

H&M Group

Q1



H & M Hennes & Mauritz AB
Three-month report
2024

H&M

COS

WEEKDAY

MONKI

H&M HOME

& other Stories

ARKET

AFOUND

Sellpy



H&M

H & M Hennes & Mauritz AB

Three-month report 2024

FIRST QUARTER (1 DECEMBER 2023 – 29 FEBRUARY 2024)

- The H&M group's net sales amounted to SEK 53,699 m (54,872).
- Gross profit increased by 7 percent to SEK 27,655 m (25,886). This corresponds to a gross margin of 51.5 percent (47.2).
- Operating profit amounted to SEK 2,077 m (725), corresponding to an operating margin of 3.9 percent (1.3). Adjusted for result from investments in associated companies and joint ventures of SEK -14 m (999) the operating profit amounted to SEK 2,091 m (-274), corresponding to an improvement in profit of SEK 2,365 m.
- The result after tax increased to SEK 1,201 m (540), corresponding to SEK 0.75 (0.33) per share.
- Cash flow from operating activities amounted to SEK 3,967 m (4,986).
- Financial net cash amounted to SEK 6,585 m (10,424). Cash and cash equivalents plus undrawn credit facilities were SEK 38,710 m (38,923).
- Currency adjusted the stock-in-trade decreased by 7 percent compared with the previous year. Converted into SEK the stock-in-trade decreased by 8 percent to SEK 37,630 m (41,040). The stock-in-trade in SEK represented 16.0 percent (17.9) of rolling 12-month sales.

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- The H&M group's sales in the period 1 – 25 March 2024 increased by 2 percent in local currencies compared with the same period the previous year.
 - As previously communicated, the H&M group and Vargas Holding have co-founded Syre, which aims to rapidly scale textile-to-textile recycling of polyester and contribute to a more sustainable textile industry.
 - Today the H&M group publishes its annual and sustainability report 2023. Among other things, the report shows a 22 percent reduction in greenhouse gas emissions in 2023. In relation to sales in SEK the decrease was 23 percent.*
 - The annual general meeting will be held on 3 May 2024 to resolve, among other things, on the board's proposed dividend of SEK 6.50 per share, to be paid in two instalments, and on a general authorisation allowing the board to buy back the group's own B shares in the period up to the 2025 annual general meeting. This general authorisation is one of the tools for the board to use if surplus liquidity is identified. If the annual general meeting authorises the board and the board chooses to utilise this authority, amounts and other details will be communicated.

Operating profit
SEK 2.1 billion
 (SEK 0.7 billion)

Gross margin
51.5%
 (47.2%)

Stock-in-trade/Sales**
16.0%
 (17.9%)

“Development continued in the right direction in the first quarter with an improved gross margin and operating profit, lower inventory and strong cash flow. Our top priority is to continue improving the customer offering, the store experience and the supply chain in order to increase sales.”

- Daniel Ervér, CEO.

* Refers to science-based targets for the company's entire value chain in scope 3 and excludes the use of sold products. The baseline is 2019. By 2030 at the latest the H&M group is to reduce its scope 1, 2 and 3 greenhouse gas emissions by 56 percent.

** Stock-in-trade in SEK as a share of rolling 12 months sales.

Comments by Daniel Erv r, CEO

We have a fantastic position with billions of visits a year to our physical and digital stores. We have more than 200 million customers in our loyalty programme, in a global market that external market analysts expect to grow by more than 5 percent a year up to 2028. With our long-term and high ambitions for a sustainable fashion industry, I am pleased and humbled to be entrusted with leading the H&M group.

In the first quarter we continued to take steps in the right direction, with a gross margin of 51.5 percent, a substantial improvement in operating profit to SEK 2.1 billion, inventory down by 7 percent and continued strong cash flow. Through continued cost control, better precision in our collections and close cooperation with our suppliers, we now stand better equipped.

We are fully focused on driving profitable growth going forward. Our stronger gross margin enables us to enhance the customer offering further and provide more value for money through improved quality and better prices. We are strengthening all parts of our assortment and our design organisation's most important mission is to create attractive collections. The upgrading of our stores is being accelerated, for added inspiration and relevance to customers. We are refurbishing around 250 stores globally in 2024, including in New York, London, Berlin and Stockholm. As we reported previously, we are also continuing to simplify our organisation to make it more efficient and faster. Other examples of ongoing improvements include increased nearshoring and enhanced efforts in digitalisation and AI, enabling customers to access the most relevant fashion each time they meet with us. The quarter's sales gradually improved during February with well-received Spring

collections, which is a positive sign that we are on the right track.

