

Three-month report

First quarter (1 December 2020 – 28 February 2021)

- The H&M group's net sales amounted to SEK 40,060 m (54,948) in the first quarter. In local currencies, net sales decreased by 21 percent. The second wave of the pandemic resulted in extensive restrictions. At the most, around 1,800 stores were temporarily closed, i.e. around 36 percent of the group's total number of stores. Online sales continued to develop very well.
- Gross profit amounted to SEK 19,057 m (28,034). This corresponds to a gross margin of 47.6 percent (51.0).
- Profit after financial items amounted to SEK -1,389 m (2,504).
- The group's profit after tax amounted to SEK -1,070 m (1,928), corresponding to SEK -0.65 (1.16) per share.
- Cash flow from operating activities amounted to SEK 5,936 m (6,837). Net debt in relation to EBITDA excluding IFRS 16 amounted to -0.2 (0.1), i.e. net debt has turned into net cash.
- The H&M group issued a EUR 500 m sustainability-linked bond with the aim of financing, among other things, an accelerated transition to recycled materials. The bond, which was 7.6 times oversubscribed, has a term of 8.5 years and a coupon rate of 0.25 percent.



H&M

- Sales increased by 55 percent in local currencies in the period 1 - 28 March 2021 compared with the same period in 2020.
- In the first quarter, the programme to streamline invoice management and payment processes has freed up just over SEK 3 billion of the around SEK 10 billion that is expected to be freed up in 2021.
- H&M's customer loyalty programme now has over 120 million members in 26 markets.
- H&M's members can now get points for more conscious choices such as bringing in old clothes for H&M's garment collecting, choosing climate-smart delivery options, bringing their own bag when shopping and choosing products made from more sustainable materials.
- The H&M group's sustainability report, Sustainability Performance Report 2020 will be published today at hmgroup.com.
- In March H&M opened online in Qatar via franchise and H&M has also been successfully launched on the e-commerce platform Zalora in Indonesia. In April the launch of H&M on Zalora will be extended to the Philippines, Malaysia and Singapore.

"While we are humbled by the uncertainty that still exists due to the pandemic, it's fantastic to see the great interest in our collections. With a well-positioned customer offering we are continuing our transformation at full speed to create long-term sustainable and profitable growth for the H&M group," says Helena Helmersson, CEO.

Comments by Helena Helmersson, CEO

“It is now a year since the full force of the pandemic hit. I am deeply impressed by and proud of all our colleagues’ fantastic commitment and customer focus during a very challenging time. Although it is still largely a matter of managing the negative effects of recurring store closures, it is clear that customers appreciate our offering. When markets have been allowed to open, store sales have picked up while at the same time online sales have continued to develop very well.

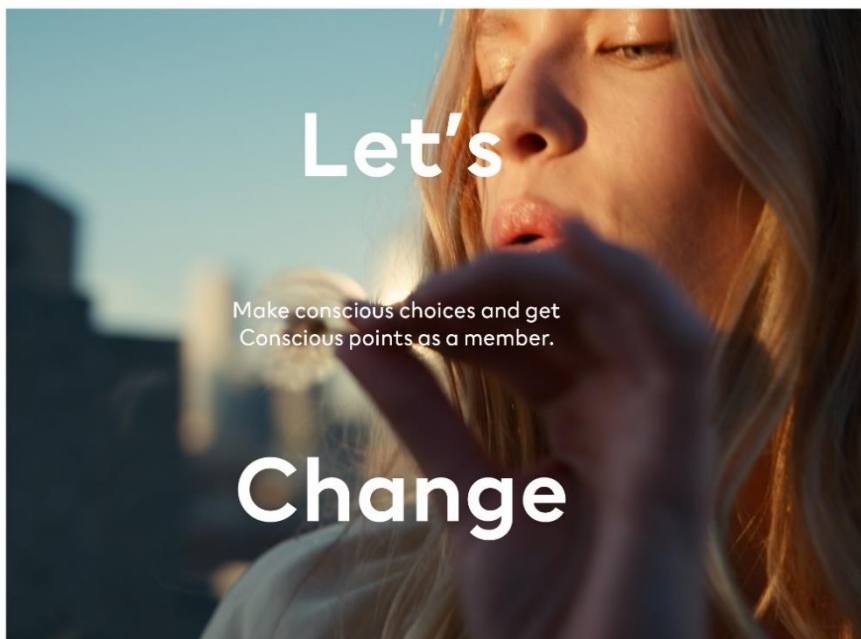
The changes that we were already seeing in areas such as digitalisation and sustainability have been speeded up further by the pandemic. We have therefore increased the pace of change, and thanks to our significant investments in recent years we are able to meet customers’ changing behaviour and higher expectations with increasing speed.

We want to give our customers unbeatable value and our main focus remains on developing the H&M group’s unique brands to offer collections with the best combination of fashion, quality, price and sustainability. You can read more about our extensive sustainability work and goals in our latest sustainability report that is presented today. For example, we are accelerating the transition to recycled materials with the ambition of making sustainable fashion available to all.

Our digital initiatives are continuing, along with the development of our physical store network. We can see that customers both want to be able to see, feel and try on the garments in real life and to use digital channels to explore fashion, be inspired and shop. Looking ahead, we will strengthen the interaction between the channels further in order to offer customers the best experience with all of our brands.

Our customer base is growing and one example of this is the rapid increase in the number of members of H&M’s customer loyalty programme. While we are humbled by the uncertainty that still exists due to the pandemic, it is fantastic to see the great interest that customers are showing in our collections. With a well-positioned customer offering we are continuing our transformation at full speed in order to create long-term sustainable and profitable growth for the H&M group.”

Read more about our initiatives in the section Initiatives for an improved customer experience on page 11.

