies compared with September 2022. The discontinued operations in Russia account for 4 percentage points of the decrease. The figure for September should be seen in the light of unusually hot weather in several of the company's European markets, which has had a substantial negative impact on sales during the month.
- Further to the authorisation given by the annual general meeting, the board of directors has decided to buy back the company's own B shares for SEK 3 billion starting from 27 September 2023.
- H&M is developing well in Latin America and plans to open its first store as well as online in Brazil in 2025.
- H&M plans to gradually reopen most of its stores in Ukraine from November 2023 onwards.

"The focus during the quarter has been on profitability and inventory efficiency, resulting in strong cash flow and good profit development. We are taking further steps towards our goals and creating conditions for profitable growth over time," says Helena Helmersson, CEO.

Comments by Helena Helmersson, CEO

During the quarter the focus has been on profitability and inventory efficiency, resulting in strong cash flow and good profit development. We are taking further steps towards our goals and creating good conditions for profitable growth over time.

Sales in the third quarter started strongly with pent-up demand for summer garments following a cold May in most of our major markets. The effect then gradually decreased during the summer. There was a weaker end to the quarter, with comparative figures affected by the temporary reopening in Russia in August last year. Having now moved into September, we can see that the start of the autumn season has been delayed because the month so far has been marked by unusually hot weather in many of our European markets.

In times of high inflation where household living costs are rising significantly it is more important than ever to offer customers the best price and unbeatable value for money. Our highest priority remains the customer offering, where work to improve the assortment and the customer experience is making progress, alongside further integration of the two channels. We are continuing our investments in areas such as tech, AI and the supply chain, which is enabling improved flexibility, faster response times and greater precision in buying. This leads to customers having access to an even wider and more relevant assortment.

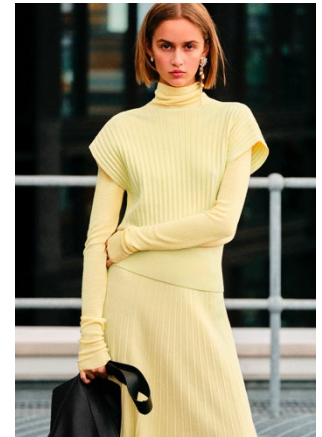
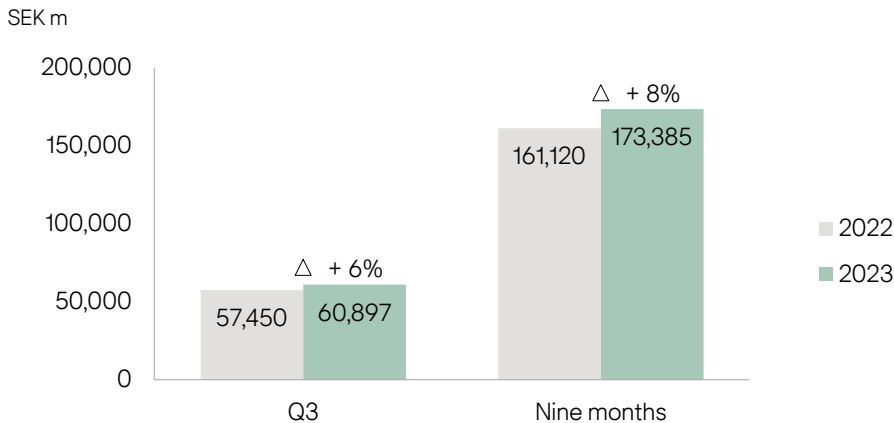
Our store portfolio has reached a level where we now see fewer closures going forward while at the same time new stores will be opened. The stores are an important part of building our brand and we are increasing investments in stores to further elevate the customer experience. We are also creating new conditions for growth. During September H&M was successfully launched on JD.com, one of China's biggest marketplaces for e-commerce. We are developing well in Latin America and are looking forward to taking H&M's offering to many new customers in Brazil, where the opening of the first stores as well as online is planned during 2025.

Since we temporarily closed our stores in Ukraine in February last year, we have maintained a close dialogue with various stakeholders. We now plan to gradually reopen most of our stores in the country from November 2023 onwards.

Our efforts to create conditions for profitable growth towards our long-term goals are taking us in the right direction. The cost and efficiency programme is proceeding at full speed and will continue to have an effect in the coming quarters. With a strong customer focus, improved cash flow and increased inventory efficiency our goal of an operating margin of 10 percent during 2024 remains.



Sales



COS

The H&M group's net sales in the third quarter increased by 6 percent to SEK 60,897 m (57,450). In local currencies, net sales were flattish compared with the previous year.

Net sales in the nine-month period increased by 8 percent to SEK 173,385 m (161,120). In local currencies, net sales were flat compared with the previous year.

Around 30 percent of sales are online.

Net sales for Portfolio Brands in the third quarter increased by 16 percent in SEK and by 10 percent in local currencies. In the nine-month period the increase was 17 percent in SEK and 10 percent in local currencies.

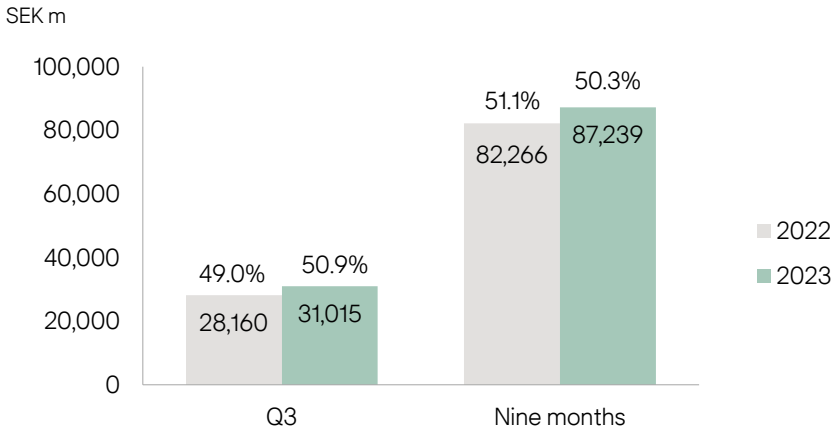
Sales per region, nine months

	SEK m		SEK	LCY	New stores		Number of stores	
	2023	2022			(net)	31 Aug - 23	31 Aug - 22	
The Nordics	15,954	14,930	7	5	-6	393	405	
Western Europe	57,723	51,326	12	3	-28	1,051	1,085	
Eastern Europe	14,093	15,173	-7	-17	-3	478	654	
Southern Europe	22,723	20,538	11	5	-11	612	628	
North & South America	39,818	36,603	9	0	-5	735	733	
Asia, Oceania & Africa	23,074	22,550	2	-1	-37	1,106	1,159	
Total	173,385	161,120	8	0	-90	4,375	4,664	