The main focus for me and all my colleagues is on creating the best offering for our customers. Our priorities remain firm: to enhance the assortment, always offer the best price, create inspiring experiences in both physical and digital environments, and to strengthen our brands. Thanks to the investments being made in tech, the supply chain and sustainability, combined with continued cost control, committed colleagues and a long-term perspective, we see good opportunities for profitable and sustainable growth.

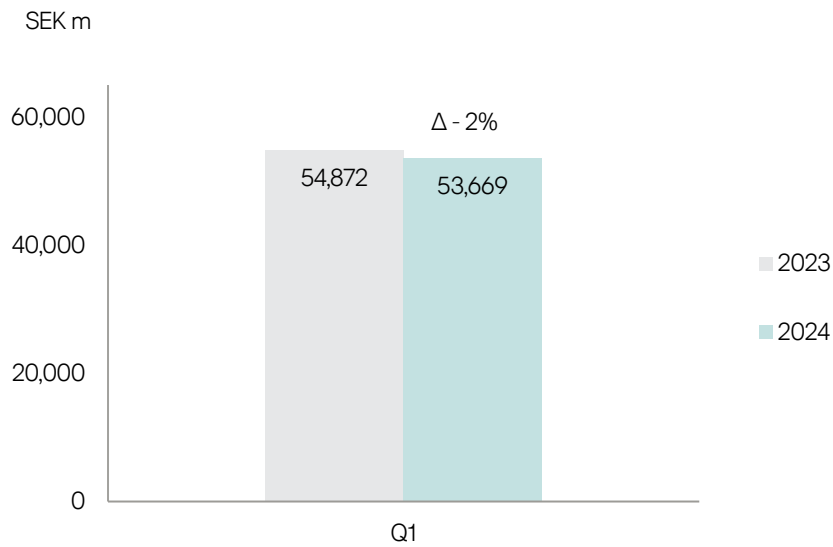
Today the H&M group's annual and sustainability report is being published, which details our progress in areas such as increased use of sustainable materials and reduced climate impact. To achieve our ambitious climate goals we are investing, for example, in projects for transition to renewable energy among our suppliers and within innovation. We have co-founded the recently launched Syre, which aims to rapidly scale a circular model for polyester recycling.

We continue to plan our business with respect for a challenging situation in the world around us where consumers remain affected by inflation and high interest rates. In this situation our customer offering is more relevant than ever. Our top priority is to strengthen sales, and our target of a 10 percent operating margin for full-year 2024 thus remains in place.

* For own operations (scope 1 & 2) and for the rest of our value chain (scope 3) and excluding use of sold products.



SALES



The H&M group's net sales in the first quarter amounted to SEK 53,669 m (54,872). Net sales decreased by 2 percent in local currencies compared with the corresponding quarter last year.

Around 30 percent of sales are online.

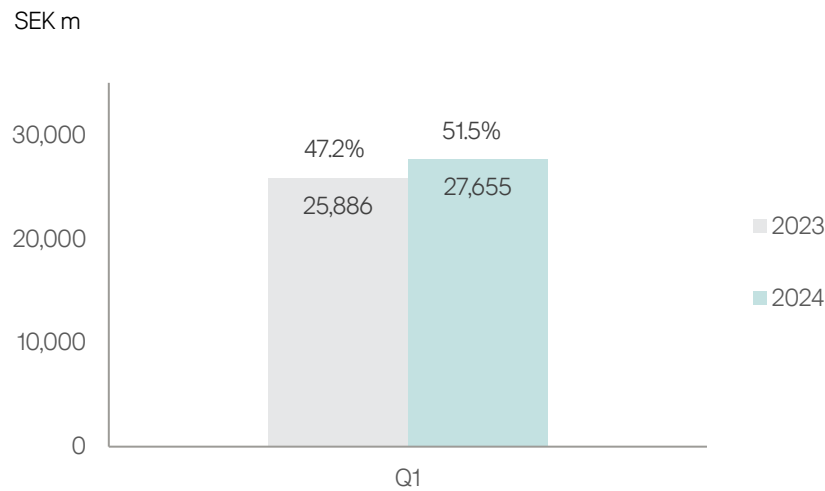
Net sales for Portfolio brands in the first quarter increased by 8 percent in SEK and by 8 percent in local currencies.