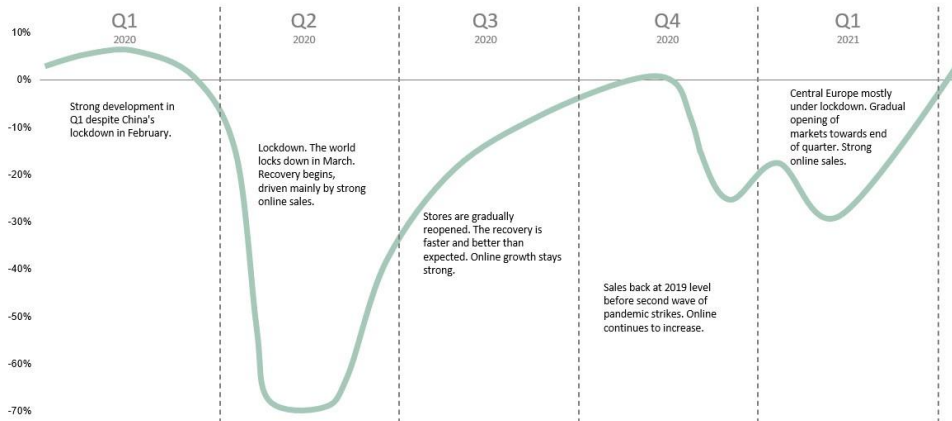


H&M

Wear. Care. Recycle.

Sales

The H&M group's year-on-year sales development in local currencies during the pandemic



The H&M group's net sales decreased by 21 percent in local currencies in the first quarter 2021, i.e. in the period 1 December 2020 to 28 February 2021, compared with 1 December 2019 to 29 February 2020. Converted to SEK the group's net sales amounted to SEK 40,060 m (54,948).

The H&M group's online sales continued to develop strongly while sales in store decreased substantially as a result of the Covid restrictions. Online sales increased by 57 percent in local currencies in the first quarter. Converted into SEK the increase was 48 percent.

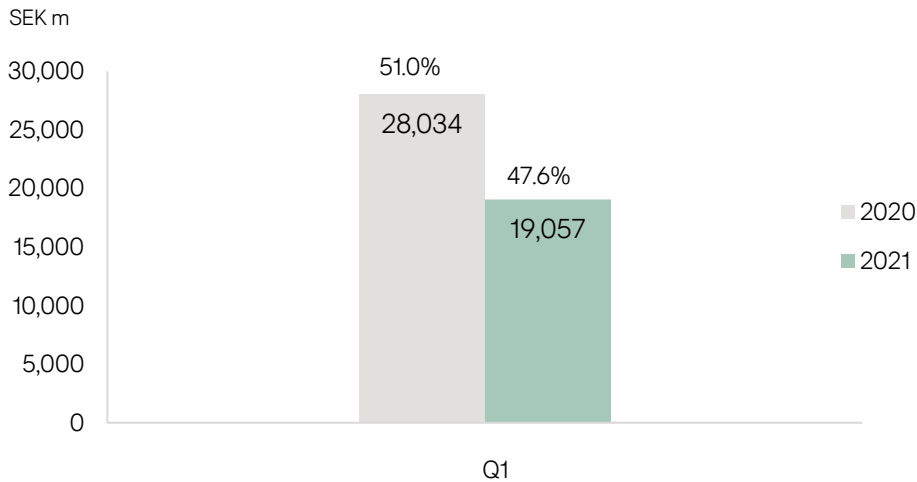
Sales for Portfolio Brands decreased in the first quarter by 18 percent in local currencies and by 22 percent in SEK.

Sales in top ten markets, first quarter

	Q1 - 2021	Q1 - 2020	Change in %		28 Feb - 21	Q1 - 2021
	SEK m net sales	SEK m net sales	SEK	Local currency	Number of stores	New stores (net)
USA	5,453	7,234	-25	-14	559	-23
Germany	4,593	7,743	-41	-39	451	-6
China	2,388	2,114	13	21	502	-3
France	2,259	2,869	-21	-18	224	-4
UK	2,172	3,531	-38	-33	284	-5
Sweden	1,746	2,147	-19	-19	162	-6
Russia	1,383	1,517	-9	24	155	0
Spain	1,232	1,861	-34	-32	165	-1
Italy	1,205	1,916	-37	-35	172	-2
Poland	1,041	1,485	-30	-24	192	0
Others	16,588	22,531	-26	-25	2,083	-19
Total	40,060	54,948	-27	-21	4,949	-69

The difference between sales development 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 with the same period last year.

Gross profit and gross margin



Gross profit amounted to SEK 19,057 m (28,034) in the first quarter, corresponding to a gross margin of 47.6 percent (51.0).

Costs for markdowns in relation to sales increased by just below one percentage point in the first quarter of 2021 compared with the same quarter the previous year.

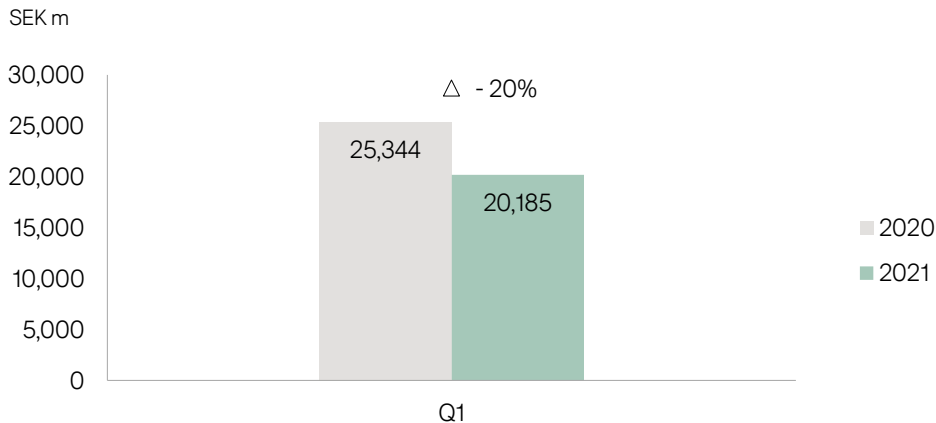
The gross profit and gross margin are a result of many factors, internal as well as external, and are mostly affected by the decisions that the H&M group takes in line with its strategy to always have the best customer offering in each individual market – based on the combination of fashion, quality, price and sustainability.