Sales were temporarily resumed in Russia from August until November 2022. Development in eastern Europe should be seen in light of the fact that the H&M group's operations in Russia and Belarus have been fully wound down since 30 November 2022, while operations in Ukraine have been paused since the end of February 2022. Excluding Russia, Belarus and Ukraine, sales in eastern Europe for the first nine months increased by 17 percent in SEK and 7 percent in local currencies.

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 combination of fashion, quality, price and sustainability.



ARKET

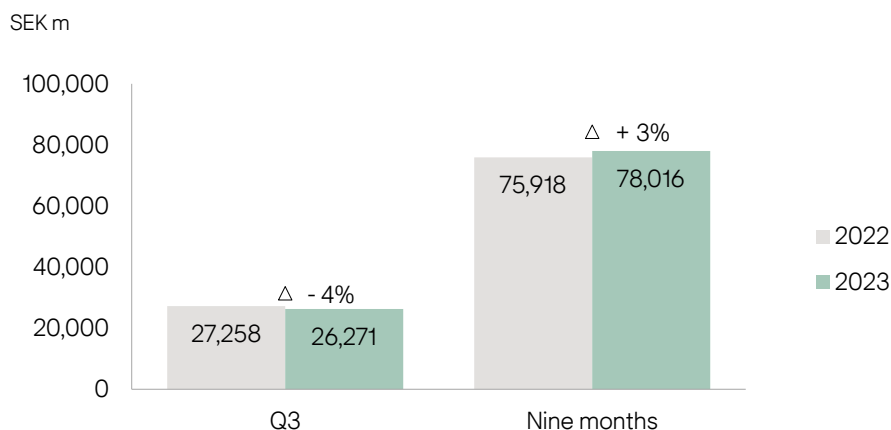
Gross profit increased to SEK 31,015 m (28,160) for the third quarter, corresponding to a gross margin of 50.9 percent (49.0).

For the nine-month period gross profit increased to SEK 87,239 m (82,266). This corresponds to a gross margin of 50.3 percent (51.1).

The cost of markdowns in relation to sales was somewhat higher in the third quarter compared with the corresponding quarter the previous year.

External factors affecting purchases of goods have gradually improved during the year. For the goods that will be sold in the fourth quarter, the effect of external factors is expected to be positive compared with the previous year.

Selling and administrative expenses



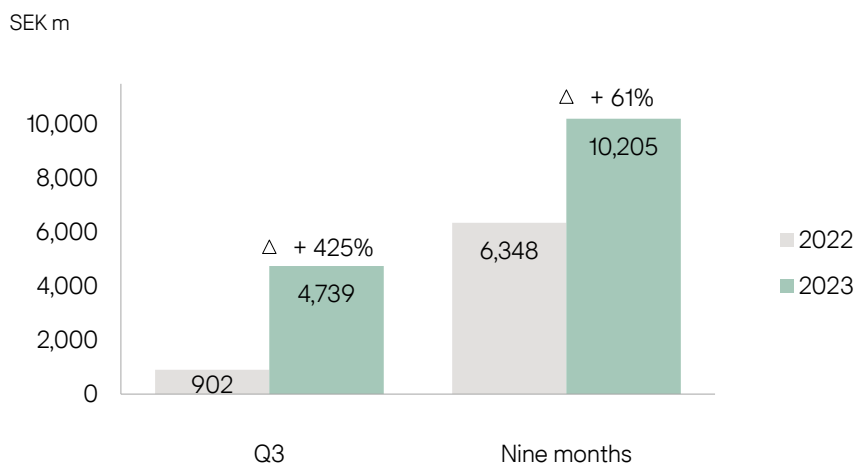
© Oliver Storz

Selling and administrative expenses decreased in the third quarter by 4 percent to SEK 26,271 m (27,258). In local currencies these expenses decreased by 10 percent.

For the nine-month period, selling and administrative expenses increased by 3 percent in SEK compared with the same period the previous year. In local currencies the decrease was 3 percent.

This development is made possible by good operational cost control combined with the cost and efficiency programme that was initiated during the fourth quarter the previous year. The actions from the programme already started to have an effect in the second quarter. Further steps have been taken in the work on the cost and efficiency programme in the third quarter. The programme is expected to be materialised further in the coming quarters and is estimated to result in annual savings of around SEK 2 billion.

Operating profit and operating margin



Operating profit in the third quarter increased to SEK 4,739 m (902), corresponding to an operating margin of 7.8 percent (1.6). The strong gross margin, the cost and efficiency programme, and good operational cost control all had a positive impact on operating profit. One-time costs of SEK 2,104 m were charged to the third quarter 2022 for winding down the Russian operations. Adjusted for these one-time costs the operating profit increased by 58 percent compared with the previous year.

Operating profit for the nine-month period increased to SEK 10,205 m (6,348), corresponding to an operating margin of 5.9 percent (3.9). In 2022 one-time costs for Russia of SEK 1,751 m were charged to the nine-month result. Adjusted for these one-time costs the increase in operating profit compared with the previous year was 26 percent.

