

## ALTERNATIVE PERFORMANCE MEASURES

To provide greater detail on the financial position of the company and its subsidiaries, H & M Hennes & Mauritz AB (publ) (**H&M**) has chosen to share a selected number of alternative performance measures (“APMs”) which are non-IFRS measures. These key figures provide complementary information and are used to help investors as well as group management analyze H&M’s operations and facilitate an evaluation of the performance. The APMs contained herein are meant to complement the pre-existing measures already shared within the scope of IFRS. Note that these APM measures may be defined differently by other companies, and therefore, may not be directly comparable between companies.

### QUARTERLY APMS

	For the 9 months ended 31 August (unless otherwise stated)	
	2025	2024
<i>(SEK million, except as stated)</i>		
<b>Net Debt</b>		
Pension liability	498	701
Interest bearing liabilities finance leases	57,267	58,296
Liabilities to credit institutions	17,105	14,078
Cash and cash equivalents	20,363	23,698
	<b>54,507</b>	<b>49,377</b>
<b>Net Debt</b>		
<b>EBITDA (Rolling 12 months)</b>		
Operating profit	16,655	17,014
Depreciations and amortisation	21,834	22,508
<b>EBITDA</b>	<b>38,489</b>	<b>39,522</b>
<b>EBITDA margin (Rolling 12 months)</b>		
EBITDA	38,489	39,522
Net sales	231,257	234,935
<b>EBITDA margin</b>	<b>16.6%</b>	<b>16.8%</b>
<b>Net debt / EBITDA</b>		
Net debt	54,507	49,377
EBITDA	38,489	39,522
<b>Net debt / EBITDA</b>	<b>1.4</b>	<b>1.3</b>
<b>Free Cash Flow</b>		
Cash Flow from operating activities	22,714	24,782
Cash Flow from investing activities	-7,382	-7,573
<b>Free Cash Flow</b>	<b>15,332</b>	<b>17,209</b>
<b>Return on equity</b>		
Profit for the year	7,753	8,601

Average shareholders' equity	41,228	45,558
<b>Return on equity</b>	<b>18.8%</b>	<b>18.9%</b>

#### Operating Working Capital

Accounts Receivable	4,084	2,969
Stock-In-Trade	37,938	41,738
Accounts Payable	22,163	25,832
<b>Operating Working Capital</b>	<b>19,859</b>	<b>18,875</b>

## ANNUAL APMS

### For the 12 months ended 30 November

	2024	2023	2022	2021	2020
	<i>(SEK million, except as stated)</i>				

#### Net Debt

Pension liability	471	379	333	428	612
Interest bearing liabilities finance leases	62,837	60,888	61,857	57,077	63,733
Liabilities to credit institutions	14,117	17,082	10,778	9,614	16,332
Cash and cash equivalents	-17,340	-26,398	-21,707	-27,471	-16,540
<b>Net Debt</b>	<b>60,085</b>	<b>51,951</b>	<b>51,261</b>	<b>39,648</b>	<b>64,137</b>

#### EBITDA

Operating profit	17,306	14,537	7,169	15,255	3,099
Depreciations and amortisation	22,252	22,955	22,579	22,320	25,953
<b>EBITDA</b>	<b>39,558</b>	<b>37,492</b>	<b>29,748</b>	<b>37,575</b>	<b>29,052</b>

#### EBITDA margin

EBITDA	39,558	37,492	29,748	37,575	29,052
Net sales	234,478	236,035	223,553	198,967	187,031
<b>EBITDA margin</b>	<b>16.9%</b>	<b>15.9%</b>	<b>13.3%</b>	<b>18.8%</b>	<b>15.5%</b>

#### Net debt / EBITDA

Net debt	60,085	51,951	51,261	39,648	64,137
EBITDA	39,558	37,492	29,748	37,575	29,052
<b>Net debt / EBITDA</b>	<b>1.5</b>	<b>1.4</b>	<b>1.7</b>	<b>1.0</b>	<b>2.2</b>

#### Interest coverage

EBITDA	39,558	37,492	29,748	37,575	29,052
Interest paid	760	399	243	380	349
<b>Interest coverage</b>	<b>52</b>	<b>94</b>	<b>122</b>	<b>99</b>	<b>83</b>

<b>Free Cash Flow</b>					
Cash Flow from operating activities	31,756	33,949	24,476	44,619	25,900
Cash Flow from investing activities	-11,574	-9,619	-6,813	-4,078	-5,244
<b>Free Cash Flow</b>	<b>20,182</b>	<b>24,330</b>	<b>17,663</b>	<b>40,541</b>	<b>20,656</b>

<b>Return on equity</b>					
Profit for the year	11,584	8,716	3,566	11,010	1,243
Average shareholders' equity	46,861	49,092	55,388	57,321	55,846
<b>Return on equity</b>	<b>24.7%</b>	<b>17.8%</b>	<b>6.4%</b>	<b>19.2%</b>	<b>2.2%</b>