SALES PER REGION, FIRST QUARTER

	SEK m		SEK CHANGE IN %	LOCAL CURRENCY	NEW STORES (NET)	NUMBER OF STORES	
	2024	2023				2024	29 FEB 24
The Nordics	4,673	4,842	-3	-2	-4	385	394
Western Europe	17,295	17,558	-1	-4	-15	1,036	1,065
Eastern Europe	4,581	4,081	12	8	0	475	478
Southern Europe	6,884	7,047	-2	1	-7	601	619
North and South America	12,728	13,526	-6	-7	0	745	738
Asia, Oceania and Africa	7,508	7,818	-4	0	-5	1,096	1,120
Total	53,669	54,872	-2	-2	-31	4,338	4,414

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.



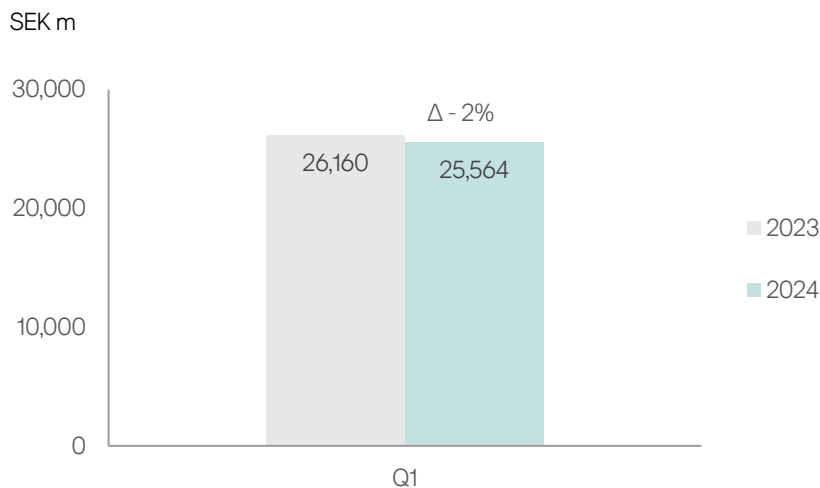
Gross profit increased by 7 percent to SEK 27,655 m (25,886) for the first quarter, corresponding to a gross margin of 51.5 percent (47.2).

The improvement work in the supply chain, the cost and efficiency programme and continued normalisation of the external factors that influence purchasing costs resulted in a stronger gross margin in the first quarter 2024.

The cost of markdowns in relation to sales in the first quarter 2024 was around half a percentage point higher compared with the corresponding quarter the previous year.

For the goods that will be sold in the second quarter of 2024, the overall effect of external factors is expected to be positive compared with the previous year.

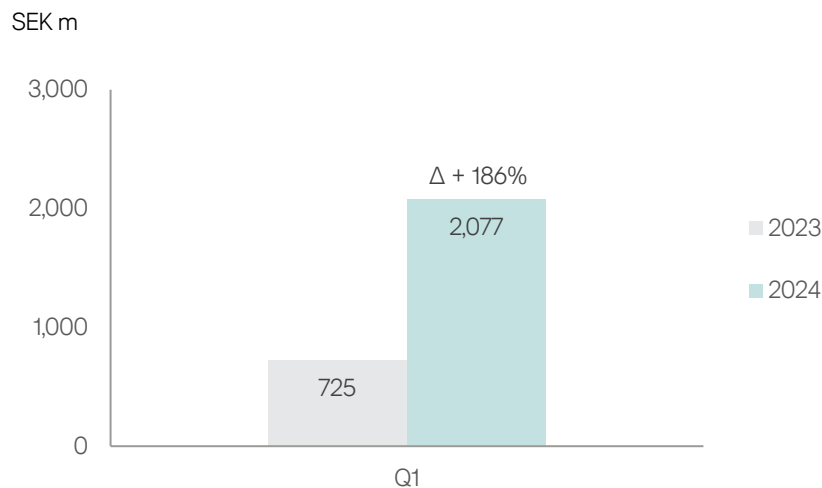
SELLING AND ADMINISTRATIVE EXPENSES



Selling and administrative expenses decreased in the first quarter by 2 percent to SEK 25,564 m (26,160). In local currencies these expenses decreased by 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 2022. The programme's actions had already started to have an effect from the second quarter of 2023 and in the first half of 2024 the remaining parts of the cost and efficiency programme are being implemented. The programme is expected to result in annual savings of around SEK 2 billion once fully implemented.