For the first quarter the market situation as regards external factors that influence purchasing costs was slightly positive compared with the same purchasing period the previous year.

For purchases made for the second quarter 2021 the overall market situation as regards external factors is expected to continue to be slightly positive compared with the same purchasing period the previous year.



Selling and administrative expenses



& other stories

Cost control in the group remains good. Continued decisive action to mitigate the negative effects of the pandemic enabled further considerable reductions in selling and administrative expenses to be achieved in the first quarter. Rental costs were reduced as a result of renegotiation, turnover-based rents and certain temporary rent reliefs. In the first quarter selling and administrative expenses including depreciation decreased by 17 percent in local currencies. Converted into SEK, these expenses decreased by 20 percent to SEK 20,185 m (25,344).

Government support associated with the pandemic has been received in several markets. This has decreased selling and administrative expenses by a total of around SEK 700 m in the first quarter. This must be seen in the light of the substantial negative sales impact of the pandemic and the unpredictable situation brought about by the development of the pandemic.

Profit after financial items

Profit after financial items, which amounted to SEK -1,389 m (2,504) is entirely attributable to the drop in sales brought about by Covid-19-related restrictions. At the most, around 1,800 stores were closed and there was substantially reduced footfall to those stores that were open. This was partly compensated for by continued strong online development.

Income statement including and excluding IFRS 16 effects

	Q1 2021	Q1 2020
SEK m		
Net sales	40,060	54,948
Gross profit	19,057	28,034
Gross profit excl. IFRS 16	19,038	28,022
Operating profit	-1,128	2,690
<i>Operating margin, %</i>	<i>-2.8</i>	<i>4.9</i>
Operating profit excl. IFRS 16	-1,426	2,371
<i>Operating margin, %, excl. IFRS 16</i>	<i>-3.6</i>	<i>4.3</i>
Net financial items	-261	-186
Net financial items, excl. IFRS 16	-55	47
Profit after financial items	-1,389	2,504
Profit after financial items, excl. IFRS 16	-1,481	2,418
Profit for the period	-1,070	1,928
Profit for the period, excl. IFRS 16	-1,140	1,862
Depreciation & Amortisation	5,712	6,397
Depreciation & Amortisation, excl. IFRS 16	2,573	2,760

Definitions on key figures, see the annual report.

Stock-in-trade

The book value of the stock-in-trade in SEK decreased somewhat compared with the corresponding point in time as the previous year and amounted to SEK 36,978 m (37,201). Currency adjusted the stock-in-trade increased by just under 10 percent.

The stock-in-trade in SEK represented 21.5 percent (15.7) of sales for the rolling twelve months, which amounted to SEK 172,143 m (236,688).

The continued transformation, including a more efficient supply chain and further integration of the channels, combined with a gradual improvement in the Covid-19 situation, provides a good basis for lower stock levels going forward.

Growth and expansion through integrated channels

The H&M group's expansion is taking place with a focus on omnichannel sales. The pandemic has accelerated the already ongoing transformation of the industry, with increased digitalisation that has rapidly changed customers' behaviour. The current situation has changed the preconditions for, among other things, rental terms for stores. The H&M group is continuing to renegotiate a large number of leases as part of the company's intensified store optimisation, which also involves rebuilds and adjustment of the number of stores and of store space to ensure the best store portfolio in each market. The H&M group's contracts allow around a quarter of leases to be renegotiated or exited each year.

For the full-year 2021 the plan is that around 350 stores will close and just over 100 new stores will open, resulting in a net decrease of around 250 stores. Most of the openings will be in growth markets while closures will mainly be in established markets.

In March H&M opened online in Qatar via franchise and H&M has also been successfully launched on the e-commerce platform Zalora in Indonesia. In April the launch of H&M on Zalora will be extended to the Philippines, Malaysia and Singapore. The first H&M store in Panama is scheduled to open in the second half of 2021 via franchise.

For more information see the heading *Initiatives for an improved customer experience* on page 11.



MONKL

Brand	No. of markets		Expansion
	28 Feb - 2021		
	Store	Online	New markets
H&M	74	52	Store: Panama (franchise), Online: Qatar (franchise)**
COS	44	34	Store: Greece, Estonia, Philippines
Monki	20	31	-
Weekday	16	30	-
& Other Stories	22	33	Store: China
ARKET	8	31	Store: South Korea*, China
Afound	1	4	-
H&M HOME	51	42	Store: Thailand (franchise)

* Opened until 28 February 2021

** Opened in March 2021

COS, Weekday, 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.

Store count by brand

In the first quarter, the H&M group opened 15 (21) stores including franchise and closed 84 (44) stores, making a net decrease of 69 (net decrease of 23) stores. The group had a total of 4,949 (5,053) stores as at 28 February 2021, of which 269 (277) were operated by franchise partners.

Brand	New Stores (net)	Total No of stores	
	Q1 - 2021	28 Feb - 2021	29 Feb - 2020
H&M	-57	4,372	4,473
COS	-11	280	290
Monki	-4	119	128
Weekday	0	57	53
& Other Stories	0	74	70
ARKET	1	22	20
Afound	-1	5	8
H&M HOME*	3	20	11
Total	-69	4,949	5,053

* Concept stores. H&M HOME is also included with shop-in-shop in 402 H&M stores.