Income statement including and excluding IFRS 16 effects

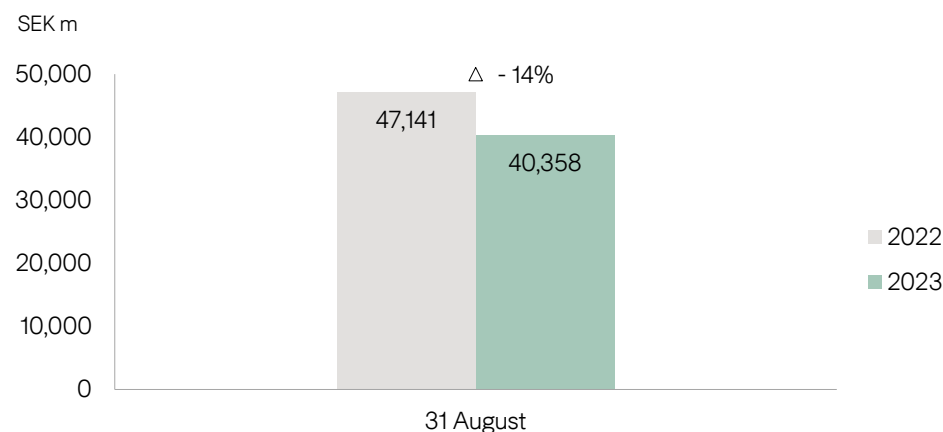
	Q3 2023	Q3 2022	Nine months 2023	Nine months 2022
SEK m				
Net sales	60,897	57,450	173,385	161,120
Gross profit	31,015	28,160	87,239	82,266
Gross profit excl. IFRS 16	30,967	28,144	87,149	82,212
Operating profit	4,739	902	10,205	6,348
<i>Operating margin, %</i>	<i>7.8</i>	<i>1.6</i>	<i>5.9</i>	<i>3.9</i>
Operating profit excl. IFRS 16	4,171	662	8,839	5,583
<i>Operating margin, %, excl. IFRS 16</i>	<i>6.8</i>	<i>1.2</i>	<i>5.1</i>	<i>3.5</i>
Net financial items	-366	-213	-1,111	-595
Net financial items, excl. IFRS 16	122	-21	145	-29
Profit after financial items	4,373	689	9,094	5,753
Profit after financial items, excl. IFRS 16	4,293	641	8,984	5,554
Profit for the period	3,319	531	7,147	4,430
Profit for the period, excl. IFRS 16	3,258	494	7,063	4,277
Depreciation & amortisation / write-downs	5,727	6,186	16,725	16,788
Depreciation & amortisation / write-downs, excl. IFRS 16	2,352	2,889	7,172	7,840



MONKL

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

Stock-in-trade



Currency adjusted the stock-in-trade decreased by 21 percent compared with the previous year. Converted into Swedish kronor the stock-in-trade decreased by 14 percent to SEK 40,358 m (47,141).

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

The stock-in-trade in SEK represented 17.1 percent (21.6) of rolling 12-month sales, which amounted to SEK 235,818 m (217,933).

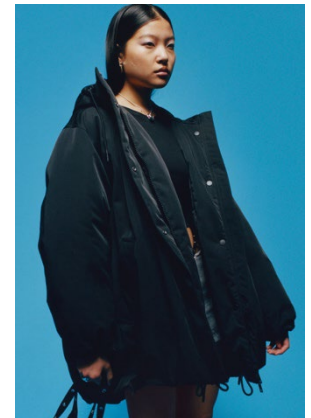
The investments in the supply chain and the integration of the sales channels continue. With a higher share of nearshoring, shorter lead times and more purchasing in season, the group is well placed for a continued improvement in the stock situation.

Expansion through integrated channels

Expansion is taking place with a focus on increased omnichannel sales. Customers want to be able to shop and be inspired where, when and how they choose – in the stores, on the brands' own websites, on digital marketplaces and on social media. Optimisation of and reinvestment in the store portfolio is continuing in parallel, meeting customers' needs in interaction with the digital channels.

COS opened its first physical store in Mexico in August. During the quarter & Other Stories was also launched on the digital marketplace The Iconic in Australia and New Zealand, while Monki opened on the Zalora marketplace in Hong Kong. September saw the successful launch of both H&M and Arket on JD.com, one of China's biggest digital marketplaces. The same month H&M opened an online store on Namshi in Saudi Arabia. & Other Stories opened its first physical store in Switzerland in September, when COS also opened on The Iconic in Australia and New Zealand. Arket will open its first physical store in Switzerland and Latvia in the later part of the year and plans to launch in Spain during 2024.

The H&M group is continuing to renegotiate a large number of leases as part of the company's store optimisation, which also involves rebuilds, 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 2023 the plan is to open around 100 new stores and close around 200 stores, making a net decrease of around 100 stores. Most of the openings will be in growth markets, while the closures will mainly be in established markets. The store portfolio has reached a level of fewer closures going forward while at the same time new stores will be opened.



WEEKDAY

Store count and markets by brand

As at 31 August 2023 the H&M group had 4,375 (4,664) stores, i.e. the total number of stores has decreased by 289 compared with the same point in time the previous year. 175 of the stores closed were in Russia and Belarus, where the business was wound down in 2022. During the current financial year 66 (55) new stores have opened and 156 (192) stores have closed. A total of 282 (282) of the group's stores are operated by franchise partners.

Brand	New Stores 2023 (net)		Total No of stores		No. of markets	
	Q3	Nine months	31 Aug - 2023	31 Aug - 2022	Store	Online
H&M	-18	-72	3,875	4,122	77	60
COS	-4	-11	248	264	48	38
Monki	-3	-9	69	89	17	29
Weekday	0	-1	53	57	14	29
& Other Stories	0	-1	70	76	25	32
ARKET	0	2	27	25	12	31
Afound	0	0	0	0	0	7
H&M HOME*	1	2	33	31	55	42
Sellpy	0	0	0	0	0	24
Total	-24	-90	4,375	4,664		

* Concept stores. H&M HOME is also available through shop-in-shop in 406 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 nine-month period increased to SEK 24,742 m (18,221). Excluding IFRS 16, cash flow from operating activities amounted to SEK 15,079 m (9,074). Operating working capital amounted to SEK 17,347 m (20,684).