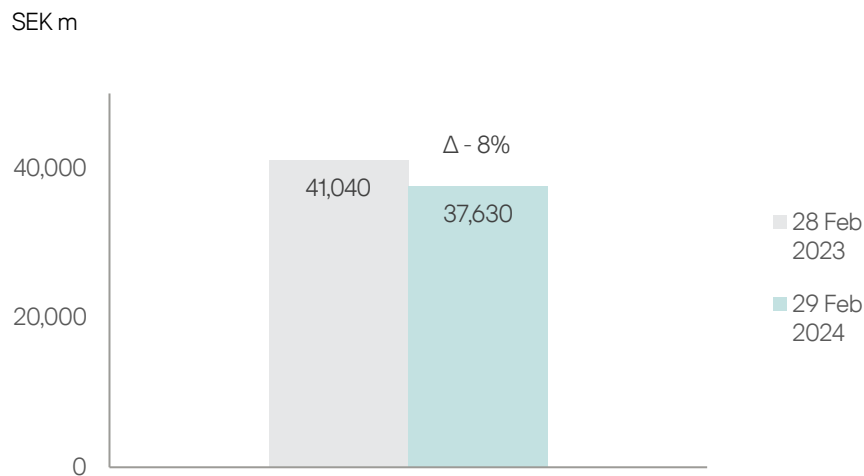
OPERATING PROFIT AND OPERATING MARGIN



Operating profit in the first quarter amounted to SEK 2,077 m (725), corresponding to an operating margin of 3.9 percent (1.3). The strong gross margin, the cost and efficiency programme, and good operational cost control all had a positive impact on operating profit.

The result for the first quarter 2023 included a non-taxable effect on earnings of SEK 999 m from revaluation of associated companies, consisting mainly of a one-time effect from the revaluation of the former associated company Sellpy. Adjusted for income from investments in associated companies and joint ventures of SEK -14 m (999), operating profit amounted to SEK 2,091 m (-274), which corresponds to an improvement in earnings of SEK 2,365 m.

STOCK-IN-TRADE



Currency adjusted the stock-in-trade decreased by 7 percent compared with the previous year. Converted into SEK the stock-in-trade decreased by 8 percent to SEK 37,630 m (41,040).

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

The stock-in-trade in SEK represented 16.0 percent (17.9) of rolling 12 months sales.

The investments in the supply chain and the integration of the sales channels continue. With a higher share of nearshoring, a more efficient and more flexible supply chain and more purchasing in season, the group is well placed for continued improvement of the stock-in-trade 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. In 2024 the company is stepping up the pace of investment in existing stores to provide an even more inspiring experience while also securing our store portfolio for continued profitability and growth. For example, around 250 stores globally are being refurbished, which is a significant increase compared to last year.

H&M is opening its first store in the Dominican Republic via franchise in 2024. In the first quarter of 2024 Arket was launched in Latvia, and Arket will continue its expansion by opening stores in Ireland, Poland, Spain and Italy in 2024. & Other Stories will open during the year on About You marketplace, which serves around 25 markets in Europe.

The H&M group is continuing to renegotiate a large number of leases, which also involves rebuilds, adjustment of the number of stores and of store space to ensure it has 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 2024 the plan is to open around 100 new stores and close around 160 stores, making a net decrease of around 60 stores. Most of the openings will be in growth markets, while the closures will mainly be in established markets.

STORE COUNT AND MARKETS BY BRAND

As at 29 February 2024 the H&M group had 4,338 (4,414) stores, i.e. the total number of stores has decreased by 76 stores compared with the same point in time the previous year, which corresponds to a reduction of approximately 2 percent. During the current financial year 16 (7) new stores have opened and 47 (58) stores have closed. A total of 272 (282) of the group's stores are operated by franchise partners.