ARKET

Store count by region

Region	New Stores (net)	Total No of stores	
	Q1 - 2021	28 Feb - 2021	29 Feb - 2020
Europe & Africa	-46	2,982	3,060
Asia & Oceania	-1	1,210	1,224
North & South America	-22	757	769
Total	-69	4,949	5,053

Financing and liquidity

The group aims to secure financial flexibility and freedom of action on the best possible terms. During the quarter the H&M group strengthened its financial position further through increased liquidity, decreased net debt, improved working capital and more efficient financing.

Cash flow and working capital

Cash flow from operating activities amounted to SEK 5,936 m (6,837); excluding IFRS 16 the figure was SEK 2,788 m (3,114). The positive cash flow is mainly a result of the programme to streamline invoice management and payment processes for suppliers of products to the group. As communicated previously, this is expected to free up around SEK 10 billion in working capital in the financial year 2021. Just over SEK 3 billion of this was freed up in the first quarter.

Liquidity and debt financing

The H&M group's liquidity remains very good. As at 28 February 2021 cash and cash equivalents amounted to SEK 17,304 m (11,972). In addition, the group has undrawn credit facilities of SEK 25,128 m (12,462). The total liquidity buffer, i.e. cash and cash equivalents plus undrawn credit facilities, amounted to SEK 42,432 m (24,434).

As at 28 February 2021 the group had interest-bearing liabilities of SEK 15,105 m (15,023) in the form of commercial papers, bonds and loans from credit institutions.

The average maturity of interest-bearing liabilities was 4.9 (2.1) years. The improvement can mainly be attributed to refinancing of short-term loans.

Net debt including provisions for pensions excluding IFRS 16 amounted to SEK -1,577 m (3,595), i.e. during the quarter net debt became net cash. Net debt in relation to EBITDA amounted to -0.2 (0.1) 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
2021	1,025	-	316	10,053
2022	275	-	415	-
2023	-	-	4,021	4,000
2024	-	-	-	7,075
2025	-	-	2,000	4,000
2026	-	-	2,000	-
2027	-	-	-	-
2028	-	-	-	-
2029	-	5,053	-	-
Total SEK m	1,300	5,053	8,752	25,128



WEEKDAY

The following significant financing activities were completed in the first quarter of 2021:

- With the aim of accelerating the group's sustainability work, a framework has been produced. The framework conforms to the Sustainability-Linked Bond Principles (SLBP) and allows sustainability-linked bonds to be issued.
- To secure access to the bond market on the best possible terms, a credit rating from Standard & Poor's has been obtained. The rating is BBB with a stable outlook.
- The H&M group has issued its first sustainability-linked bond. The amount was EUR 500 m with a term of 8.5 years and an annual coupon rate of 0.25 percent. The bond generated great interest and was 7.6 times oversubscribed.
- The revolving credit facility opened in April 2020 for EUR 980 m was partly closed in the first quarter and will be closed entirely in the second quarter.
- During the quarter two credit facilities for a total of EUR 600 m maturing in 2021 were repaid early.

Tax

In the first three quarters of the year a tax rate of 23 percent will be used to calculate tax expense on the result of each period.

Current quarter

Regarding the events surrounding H&M in China over the past week see the comment at hmgroupp.com/news.

The H&M group's sales in 1 - 28 March 2021 increased by 55 percent in local currencies compared with the corresponding period in 2020.

The start of the quarter remains affected by substantial restrictions and store closures. As at 30 March the number of temporarily closed stores was around 1,500, which is 30 percent of the group's total number of stores.

Given a gradual improvement in the Covid-19 situation, combined with the company's continued transformation work, the H&M group will be well positioned for a strong recovery during the year.

Dividend comment

The board aims for the H&M group to have sustainable and profitable growth, thereby allowing a good return to the shareholders. The company's financial position remains strong and the board's assessment is that there will be good prospects of a cash dividend in autumn 2021. However, since it is not currently possible to get a full overview of the consequences of the ongoing pandemic, and since the company received government support in the first quarter, the board will not be able to propose a dividend to the annual general meeting in May. The board will come back later in the year with a proposed date and level for resuming the dividend.

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 2019 and which are described in Note 1 – Accounting principles, other than in respect of IFRS 16 Leases and IAS 20 Accounting for Government Grants and Disclosure of Government Assistance; see below.

The parent company applies the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities, which essentially involves applying IFRS. In accordance with RFR 2, the parent company does not apply IFRS 9 when measuring financial instruments, nor does it capitalise development costs. IFRS 16 is also not applied in the parent company.

For definitions see the annual report and consolidated financial statements for 2019 and full-year report 2020.

IFRS 16 Leases – H&M's initial application of this standard was for the financial year beginning 1 December 2019, when it superseded IAS 17 Leases and its associated interpretations. Under the standard lessees report assets and liabilities for all leases unless the lease term is less than 12 months and/or the asset has a low value. Assets are depreciated over their useful life and liabilities constitute the present value of lease payments discounted by an interest rate for borrowing. The H&M group applies the recognition exemption for leases of low value as well as leases with a term of less than 12 months. These are therefore not included in the lease liability but instead continue to be reported as previously.

Under IFRS 16 the group's leasing agreements are included if they constitute a lease, which according to the standard is a contract that conveys the right to use an identifiable asset for a period of time in exchange for consideration. The majority of the contracts that the H&M group classifies as leases in accordance with IFRS 16 are leases for store premises where H&M runs its own operations. Offices and warehouses used by the group are also classified as leases. Variable lease payments, such as sales-based rent, are not included in the lease liability.

The H&M group has around 4,950 stores as well as multiple offices and warehouses all around the world. Applying the standard has required estimates and assumptions, such as establishing the term of the lease and an interest rate for borrowing. The assumption that has the greatest effect on the size of the lease liability is the assessment of the lease term. On the expiry of the lease term the lease may be terminated entirely, renegotiated or extended depending on the provisions in the contract. In certain circumstances, a right to terminate the contract during the lease term may reduce the lease term used for the calculation.