<b>Return on capital employed</b>					
Profit after financial items	15,443	13,010	6,216	14,300	2,052
Interest expense	2,753	2,143	1,115	1,158	1,299
Average shareholders' equity	46,861	49,092	55,388	57,321	55,846
Average interest-bearing liabilities	77,887	75,658	70,044	73,898	49,443
<b>Return on capital employed</b>	<b>14.6%</b>	<b>12.1%</b>	<b>5.8%</b>	<b>11.8%</b>	<b>3.2%</b>

<b>Share of risk-bearing capital</b>					
Shareholders' equity	46,211	47,510	50,757	60,018	54,623
Deferred tax liability	2,242	2,507	3,273	3,601	3,988
Balance sheet total	180,214	181,273	182,048	179,781	174,371
<b>Share of risk-bearing capital</b>	<b>26.9%</b>	<b>27.6%</b>	<b>29.7%</b>	<b>35.4%</b>	<b>33.6%</b>

<b>Cash Conversion</b>					
Cash flow from operating activities	31,756	33,949	24,476	44,619	25,900
EBITDA	39,558	37,492	29,748	37,575	29,052
<b>Cash Conversion</b>	<b>80.3%</b>	<b>90.6%</b>	<b>82.3%</b>	<b>119.0%</b>	<b>89.2%</b>

<b>Operating Working Capital</b>					
Accounts Receivable	5,631	3,301	3,014	3,059	3,086
Stock-In-Trade	40,348	37,358	42,495	37,306	38,209
Accounts Payable	24,417	21,027	-21,090	-20,382	-9,511
<b>Operating Working Capital</b>	<b>21,562</b>	<b>19,632</b>	<b>24,419</b>	<b>19,983</b>	<b>31,784</b>

<b>Total Working Capital</b>					
Operating Working Capital	21,562	19,632	24,419	19,983	31,784
Tax receivables	2,831	3,830	3,212	2,834	1,686
Other receivables	5,654	5,111	4,601	3,509	2,397
Prepaid expenses	3,923	4,531	4,494	4,807	3,440
Tax liabilities	-2,257	-1,377	-1,843	-1,441	-1,708
Other liabilities	-6,809	-7,329	-6,048	-5,149	-3,983
Accrued expenses and prepaid income	-20,151	-22,733	-25,050	-22,071	-19,881
<b>Total Working Capital</b>	<b>4,753</b>	<b>1,665</b>	<b>3,785</b>	<b>2,472</b>	<b>13,735</b>

## Description of Alternative Performance Measures

The below description provides further information relating to APMs for the purposes of the guidelines issued by ESMA (the **Guidelines**). Certain of the financial measures included above can be characterised as APMs and set out below are further clarifications as to the meaning of such measures (and any associated terms).

### Definitions

<b>Net Debt</b>	Interest-bearing liabilities including pension liabilities less cash and cash equivalents as well as short-term investments. <i>Reason for use:</i> To show the net value of interest-bearing assets and interest-bearing liabilities.
<b>EBITDA</b>	EBITDA (Earnings Before Interest Depreciation and Amortisation). Operating profit, before interest, taxes, depreciation and impairments. <i>Reason for use:</i> A measure that complements operating profit, since it shows the cash surplus from operations.
<b>EBITDA margin</b>	EBITDA divided by net sales. <i>Reason for use:</i> This measure shows how the EBITDA measure performs in relation to net sales.
<b>Net Debt/ EBITDA</b>	Net debt divided by EBITDA. <i>Reason for use:</i> This measure displays how the Group's indebtedness relates to the EBITDA measure. Net debt / EBITDA is always presented with EBITDA calculated on a rolling four quarter basis.
<b>Interest Coverage</b>	EBITDA divided by interest paid for the Group. <i>Reason for use:</i> This measure is indicative of the Group's financial health as it shows how well it can carry its interest expense.
<b>Free Cash Flow</b>	Cash flow from operating activities minus investments. <i>Reason for use:</i> This measure indicates relevant cash flow that the Group generates after strategic investments but before financing activities including potential dividends.
<b>Return on Equity</b>	Profit for the year in relation to average equity. <i>Reason for use:</i> Return on equity is used as a measure of how investments are used to generate increased revenue.
<b>Return on capital employed</b>	Profit after financial items plus interest expense in relation to average equity plus average interest-bearing liabilities. <i>Reason for use:</i> A measure of profitability after taking into consideration the amount of capital employed. A higher return on capital employed indicates that the capital is being used more effectively.
<b>Share of risk-bearing capital</b>	Equity plus deferred tax liability in relation to the balance sheet total. <i>Reason for use:</i> Shows financial potential and independence to develop the business.
<b>Cash Conversion</b>	Cash flow from operating activities in relation to EBITDA. <i>Reason for use:</i> A measure of how much operating cash flow a company generates in relation to its accounting profit.
<b>Operating working Capital</b>	Accounts Receivable plus Stock-In-Trade minus Accounts Payable. <i>Reason for use:</i> Assess a company's liquidity and operational efficiency as it looks at current trade related current assets and liabilities required to operate the business.
<b>Total Working Capital</b>	Operating Working Capital plus Tax receivables, Other receivables and Prepaid expenses minus Tax liabilities, Other liabilities and Accrued expenses and prepaid income. <i>Reason for use:</i> Assess a company's liquidity and operational efficiency as it looks at current assets and liabilities required to operate the business.