In the third quarter cash flow was significantly improved compared with the previous year. Conservative buying for the quarter enabled increased inventory efficiency and released capital. In the third quarter cash flow from operating activities increased to SEK 12,257 m (5,630).

SEK m	31 Aug - 2023	31 Aug - 2022	30 Nov - 2022
Accounts receivable	2,596	2,671	3,014
Stock-in-trade	40,358	47,141	42,495
Accounts payable	-25,607	-29,128	-21,090
Operating working capital	17,347	20,684	24,419



& other stories

Liquidity and debt financing

The H&M group's liquidity remains very good. As at 31 August 2023 cash and cash equivalents amounted to SEK 24,971 m (27,547). In addition, the group has undrawn credit facilities of SEK 18,947 m (18,153). The total liquidity buffer, i.e. cash and cash equivalents plus undrawn credit facilities, amounted to SEK 43,918 m (45,700).

Interest-bearing liabilities in the form of commercial papers, bonds and loans from credit institutions amounted to SEK 11,417 m (10,106) as at 31 August 2023. The average maturity of interest-bearing liabilities was 3.7 (4.8) years.

Financial net cash amounted to SEK 13,555 m (17,441). Net debt including provisions for pensions and excluding IFRS 16 amounted to SEK -13,105 m (-17,271). Net debt in relation to EBITDA amounted to -0.7 (-0.8) excluding IFRS 16.

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

Year	Commercial papers	Bonds (EMTN)	Loans from credit institutions	Unused credit facilities
2023	725	-	2,368	-
2024	-	-	271	-
2025	-	-	-	3,553
2026	-	-	2,000	-
2027	-	-	-	15,394
2028	-	-	132	-
2029	-	5,921	-	-
Total SEK m	725	5,921	4,771	18,947

Sustainable finance framework

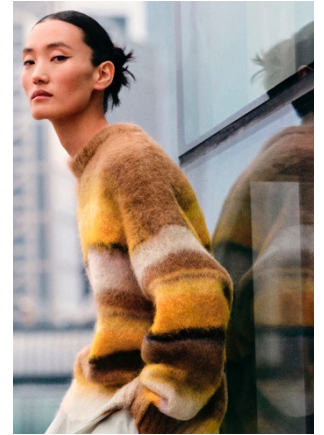
In the third quarter the H&M group established a Sustainable Finance Framework to enable the issue of green finance and sustainability-linked finance instruments. The Green Finance Framework specifies eligible green projects within a number of categories aligned with the International Capital Market Association's (ICMA) Green Bond Principles. The Sustainability-Linked Finance Framework includes the H&M group's 2030 goals for share of recycled materials in commercial goods and for GHG emissions reductions for scope 1, 2 and 3, verified by the Science-Based Targets initiative.

Tax

The group's tax rate for the financial year 2022/2023 is expected to be 24–25 percent, excluding results from investments in associated companies and joint ventures. For the first three quarters of the year an estimated tax rate of 24 percent is used to calculate the tax expense on the underlying result in each period excluding results from investments in associated companies and joint ventures. The final tax rate depends, among other things, on the results of the group's various companies, the corporate tax rates in each country, non-deductible costs and tax expense relating to previous years.

Share buyback

The board of directors has decided to buy back the company's own B shares for SEK 3 billion based on the authorisation given by the annual general meeting. The buyback programme is being initiated on 27 September 2023. For more information see the separate press release issued on 27 September 2023.



COS

Current quarter

Sales during September 2023 are expected to decrease by 10 percent in local currencies compared with September 2022. The discontinued operations in Russia account for 4 percentage points of the decrease. The figure for September should be seen in the light of unusually hot weather in several of the company's European markets, which has had a substantial negative impact on sales during the month.

The cost of markdowns in relation to sales in the fourth quarter is estimated to be in line with the corresponding quarter the previous year.

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.

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 2022. No new or revised IFRS standards or interpretations applied from 1 December 2022 have had any significant impact on the consolidated financial statements.

For a more detailed description of the accounting principles applied to the group and the parent company in this interim report, see the notes of the annual and sustainability report for the 2022 financial year.

Financial instruments

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

Measurement principles, valuation techniques, and classification of financial instruments are unchanged from the information disclosed in note 21 in the annual and sustainability report for 2022.

Currency derivatives are measured at fair value based on level 2 inputs in the IFRS 13 hierarchy. As of 31 August 2023, forward contracts with a positive market value amount to SEK 1,105 m (2,740), which is reported under other current receivables. Forward contracts with a negative market value amount to SEK 1,255 m (1,537), which is recognised in other current liabilities.

Shares are measured at fair value, either through profit or loss or through other comprehensive income. Where holding of shares are assessed to be strategic, the H&M group has chosen to recognise changes in value in other comprehensive income. The valuation of the holding in Renewcell is based on the share price, which is a level 1 input according to IFRS 13, and the fair

value amounts to SEK 393 m (344) as of 31 August 2023. The fair value of the remaining shares and interests is based on level 3 inputs according to IFRS 13 and amounts to SEK 2,140 m (2,269) as of 31 August 2023, the largest investments being Sheertex at SEK 526 m (526), Klarna at SEK 456 m (456) and Instabee at SEK 428 m (578). The effect of measurement of the group's other shares and interests is reported in other comprehensive income and amounts to SEK 117 m (-2,588) for the third quarter.

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. The fair values of these and other financial instruments are therefore assessed to be approximately equal to their book values.

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, logistics resources, information security and cyber security, 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 the H&M group's annual and sustainability report.

Information concerning exposure to Russia, Belarus and Ukraine

On 24 February 2022 the H&M group paused sales in Ukraine as a consequence of Russia's invasion.

On 2 March 2022 all sales in Russia and Belarus were also paused. On 18 July 2022 the H&M group announced that it had decided to begin winding down the business in Russia in a responsible manner. Sales were temporarily resumed in August until November 2022. By 30 November 2022 all of the H&M group's 172 stores in Russia had been permanently closed. The business in Belarus, where there were three stores, had also been wound down at this date.