The option to extend is taken into account if it is reasonably certain that the lessee will exercise this option. To facilitate assessment of the lease term used to calculate the lease obligation according to IFRS 16, the assumptions are based on the type of contract. The assumptions used to establish the lease term for each type of contract are based on the best possible assessment and on historical data, as well as the current market situation. The discount rate used for the calculation corresponds to the H&M group's incremental borrowing rate at the time of transition, taking into account aspects such as country and length of the respective leases. The assumptions for the group will be evaluated regularly based on changes in the industry.



#MHOME

Government assistance in connection with the Covid-19 situation

IAS 20 Accounting for Government Grants and Disclosure of Government Assistance – due to the extraordinary situation brought about by the pandemic the H&M group received government assistance in various markets, mainly in respect of rents and staffing.

The H&M group has chosen to report these grants as a reduction in the cost of the items to which the grants relate. The grants are reported in the income statement and balance sheet when it is reasonably certain that the grants will be received and any conditions for receiving the grants are fulfilled.

Financial instruments

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

Currency derivatives are measured at fair value based on Level 2 inputs in the IFRS 13 hierarchy. As of 28 February 2021, forward contracts with a positive market value amount to SEK 598 m (552), which is reported under other current receivables. Forward contracts with a negative market value amount to SEK 432 m (385), which is reported under other current liabilities. 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, and therefore the fair values of these and other financial instruments are 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, information security and cybersecurity, sustainability issues, weather, macroeconomics and geopolitical events, pandemics, foreign currencies, taxes, customs duty, and various regulations and ordinances, but also in connection with expansion into new markets, the launch of new concepts and how the brands are managed. More detailed information concerning the financial risks is given in H&M group's annual report.

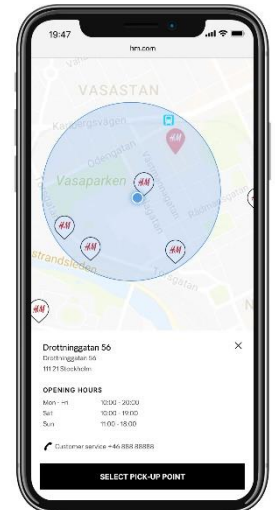


COS

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 shopping experience. Here are some examples of ongoing initiatives:

- **H&M's customer loyalty programme** now has around 120 million members in 26 markets. Members are rewarded not just for purchases, but also for commitment – such as bringing in old clothes for H&M's garment collecting, choosing climate-smart delivery options, bringing their own bag when shopping and choosing products made from more sustainable materials.
- **More payment options.** Members of H&M can pay now or later through the H&M app, whether shopping in store or online.
- **Digital receipts.** Customers can receive digital receipts in the H&M app in most markets.
- **Visual Search.** Image recognition helps customers by making recommendations and suggesting potential buys based on pictures that the customer has taken or been inspired by.
- **Next day delivery and express delivery** continue to be rolled out in more markets.
- **Climate-smart delivery options.** H&M customers in the Netherlands, Sweden and Italy can opt to receive and return items using a bicycle delivery service, a solution that is much appreciated by customers. Combined with using biogas vehicles from the logistics centre, this reduces CO2 emissions. Various kinds of climate-smart deliveries are offered in different markets.
- **Find in Store.** On seeing an item online, customers can use their mobile to find it quickly and easily in the size they want in a physical store as well as online.
- **Scan & Buy.** Customers can scan the QR code on a product in store to find and buy the item online in the size and colour they want.
- **In-Store Mode** allows customers to see on their mobiles which items are in the store they are currently in, as well as online.
- **Click & Collect** allows customers to pick up online purchases in store.
- **Online returns in store** is a service that continues to be rolled out during 2021.
- **#HMxME** enables customers to share their own fashion stories from Instagram while also providing an easy way to buy the items.
- **Recommended Size** helps customers find the right size online based on past purchases.
- **Rate & Review** lets customers rate and review H&M products.
- **RFID** (Radio Frequency Identification) means items with a digital price tag can be located quickly, to get precise information on an item's availability.
- **Instagram** – in the US, H&M customers can shop directly from inspirational images and videos on Instagram and get notifications on Instagram when H&M releases new collections.
- **H&M HOME X Augmented Reality.** H&M is continuously seeking new ways to engage its customers and reduce its carbon footprint. One example of this is the group's augmented reality pilot, where customers can preview selected H&M HOME products by virtually "placing" them in their own environment simply using the camera on their mobile.



Product flow

The pandemic has accelerated the need for flexibility between different sales channels, and so the H&M group is continuing to integrate the channels into a fully omni model. This encompasses the entire flow of goods and how to ensure that the right product is in the right place at the right time, at the right cost. Important elements include the group's tech investments in AI and logistics systems, but also work on logistics centres and an increased focus on innovation.

Two newly developed and highly automated logistics centres have been taken into operation in the US, one on the West Coast in the second half of 2020 and the other on the East Coast in the first quarter 2021.

Sustainability

The H&M group's sustainability vision is to lead the transition to circular, climate positive fashion as a fair and equal company across the entire value chain.