	NEW STORES			NUMBER OF MARKETS	
	2024 (NET)	TOTAL NUMBER OF STORES		STORE	ONLINE
	Q1	29 FEB 2024	28 FEB 2023	29 FEB 2024	
H&M	-24	3,848	3,907	77	60
COS	-4	241	254	47	38
Monki	-2	62	74	15	29
Weekday	-3	50	53	14	29
& Other Stories	-1	71	69	25	32
ARKET	3	33	26	14	31
Afound	0	0	0	0	7
H&M HOME*	0	33	31	59	45
Sellpy	0	0	0	0	24
Total	-31	4,338	4,414		

* Concept stores. H&M HOME is also available through shop-in-shop in 440 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 three-month period amounted to SEK 3,967 m (4,986). Operating working capital amounted to SEK 18,282 m (21,441).

Currency adjusted, inventory was down by around 7 percent compared with the previous year and contributed to a SEK 3,159 m decrease in working capital compared with the previous year. Working capital amounted to 7.8 percent (9.4) of rolling 12-month sales.

SEK m	2024-02-29	2023-02-28	2023-11-30
Accounts receivable	2,290	2,594	3,301
Stock-in-trade	37,630	41,040	37,358
Accounts payable	-21,638	-22,193	-21,027
Operating working capital	18,282	21,441	19,632

Liquidity and debt financing

The H&M group's liquidity remains very good. As at 29 February 2024 cash and cash equivalents amounted to SEK 20,822 m (21,290). In addition, the group has undrawn credit facilities of SEK 17,888 m (17,633). The total liquidity buffer, i.e. cash and cash equivalents plus undrawn credit facilities, amounted to SEK 38,710 m (38,923).

Net debt including lease liabilities in relation to EBITDA amounted to 1.4 (1.7) with a net cash position of SEK 6,585 m (10,424). Debt levels are at the lower end of the target range of 1.0 – 2.0 for the capital structure target Net debt/EBITDA.

Interest-bearing liabilities in the form of commercial papers, bonds and loans from credit institutions amounted to SEK 14,237 m (10,866) as at 29 February 2024. During the quarter interest-bearing liabilities of SEK 2,770 m net were repaid, which extended the average maturity of interest-bearing liabilities to 5.8 (4.1) years.

A maturity analysis of outstanding interest-bearing liabilities and undrawn credit facilities as at 29 February 2024 is given in the table below.

Year	LOANS FROM CREDIT		UNUSED CREDIT FACILITIES
	BONDS (EMTN)	INSTITUTIONS	
2024	-	437	-
2025	-	-	-
2026	-	2,000	3,354
2027	-	-	-
2028	-	263	-
2029	5,590	-	14,534
2030	-	-	-
2031	5,948	-	-
Total SEK m	11,538	2,700	17,888

TAX

The group's tax rate for the financial year 2023/2024 is expected to be 25 – 26 percent based on known circumstances. For the first three quarters of the year a tax rate of 25 (24) percent is planned to be used to calculate tax expense on the earnings in each period excluding result from investments in associated companies and joint ventures. The final tax rate depends on, among other things, 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 BUYBACKS

During the period 27 September 2023 – 1 March 2024 the group repurchased shares as authorised by the 2023 annual general meeting. In total 19,144,612 B shares were repurchased for a total sum of SEK 3 billion. It is intended that the shares repurchased will be cancelled through a resolution at the 2024 annual general meeting.

CURRENT QUARTER

The H&M group's sales in the period 1 – 25 March 2024 increased by 2 percent in local currencies compared with the same period the previous year.

The cost of markdowns in relation to sales in the second quarter is expected to increase somewhat compared with the corresponding quarter the previous year.

The company monitors developments in the Red Sea and act to minimise impact on the company's product availability, freight costs and stock levels.

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.

SUSTAINABILITY

The H&M group's sustainability vision is to lead the change to a more sustainable and circular fashion industry. The company's size and reach mean it has a significant opportunity to influence the industry in general, and to scale up the infrastructure and innovation required for this transformation. Today, the H&M group's integrated annual and sustainability report 2023 is published. More detailed information about the group's sustainability work can be found in the Sustainability Disclosure 2023 at [hmgroup.com](https://www.hmgroup.com), which is also published today. Some sustainability-linked highlights from 2023 and the last quarter include:

22 percent absolute reduction of greenhouse gas emissions in scope 3* compared to the 2019 baseline. The decrease is a result of continued efforts in phasing out on-site coal, changes in supplier base, local policy and H&M group pushing for increased electrification of steam production. By 2030 at the latest the H&M group is to reduce its scope 1, 2 and 3 greenhouse gas emissions by 56 percent.