There was no effect on earnings in the third quarter 2023 as a result of winding down these operations. Cash flow in the quarter was negatively impacted by outgoing payments of around SEK 150 m relating to the costs of winding down the business.

In the second quarter 2022 the gross profit for the group was positively impacted by an unrealised exchange gain of SEK 353 m in respect of intra-group receivables in rubles. One-time costs of SEK 2,104 m for winding down the Russian operations were charged to the third quarter 2022. The cumulative one-time costs for Russia charged to the nine-month results in 2022 consequently amounted to SEK 1,751 m.

Sales in the fourth quarter of 2022 from the liquidation of the Russian inventory amounted to around 3 percent of the H&M group's sales.

As previously communicated, H&M Group temporarily closed its stores in Ukraine as of 24 February 2022. Since then the company has been in close dialogue with stakeholders and authorities and is now planning to gradually reopen most of its stores in the country from November 2023.

During the period of preparation for reopening, the company continues to monitor developments in Ukraine closely. The safety of colleagues and customers will always be the first and foremost priority.

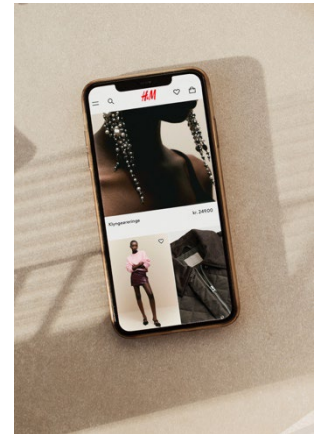


H&M

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 membership programme.** Members receive personal fashion offers and services for an inspirational and more convenient shopping experience. Other benefits include rewards for bringing in clothes for H&M's garment collecting, attending exclusive events and receiving other offers.
- **More payment options.** H&M members can pay now or later through the H&M app, whether shopping in store or online.
- **Digital receipts** are offered to customers in the H&M app so they can keep track of their receipts in one place and refer to their past purchases easily and accessibly. Available in most markets.
- **Visual search.** Image recognition provides recommendations and suggestions for styling and matching items based on pictures customers have taken and been inspired by.
- **Next day delivery and express delivery** continue to be rolled out in more markets.
- **Preferred delivery options.** In some selected markets, customers can opt to receive and return items using a bicycle delivery service. Combined with using biogas vehicles from the logistics centre to the bicycle delivery service, this reduces greenhouse gas emissions compared to conventional delivery options. Other preferred delivery options are offered in different markets, and they continue to be rolled out.
- **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 physical stores, 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.
- **Click & collect** allows customers to pick up online purchases in store.
- **Online returns in store** allows customers to return online purchases to physical stores without any charges.
- **Rate & review** allows customers to rate and review their purchases.
- **RFID** (Radio Frequency Identification) is used to help customers locate items with a digital price tag quickly and easily to get real-time information on an item's availability.
- **Self-service checkouts** offer customers a convenient payment alternative. Self-checkout has been much appreciated by customers and are being rolled out to more markets.
- **Instagram.** In the US, H&M customers can shop directly from Instagram posts and reels and receive notifications when H&M releases new collections.
- **Rental in store** offers customers the opportunity to rent garments. Available in selected H&M stores in the UK, the Netherlands, Sweden, Germany and Belgium.
- **Styleboard.** Members in selected markets can create their own moodboard in the H&M app and shop directly from it. Customers can also add items from brands outside the H&M group.
- **Personalised start page** on hm.com offers a customised welcome page when customers visit the site in selected markets. They are offered tailor-made inspiration and suggestions based on individual style preferences.
- **Smart mirrors in fitting rooms.** Mirrors that recognise products brought inside the fitting room and offer personalised product and styling recommendations, or additional sizes and colours. Available in selected countries.
- **Buy online, pick-up in store** allows customers in the US to shop online from the assortment in a selected number of physical stores and pick up the purchase in store.
- **Digital returns.** Customers in selected markets can register their H&M returns online or through the H&M app without having to fill out paper forms in the parcel.



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 improved availability.

The new highly automated logistics centre in Ajax, Canada has opened during the year. This will supplement the logistics centres that were previously opened on the US East and West Coasts and will create further capacity for the H&M group's continued expansion in North America. A new logistics centre for online sales was put into operation in New Delhi, India in the beginning of the year.

Sustainability

The H&M group's sustainability vision is to lead the change to a circular fashion industry with net zero climate impact, while being a fair and equal company. More detailed information about the group's sustainability work can be found in the Sustainability Disclosure 2022 on [hmgroup.com](https://www.hmgroup.com). Some sustainability-linked updates include:

Increasing recycled cotton. Cotton is the H&M group's most important material, representing about 60 percent of all the materials that are sourced for the products. In 2020, the company reached the goal to source 100 percent of the cotton from recycled, organic, or from other more sustainable sources (e.g. BCI cotton). Now, the focus is to further increase the share of recycled cotton. The share has already increased from under 1 percent to 11 percent (2022) recycled cotton in just a few years. The H&M group will continue to support strategic investments in cotton recycling technologies.

Scaling the use of recycled polyester. While only representing some 20 percent of the H&M group's total material basket the aim is to replace 100 percent of the virgin polyester the company sources with recycled polyester by 2025. In 2022, the company used 74 percent recycled polyester and the H&M group will continue to support the industry to especially scale textile-to-textile recycled polyester.

Fashion Transparency Index results. H&M Group's overall score increased from last year's score in the Fashion Transparency Index 2023 to 71 percent (66). The H&M group ranked 6th out of 250 brands.

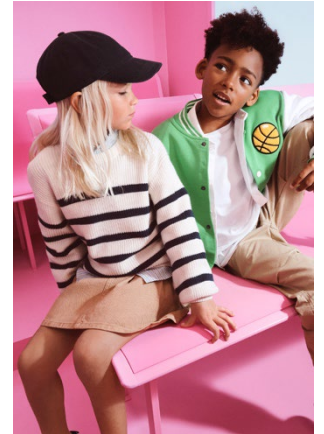
Read more about many of the initiatives above and the group's sustainability work in the latest H&M Group Annual and Sustainability Report and at [hmgroup.com](https://www.hmgroup.com).