The H&M group's Sustainability Performance Report 2020 is published today at hmgroupp.com and includes the company's updated sustainability goals. Initiatives and highlights featured in the report include:

- 64 percent of the H&M group's materials are recycled or otherwise more sustainably sourced, which means a further step has been taken towards the goal of 100 percent by 2030. In the past year, the share of recycled materials has more than doubled to 5.8 percent.
- A new goal has been added: to achieve 30 percent recycled materials by 2025. In 2020, in collaboration with HKRITA (Hong Kong Research Institute of Textiles and Apparel) and the H&M Foundation, Monki launched the first collections of garments that recycle blended textiles at scale using its so-called Green Machine. H&M launched a collection made from Circulose, an MMC fibre made from recycled cotton waste that was developed by Swedish textile recycling company Renewcell. The H&M group has a multi-year contract with Renewcell for the supply of Circulose.
- The H&M group has a goal to reduce packaging across the value chain by 25 percent by 2025 compared with 2018. A 14 percent reduction was achieved by 2020. The company has reduced the volume of plastic packaging by 24 percent compared to 2018. Where packaging materials still need to be used, the goal is that these will be 100 percent made of recycled or other sustainably produced materials by 2030 at the latest.
- The H&M group is expanding by adding more circular business models: customers can now buy and sell COS garments second-hand in order to extend the life of the garments, and can rent childrenswear from ARKET via the online subscription service Circos.

Upscaling new sustainable textile fibre. TreeToTextile, which is part-owned by the H&M group, is constructing a demonstration plant for producing a new sustainable textile fibre in Sweden. The scalable technology produces biobased textile fibres with a low environmental footprint at an attractive cost level. The new fibre is a regenerated cellulosic fibre produced from renewable and sustainably sourced raw materials from the forest. The process is deliberately designed to have low energy demand and low chemical need. It is engineered to suit large-scale production and includes a recovery system for reusing process chemicals and water.

Jeans collection made from recycled textile waste. Weekday is launching a jeans collection made from recycled textile waste in partnership with Infinited Fiber Company. Weekday has used 50 percent organic cotton and 50 percent Infinna™, a material made of 100 percent recycled textile waste. The innovative process allows garments to be recycled time after time with no loss of quality, thereby creating truly circular fashion.

Read more about many of the initiatives taken and our sustainability work at hmgroupp.com.

Calendar

6 May 2021	Annual general meeting
15 June 2021	Sales development in the second quarter, 1 March 2021 – 31 May 2021
1 July 2021	Six-month report, 1 Dec 2020 – 31 May 2021
15 September 2021	Sales development in the third quarter, 1 Jun 2021 – 31 Aug 2021
30 September 2021	Nine-month report, 1 Dec 2020 – 31 Aug 2021
15 December 2021	Sales development in the fourth quarter, 1 Sep 2021 – 30 Nov 2021
28 January 2022	Full-year report, 1 Dec 2020 – 30 Nov 2021

Stockholm, 30 March 2021
Board of Directors

This three-month report has not been reviewed by the company's auditors.

Communication in conjunction with the three-month report

The three-month report, i.e. 1 December 2020 – 28 February 2021, will be published at 08:00 CEST on 31 March 2021 and will be followed by a telephone conference at 09:00 CEST for the financial market and media hosted by CEO Helena Helmersson, CFO Adam Karlsson and Head of IR Nils Vinge. The telephone conference will be held in English.

For log in details for the telephone conference please register at hmgroupp.com or via this link: <http://emea.directeventreg.com/registration/8156159>.

To book interviews with CEO Helena Helmersson, CFO Adam Karlsson and Head of IR Nils Vinge in conjunction with the three-month report on 31 March 2021, please contact: Kristina Stenvinkel, telephone: +46 8 796 39 08, e-mail: stenvinkel@hm.com

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For more information about the H&M group visit hmgroupp.com.

Information in this interim report is that which H & M Hennes & Mauritz AB (publ) is required to disclose under the EU Market Abuse Regulation (596/2014/EU). The information was submitted for publication by the abovementioned persons at 08:00 (CEST) on 31 March 2021. This interim report and other information about the H&M group, is available at hmgroupp.com.

H & M Hennes & Mauritz AB (publ) was founded in Sweden in 1947 and is quoted on Nasdaq Stockholm. H&M's business idea is to offer fashion and quality at the best price in a sustainable way. In addition to H&M, the group includes the brands COS, Monki, Weekday, & Other Stories, H&M HOME and ARKET as well as Afound. The H&M group has 53 online markets and approximately 4,950 stores in 74 markets including franchise markets. In 2020, net sales were SEK 187 billion. The number of employees amounts to approximately 153,000. For further information, visit hmgroupp.com.

GROUP INCOME STATEMENT IN SUMMARY (SEK m)

	Q1 2021	Q1 2020	1 Dec 2019- 30 Nov 2020
Net sales	40,060	54,948	187,031
Cost of goods sold	-21,003	-26,914	-93,487
GROSS PROFIT	19,057	28,034	93,544
<i>Gross margin, %</i>	47.6	51.0	50.0
Selling expenses	-18,041	-23,028	-81,425
Administrative expenses	-2,144	-2,316	-9,020
OPERATING PROFIT	-1,128	2,690	3,099
<i>Operating margin, %</i>	-2.8	4.9	1.7
Net financial items	-261	-186	-1,047
PROFIT AFTER FINANCIAL ITEMS	-1,389	2,504	2,052
Tax	319	-576	-809
PROFIT FOR THE PERIOD	-1,070	1,928	1,243

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

Earnings per share, SEK*	-0.65	1.16	0.75
Number of shares, thousands*	1,655,072	1,655,072	1,655,072
Depreciation, total	5,712	6,397	25,953
of which cost of goods sold	440	444	1,949
of which selling expenses	5,061	5,721	22,755
of which administrative expenses	211	232	1,249

* Before and after dilution.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (SEK m)

	Q1 2021	Q1 2020	1 Dec 2019- 30 Nov 2020
PROFIT FOR THE PERIOD	-1,070	1,928	1,243
Other comprehensive income			
<i>Items that are or may be reclassified to profit or loss</i>			
Translation differences	-82	373	-3,673
Change in hedging reserves	-105	-173	92
Tax attributable to change in hedging reserves	24	40	-21
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurement of defined benefit pension plans	-	-	-113
Tax related to the above remeasurement	-	-	26
OTHER COMPREHENSIVE INCOME	-163	240	-3,689
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-1,233	2,168	-2,446

All comprehensive income is attributable to the shareholders of the parent company H & M Hennes & Mauritz AB.

GROUP BALANCE SHEET IN SUMMARY (SEK m)

ASSETS	28 Feb - 2021	29 Feb - 2020	30 Nov - 2020
NON-CURRENT ASSETS			
Intangible non-current assets	10,213	11,383	10,432
Property, plant and equipment	29,735	39,325	31,639
Right of use assets	56,420	67,744	59,535
Non-current financial assets	979	641	786
Other non-current assets	6,499	5,333	6,621
	103,846	124,426	109,013
Current assets			
Stock-in-trade	36,978	37,201	38,209
Current receivables	11,948	13,199	10,609
Cash and cash equivalents	17,304	11,972	16,540
	66,230	62,372	65,358
TOTAL ASSETS	170,076	186,798	174,371
EQUITY AND LIABILITIES			
Equity	53,390	59,237	54,623
Long-term liabilities*	17,974	15,521	13,033
Long-term leasing liabilities*	47,956	57,183	50,458
Current liabilities**	37,961	40,234	42,982
Current leasing liabilities**	12,795	14,623	13,275
TOTAL EQUITY AND LIABILITIES	170,076	186,798	174,371

* Interest-bearing long-term liabilities including leasing amounts to SEK 62,053 m (68,260).

** Interest-bearing current liabilities including leasing amounts to SEK 14,425 m (19,113).

CHANGE IN GROUP EQUITY IN SUMMARY (SEK m)

	28 Feb - 2021	29 Feb - 2020	30 Nov - 2020
Shareholders' equity at the beginning of the period	54,623	57,069	57,069
Total comprehensive income for the period	-1,233	2,168	-2,446
Dividend	-	-	-
Shareholders' equity at the end of the period	53,390	59,237	54,623

GROUP CASH FLOW STATEMENT (SEK m)

	Q1 - 2021	Q1 - 2020
Operating activities		
Profit after financial items*	-1,389	2,504
Adjustment for non-cash items		
- Provisions for pensions	11	31
- Depreciation	5,712	6,397
- Tax paid	-744	-2,067
Cash flow from operating activities before changes in working capital	3,590	6,865
Cash flow from changes in working capital		
Current receivables	-1,190	-322
Stock-in-trade	1,213	733
Current liabilities	2,323	-439
CASH FLOW FROM OPERATING ACTIVITIES	5,936	6,837
Investing activities		
Investments in intangible fixed assets	-221	-526
Investments in tangible fixed assets	-492	-887
Other investments	-105	19
CASH FLOW FROM INVESTING ACTIVITIES	-818	-1,394
Financial activities		
Change in interest-bearing liabilities	-1,227	-2,294
Amortization lease	-3,148	-3,723
CASH FLOW FROM FINANCIAL ACTIVITIES	-4,375	-6,017
CASH FLOW FOR THE PERIOD	743	-574
Cash and cash equivalents at beginning of the financial year	16,540	12,312
Cash flow for the period	743	-574
Exchange rate effect	21	234
Cash and cash equivalents at end of the period**	17,304	11,972

* Interest paid for the group amounts to SEK 93 m (48).

** Cash and cash equivalents and short-term investments at the end of the period amounted to SEK 17,304 m (11,972).

NET SALES BY MARKET AND NUMBER OF STORES**Q1, 1 December - 28 February**

Market	Q1 - 2021	Q1 - 2020	Change in %		28 Feb - 21	Stores	
	SEK m	SEK m	SEK	Local	No. of stores	New	Closed
Sweden	1,746	2,147	-19	-19	162	1	7
Norway	947	1,173	-19	-12	121		4
Denmark	656	1,186	-45	-43	104		1
UK	2,172	3,531	-38	-33	284		5
Switzerland	904	1,338	-32	-30	98	1	1
Germany	4,593	7,743	-41	-39	451		6
Netherlands	988	1,478	-33	-32	126	2	11
Belgium	916	1,037	-12	-8	91		2
Austria	740	1,160	-36	-34	87		
Luxembourg	95	123	-23	-20	14		
Finland	415	581	-29	-26	61		4
France	2,259	2,869	-21	-18	224		4
USA	5,453	7,234	-25	-14	559		23
Spain	1,232	1,861	-34	-32	165		1
Poland	1,041	1,485	-30	-24	192		
Czech Republic	280	422	-34	-29	52		
Portugal	190	304	-38	-35	29		
Italy	1,205	1,916	-37	-35	172		2
Canada	772	1,136	-32	-24	97	2	1
Slovenia	68	105	-35	-33	13		
Ireland	276	296	-7	-4	23		1
Hungary	320	440	-27	-19	47		
Slovakia	112	201	-44	-43	29		
Greece	210	434	-52	-50	35		
China	2,388	2,114	13	21	502	1	4
Hong Kong	188	290	-35	-26	24		
Japan	890	1,110	-20	-13	115		
Russia	1,383	1,517	-9	24	155		
South Korea	435	493	-12	-5	56	1	
Turkey	311	611	-49	-27	58		1
Romania	504	611	-18	-13	57		
Croatia	133	164	-19	-14	17		
Singapore	140	195	-28	-20	12		1
Bulgaria	103	147	-30	-28	21		
Latvia	38	80	-53	-52	9		
Malaysia	202	373	-46	-39	50		
Mexico	821	1,294	-37	-23	55		
Chile	437	560	-22	-17	17		
Lithuania	35	90	-61	-61	10		
Serbia	81	104	-22	-19	15		
Estonia	66	90	-27	-23	13		
Australia	599	634	-6	-4	48		1
Philippines	282	429	-34	-29	41		
Taiwan	183	186	-2	5	13		
Peru	209	295	-29	-12	15		
Macau	22	27	-19	-9	2		
India	608	631	-4	14	50	1	
South Africa	208	294	-29	-17	27		
Puerto Rico	32	32	0	16	2		
Cyprus	22	22	0	6	1		
New Zealand	143	126	13	18	11		
Kazakhstan	47	58	-19	2	6		
Colombia	224	241	-7	11	9		
Iceland	64	65	-2	17	7		
Vietnam	146	139	5	20	11	2	
Georgia	11	34	-68	-58	3		
Ukraine	51	59	-14	15	5		
Uruguay	72	109	-34	-14	3		
Bosnia-Herzegovina	8	8	0	12	1		
Belarus	20	16	25	69	3		
Franchise and other	1,364	1,500	-9	0	269	4	4
Total	40,060	54,948	-27	-21	4,949	15	84