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Calendar

15 December 2023	Sales development in the fourth quarter, 1 Sep 2023 – 30 Nov 2023
31 January 2024	Full-year report, 1 Dec 2022 – 30 Nov 2023
15 March 2024	Sales development in the first quarter, 1 Dec 2023 – 29 Feb 2024
28 March 2024	Three-month report, 1 Dec 2023 – 29 Feb 2024
28 March 2024	Annual and Sustainability report 2023
3 May 2024	Annual general meeting at 15:00 (CEST), Erling Persson Hall, Aula Medica, Solna



H.M

Stockholm, 26 September 2023
Board of Directors

Communication in conjunction with the nine-month report

The nine-month report, i.e., 1 December 2022 – 31 August 2023, will be published at 08:00 CEST on 27 September 2023, followed by a telephone conference at 09:00 CEST for the financial market and media. The telephone conference will be held in English, hosted by CEO Helena Helmersson, CFO Adam Karlsson and Head of IR Joseph Ahlberg.

For log in details for the telephone conference please register at hmgroupp.com or via this link: <https://app.webinar.net/rOKYX27mkWx>

To book interviews in conjunction with the nine-month report on 27 September 2023, please contact: Anna Frosch Nordin, Head of Media Relations, telephone +46 73 432 93 14, anna.froschnordin@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) for the period December 1, 2022 – August 31, 2023. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

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 than an audit conducted in accordance with ISA and other 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 conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm, September 26, 2023

Deloitte AB

Didrik Roos
Authorized Public Accountant

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 27 September 2023. This interim report and other information about the H&M group are available at hmgroup.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, ARKET and Afound as well as Sellpy. For further information, visit hmgroup.com.

GROUP INCOME STATEMENT IN SUMMARY (SEK m)

	Q3 2023	Q3 2022	Nine months 2023	Nine months 2022	1 Dec 2021- 30 Nov 2022
Net sales	60,897	57,450	173,385	161,120	223,553
Cost of goods sold*	-29,882	-29,290	-86,146	-78,854	-110,183
GROSS PROFIT	31,015	28,160	87,239	82,266	113,370
<i>Gross margin, %</i>	50.9	49.0	50.3	51.1	50.7
Selling expenses	-23,648	-24,813	-70,131	-68,111	-94,542
Administrative expenses*	-2,623	-2,445	-7,885	-7,807	-11,390
Result from investments in associated companies and joint ventures*	-5	-	982	-	-269
OPERATING PROFIT	4,739	902	10,205	6,348	7,169
<i>Operating margin, %</i>	7.8	1.6	5.9	3.9	3.2
Net financial items	-366	-213	-1,111	-595	-953
PROFIT AFTER FINANCIAL ITEMS	4,373	689	9,094	5,753	6,216
Tax	-1,054	-158	-1,947	-1,323	-2,650
PROFIT FOR THE PERIOD	3,319	531	7,147	4,430	3,566
Attributable to:					
The shareholders of H & M Hennes & Mauritz AB	3,328	531	7,165	4,430	3,566
Non-controlling interest	-9	-	-18	-	-
Earnings per share, SEK**	2.04	0.32	4.39	2.68	2.16
Average number of shares outstanding, thousands**	1,629,687	1,651,760	1,629,687	1,653,960	1,649,847
Depreciation and amortisation / write-downs, total***	5,727	6,186	16,725	16,788	22,579
of which cost of goods sold	674	519	1,504	1,286	1,709
of which selling expenses	4,828	5,443	14,507	14,883	19,928
of which administrative expenses	225	224	714	619	942

* For the 2021/2022 financial year, SEK 93 m and SEK 176 m respectively have been reallocated from cost of goods sold and administrative expenses respectively to result from investments in associated companies and joint ventures. Result from investments in associated companies and joint ventures in the nine-month period 2023 relates to SEK 999 for revaluation of associated companies of which mainly the former associated company Sellpy, and SEK -17 m in share in profits.

** Before and after dilution, excluding own shares.

*** Of which write-downs and losses at disposals in the quarter SEK -45 m (1,071) and for the full year SEK 61 m (1,356).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME IN SUMMARY (SEK m)

	Q3 2023	Q3 2022	Nine months 2023	Nine months 2022	1 Dec 2021- 30 Nov 2022
PROFIT FOR THE PERIOD	3,319	531	7,147	4,430	3,566
Other comprehensive income					
<i>Items that are or may be reclassified to profit or loss</i>					
Translation differences	-324	1,674	1,432	4,288	3,902
Change in hedging reserves	-133	-718	-879	-215	-478
Tax attributable to change in hedging reserves	27	137	181	33	87
<i>Items that will not be reclassified to profit or loss</i>					
Remeasurement of defined benefit pension plans	-43	52	-38	342	55
Tax related to the above remeasurement	10	-12	9	-79	-9
Remeasurement of financial assets	117	-2,588	-249	-2,800	-2,697
OTHER COMPREHENSIVE INCOME	-346	-1,455	456	1,569	860
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	2,973	-924	7,603	5,999	4,426
Attributable to:					
The shareholders of H & M Hennes & Mauritz AB	2,982	-924	7,621	5,999	4,426
Non-controlling interest	-9	-	-18	-	-

GROUP BALANCE SHEET IN SUMMARY (SEK m)

ASSETS	31 Aug - 2023	31 Aug - 2022	30 Nov - 2022
Non-current assets			
Intangible non-current assets	10,164	9,317	9,156
Property, plant and equipment	25,120	24,382	24,431
Right-of-use assets	58,448	54,071	58,305
Non-current financial assets	2,718	3,189	3,157
Other non-current assets	7,713	8,097	7,476
	104,163	99,056	102,525
Current assets			
Stock-in-trade	40,358	47,141	42,495
Current receivables	18,051	18,256	15,321
Cash and cash equivalents	24,971	27,547	21,707
	83,380	92,944	79,523
TOTAL ASSETS	187,543	192,000	182,048
EQUITY AND LIABILITIES			
Equity*	47,878	54,071	50,757
Long-term liabilities**	12,301	14,135	13,674
Long-term leasing liabilities**	50,415	46,659	49,282
Current liabilities***	64,279	65,689	55,760
Current leasing liabilities***	12,670	11,446	12,575
TOTAL EQUITY AND LIABILITIES	187,543	192,000	182,048

* Equity attributable to the shareholders of H & M Hennes & Mauritz AB amounts to SEK 47,785 m (54,071) and to non-controlling interests SEK 93 m (0).