FIVE YEAR SUMMARY**Q1, 1 December - 28 February**

	2017*	2018*	2019*	2020	2021
Net sales, SEK m	46,985	46,181	51,015	54,948	40,060
Change net sales from previous year in SEK, %	8	-2	10	8	-27
Change net sales previous year in local currencies, %	4	0	4	5	-21
Operating profit, SEK m	3,159	1,208	1,005	2,690	-1,128
Operating margin, %	6.7	2.6	2.0	4.9	-2.8
Depreciations for the period, SEK m	2,106	2,279	2,677	6,397	5,712
Profit after financial items, SEK m	3,212	1,263	1,043	2,504	-1,389
Profit after tax, SEK m	2,457	1,372	803	1,928	-1,070
Cash and cash equivalents and short-term investments, SEK m	8,437	10,003	11,851	11,972	17,304
Stock-in-trade, SEK m	32,692	34,959	39,968	37,201	36,978
Equity, SEK m	63,395	61,720	60,042	59,237	53,390
Number of shares, thousands**	1,655,072	1,655,072	1,655,072	1,655,072	1,655,072
Earnings per share, SEK**	1.48	0.83	0.49	1.16	-0.65
Equity per share, SEK**	38.30	37.29	36.28	35.79	32.26
Cash flow from operating activities per share, SEK**	1.43	0.79	1.11	4.13	3.59
Share of risk-bearing capital, %	69.9	61.5	53.1	34.1	33.7
Equity/assets ratio, %	64.8	57.0	49.4	31.7	31.4
Total number of stores	4,393	4,743	4,958	5,053	4,949
Rolling twelve months					
Earnings per share, SEK**	11.21	9.12	7.30	8.80	-1.06
Return on equity, %	30.2	24.1	19.8	24.4	-3.1
Return on capital employed, %	38.2	27.2	20.3	17.1	-0.4

* Excluding IFRS 16.

** Before and after dilution.

For definitions and explanations regarding the key figures in this report, see note 32 in the annual report.

SEGMENT REPORTING (SEK m)

	Q1 - 2021	Q1 - 2020
Asia and Oceania		
External net sales	7,264	8,119
Operating profit	340	-271
Operating margin, %	4.7	-3.3
Europe and Africa*		
External net sales	24,776	35,928
Operating profit	-2,249	-490
Operating margin, %	-9.1	-1.4
North and South America		
External net sales	8,020	10,901
Operating profit	-294	50
Operating margin, %	-3.7	0.5
Group Functions		
Net sales to other segments	8,754	19,392
Operating profit	1,075	3,401
Eliminations		
Net sales to other segments	-8,754	-19,392
Total		
External net sales	40,060	54,948
Operating profit	-1,128	2,690
Operating margin, %	-2.8	4.9

* South Africa

PARENT COMPANY INCOME STATEMENT IN SUMMARY (SEK m)

	Q1 2021	Q1 2020	1 Dec 2019- 30 Nov 2020
External net sales	7	9	53
Internal net sales*	789	942	3,552
GROSS PROFIT	796	951	3,605
Administrative expenses	-23	-34	-111
OPERATING PROFIT	773	917	3,494
Net financial items**	-49	-5	2,669
PROFIT AFTER FINANCIAL ITEMS	724	912	6,163
Year-end appropriations	-	-	-3,439
Tax	-155	-192	-16
PROFIT FOR THE PERIOD	569	720	2,708

* Internal sales in the quarter consists of royalty of SEK 784 m (936) and other SEK 5 m (6) received from group companies.

** Dividend income from subsidiaries in the quarter consists of SEK 0 m (16).

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME (SEK m)

	Q1 2021	Q1 2020	1 Dec 2019- 30 Nov 2020
PROFIT FOR THE PERIOD	569	720	2,708
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	-	-	-3
Tax related to the above remeasurement	-	-	1
OTHER COMPREHENSIVE INCOME	-	-	-2
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	569	720	2,706

PARENT COMPANY BALANCE SHEET IN SUMMARY (SEK m)

	28 Feb - 2021	29 Feb - 2020	30 Nov 2020
ASSETS			
Non-current assets			
Property, plant and equipment	184	224	189
Other non-current assets	1,091	1,196	1,090
	1,275	1,420	1,279
Current assets			
Current receivables	42,540	36,244	35,241
Cash and cash equivalents	0	0	-
	42,540	36,244	35,241
TOTAL ASSETS	43,815	37,664	36,520
EQUITY AND LIABILITIES			
Equity	20,442	17,887	19,873
Untaxed reserves	38	57	38
Long-term liabilities*	13,802	10,443	8,637
Current liabilities**	9,533	9,277	7,972
TOTAL EQUITY AND LIABILITIES	43,815	37,664	36,520

* All long-term liabilities are interest-bearing.

** Interest-bearing current liabilities amounts to SEK 1,300 m (4,300).