** Interest-bearing long-term liabilities including leasing amounts to SEK 59,172 m (56,304), excluding leasing SEK 8,757 m (9,645) of which provisions for pensions SEK 449 m (170).

*** Interest-bearing current liabilities including leasing amounts to SEK 15,780 m (12,077), excluding leasing SEK 3,110 m (631).

CHANGE IN GROUP EQUITY IN SUMMARY (SEK m)

	31 Aug - 2023	31 Aug - 2022	30 Nov - 2022
Shareholders' equity at the beginning of the period	50,757	60,018	60,018
Total comprehensive income for the period	7,603	5,999	4,426
Non-controlling interest that has arisen from acquisitions	111	-	-
Dividend	-10,593	-10,726	-10,687
Repurchase of shares	-	-1,220	-3,000
Shareholders' equity at the end of the period	47,878	54,071	50,757

GROUP CASH FLOW STATEMENT IN SUMMARY (SEK m)

	Nine months 2023	Nine months 2022
Operating activities		
Profit after financial items*	9,094	5,753
<i>Adjustment for non-cash items</i>		
- Provisions for pensions	69	53
- Other provisions	-437	-
- Depreciation and amortisation / write-downs	16,725	16,788
- Other non-cash items	-982	-
Taxes paid	-3,781	-3,001
Cash flow from operating activities before changes in working capital	20,688	19,593
Changes in working capital		
Operating receivables	25	149
Stock-in-trade	3,027	-8,242
Operating liabilities	1,002	6,721
CASH FLOW FROM OPERATING ACTIVITIES	24,742	18,221
Investing activities		
Investments in intangible fixed assets	-797	-1,035
Investments in tangible fixed assets	-4,799	-2,588
Other	-260	-933
CASH FLOW FROM INVESTING ACTIVITIES	-5,856	-4,556
Financial activities		
Change in interest-bearing liabilities	-44	174
Amortisation lease	-9,663	-9,147
Dividend	-5,297	-5,379
Repurchase of shares	-	-1,162
CASH FLOW FROM FINANCIAL ACTIVITIES	-15,004	-15,514
CASH FLOW FOR THE PERIOD	3,882	-1,849
Cash and cash equivalents at beginning of the financial year	21,707	27,471
Cash flow for the period	3,882	-1,849
Exchange rate effect	-618	1,925
Cash and cash equivalents at end of the period	24,971	27,547

* Interest paid for the group amounts to SEK 241 m (137). Interest expense related to leases amounts to SEK 1,256 m (566) for the group. Received interest for the group amounts to SEK 386 m (108).

FIVE YEAR SUMMARY**Nine months, 1 December - 31 August**

	2019*	2020	2021	2022	2023
Net sales, SEK m	171,061	134,482	142,154	161,120	173,385
Change net sales from previous year in SEK, %	11	-21	6	13	8
Change net sales previous year in local currencies, %	6	-21	13	8	0
Operating profit, SEK m	11,969	-798	8,996	6,348	10,205
Operating margin, %	7.0	-0.6	6.3	3.9	5.9
Depreciation and amortisation / write-downs for the period, SEK m	8,216	20,084	16,781	16,788	16,725
Profit after financial items, SEK m	11,988	-1,613	8,297	5,753	9,094
Profit after tax, SEK m	9,231	-1,242	6,389	4,430	7,147
Cash and cash equivalents, SEK m	13,064	12,138	35,298	27,547	24,971
Stock-in-trade, SEK m	42,044	42,076	36,867	47,141	40,358
Equity, SEK m	53,409	52,786	64,409	54,071	47,878
Average number of shares outstanding, thousands**	1,655,072	1,655,072	1,655,072	1,653,960	1,629,687
Earnings per share, SEK**	5.58	-0.75	3.86	2.68	4.39
Cash flow from operating activities per share, SEK**	10.43	9.66	22.48	11.02	15.18
Number of shares outstanding as of the closing day, thousands**	1,655,072	1,655,072	1,655,072	1,645,494	1,629,687
Equity per share, SEK**	32.27	31.89	38.92	32.86	29.38
Share of risk-bearing capital, %	45.3	31.6	36.9	30.4	27.3
Equity/assets ratio, %	41.7	29.2	34.8	28.2	25.5
Total number of stores	4,972	5,043	4,856	4,664	4,375
Rolling twelve months					
Average number of shares outstanding, thousands**	1,655,072	1,655,072	1,655,072	1,654,237	1,637,189
Earnings per share, SEK**	7.72	1.79	5.36	5.47	3.84
Return on equity, %	23.6	5.6	15.1	15.3	12.3
Return on capital employed, %	23.1	4.6	9.6	10.1	9.3

* Excluding IFRS 16.

** Before and after dilution, excluding own shares.

For definitions and explanations of the alternative performance measures in this report, see page 147-149 in the annual and sustainability report for the 2022 financial year.

SEGMENT REPORTING (SEK m)

	Nine months 2023	Nine months 2022
Asia and Oceania		
External net sales	22,216	21,765
Operating profit	736	-305
Operating margin, %	3.3	-1.4
Europe and Africa*		
External net sales	111,350	102,754
Operating profit	3,099	443
Operating margin, %	2.8	0.4
North and South America		
External net sales	39,819	36,601
Operating profit	529	1,064
Operating margin, %	1.3	2.9
Group Functions		
Net sales to other segments	59,126	48,960
Operating profit	5,841	5,146
Eliminations		
Net sales to other segments	-59,126	-48,960
Total		
External net sales	173,385	161,120
Operating profit	10,205	6,348
<i>Operating margin, %</i>	5.9	3.9
Net financial items	-1,111	-595
Profit after financial items	9,094	5,753

* South Africa

PARENT COMPANY INCOME STATEMENT IN SUMMARY (SEK m)

	Q3 2023	Q3 2022**	Nine months 2023	Nine months 2022	1 Dec 2021- 30 Nov 2022
Net sales	575	994	1,649	2,896	4,024
GROSS PROFIT	575	994	1,649	2,896	4,024
Administrative expenses	-21	-25	-82	-100	-97
OPERATING PROFIT	554	969	1,567	2,796	3,927
Net financial items*	303	4,046	520	5,860	8,937
PROFIT AFTER FINANCIAL ITEMS	857	5,015	2,087	8,656	12,864
Year-end appropriations	-	-	-	-	-3,139
Tax	-104	-194	-286	-561	-149
PROFIT FOR THE PERIOD	753	4,821	1,801	8,095	9,576

* Revenue from interests in group companies in the quarter consists of SEK 349 m (4,070) and in the nine-month period of SEK 693 m (5,931).

** Adjustments to disclosures for Q3 2022 have been made to the following extent: net sales SEK -906 m, administrative expenses SEK 39 m, net financial items SEK 11 m and tax SEK 176 m. The net effect on the profit for the period for the quarter is SEK -680 m.

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME (SEK m)

	Q3 2023	Q3 2022**	Nine months 2023	Nine months 2022	1 Dec 2021- 30 Nov 2022
PROFIT FOR THE PERIOD	753	4,821	1,801	8,095	9,576
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	2	5	0	26	20
Tax related to the above remeasurement	0	-1	0	-5	-4
OTHER COMPREHENSIVE INCOME	2	4	0	21	16
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	755	4,825	1,801	8,116	9,592

PARENT COMPANY BALANCE SHEET IN SUMMARY (SEK m)

	31 Aug - 2023	31 Aug - 2022	30 Nov - 2022
ASSETS			
Non-current assets			
Property, plant and equipment	144	159	156
Other non-current assets	1,373	1,444	1,072
	1,517	1,603	1,228
Current assets			
Current receivables	20,095	31,150	26,095
Cash and cash equivalents	1,009	0	2
	21,104	31,150	26,097
TOTAL ASSETS	22,621	32,753	27,325
EQUITY AND LIABILITIES			
Equity	7,512	16,569	16,304
Untaxed reserves	21	32	21
Long-term liabilities*	7,281	9,351	9,349
Current liabilities**	7,807	6,801	1,651
TOTAL EQUITY AND LIABILITIES	22,621	32,753	27,325

* All long-term liabilities are interest-bearing.

** Interest-bearing current liabilities amounts to SEK 2,793 m (300). Dividend to be paid amounts to SEK 5,297 m (5,379).

ALTERNATIVE PERFORMANCE MEASURES

For other alternative performance measures see page 147-149 in the annual and sustainability report for the 2022 financial year.

Gross profit excl IFRS 16

	Q3 - 2023	Q3 - 2022	Nine months 2023	Nine months 2022
Gross profit	31,015	28,160	87,239	82,266
IFRS 16 effect	-48	-16	-90	-54
Gross profit excl IFRS 16	30,967	28,144	87,149	82,212

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

	Q3 - 2023	Q3 - 2022	Nine months 2023	Nine months 2022
Operating profit	4,739	902	10,205	6,348
IFRS 16 effect	-568	-240	-1,366	-765
Operating profit excl IFRS 16	4,171	662	8,839	5,583

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

	Q3 - 2023	Q3 - 2022	Nine months 2023	Nine months 2022
Net financial items	-366	-213	-1,111	-595
IFRS 16 effect	488	192	1,256	566
Net financial items excl IFRS 16	122	-21	145	-29

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

	Q3 - 2023	Q3 - 2022	Nine months 2023	Nine months 2022
Profit after financial items	4,373	689	9,094	5,753
IFRS 16 effect	-80	-48	-110	-199
Profit after financial items excl IFRS 16	4,293	641	8,984	5,554

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

	Q3 - 2023	Q3 - 2022	Nine months 2023	Nine months 2022
Profit for the period	3,319	531	7,147	4,430
IFRS 16 effect	-61	-37	-84	-153
Profit for the period excl IFRS 16	3,258	494	7,063	4,277

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.

Note 1 Acquisitions

As a result of contractual changes, without paying any additional purchase consideration, the H&M group obtained a controlling interest in its former associate Sellhelp AB as of 9 December 2022. As of the contract date the H&M group owned 79.84 percent of the shares in the company. Sellhelp AB has developed a platform – Sellpy – for second-hand products. The investment contributes to the H&M group’s initiatives for sustainability and circular business models.

Before the date of the contractual changes the book value of the H&M group’s interest in Sellhelp AB amounted to SEK 269 m. Obtaining a controlling interest has resulted in a reported gain of SEK 1,107 m based on a fair value for the H&M group’s interest of SEK 1,376 m. The gain is reported on the line “Result from investments in associated companies and joint ventures” in the consolidated income statement and has no effect on cash flow. The interest in Sellhelp AB has been valued using a combined estimate from two valuation methods: one in which relevant multiples from similar companies have been applied to the company’s key ratios and one based on historical majority transactions in the same industry.

Sellhelp AB’s operations are being consolidated into the H&M group’s accounts with effect from the first quarter of 2023 based on the acquired balance sheet and a preliminary acquisition analysis. The acquisition analysis was finalised in the second quarter 2023. Obtaining a controlling interest gave rise to intangible assets in the form of brands amounting to SEK 500 m, technical platform amounting to SEK 136 m and goodwill amounting to SEK 949 m. Recognised goodwill is not expected to be tax-deductible. Sellhelp AB’s operations contributed SEK 815 m and SEK -41 m respectively to the group’s net sales and operating profit. The operations are included in the “Europe and Africa” segment.

During the current financial year the H&M group has incurred no transaction costs related to obtaining the controlling interest in Sellhelp AB.