Climate Transition Plan. The plan is an important milestone in H&M Group's climate efforts and describes its ambitions to transform its value chain, guide strategic decisions, take action in the operations and drive the company towards achieving its ambitious climate goals while also promoting sustainable innovation.

85 percent of all materials were recycled or sustainably sourced in 2023, taking the company closer to its goal of 100 percent of the company's materials being either recycled or sustainably sourced by 2030, including 30 percent recycled materials by 2025. The progress is largely due to the increased use of recycled polyester and wool that meet the requirements of the Responsible Wool Standard.

Strengthened ambition level for recycled materials. H&M Group's new ambition is to achieve 50 percent recycled materials by 2030. In 2023 the group reached a share of 25 percent recycled materials, including 79 percent recycled polyester, marking progress towards the goal of 100 percent recycled polyester by 2025. As innovations within polyester recycling continue to make progress, the company is scaling up its use of textile-to-textile recycled polyester in its products.

Investment in textile-to-textile recycled polyester. H&M group and Vargas Holding has co-founded Syre, which will rapidly scale textile-to-textile recycling of polyester. Through Syre, the H&M group aims to contribute to a circular shift in the industry by moving away from virgin polyester and bottle-to-textile polyester recycling, known as rPET, towards a closed loop alternative. H&M Group has secured an offtake agreement with Syre worth a total of USD 600 million over seven years, covering a significant share of the company's long-term need for recycled polyester.

Electricity intensity reduction. A 29 percent reduction in electricity intensity in stores per square metre and opening hour from its 2016 baseline, exceeding the goal of 25 percent by 2030 seven years ahead of schedule and contributing to reduce emissions in scopes 1 and 2.**

World's Top Companies for Women. H&M Group ranked seventh out of 400 companies in the 2023 edition of Forbes' World's Top Companies for Women list, taking the number one position in the Clothing and Shoes category. H&M Group scored highest in the leadership category (number of women in management and on the board), where the H&M group was ranked among the top 1 percent of all companies assessed in this category.

Remake's 2024 Fashion Accountability Report. H&M group scored second out of 52 brands assessed in Remake's 2024 Fashion Accountability Report. Remake assesses some of the world's largest fashion companies in the areas traceability, raw materials, wages and wellbeing, and commercial practices.

* Refers to science-based targets for the company's entire value chain in scope 3 and excludes the use of sold products.

** Scope 1 and 2 refers to science-based targets for the company's own operations.

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).

CALENDAR

3 May 2024	Annual general meeting at 15:00 (CEST), Erling Persson Hall, Aula Medica, Solna
27 June 2024	Six-month report, 1 Dec 2023 – 31 May 2024
26 September 2024	Nine-month report, 1 Dec 2023 – 31 Aug 2024
30 January 2025	Full-year report, 1 Dec 2023 – 30 Nov 2024

Stockholm, 26 March 2024
Board of Directors

COMMUNICATION IN CONJUNCTION WITH THE THREE-MONTH REPORT

The three-month report, i.e., 1 December 2023 – 29 February 2024, will be published at 08:00 CET on 27 March 2024, followed by a telephone conference at 09:00 CET for the financial market and media. The telephone conference will be held in English, hosted by CEO Daniel Ervér, CFO Adam Karlsson and Head of IR Joseph Ahlberg.

For log in details for the three-month report telephone conference please register via this link:
<https://app.webinar.net/Bo9xPemPy5G>

To book interviews in conjunction with the three-month report on 27 March 2024, please contact: Anna Frosch Nordin, Head of Media Relations, telephone +46 73 432 93 14, anna.froschnordin@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 (EU) No 596/2014. The information was submitted for publication by the abovementioned persons at 08:00 (CET) on 27 March 2024. This interim report and other information about the H&M group are 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, ARKET and Afound as well as Sellpy. For further information, visit hmgroupp.com.

GROUP INCOME STATEMENT IN SUMMARY (SEK M)

	Q1 2024	Q1 2023	2022-12-01- 2023-11-30
Net sales, note 3	53,669	54,872	236,035
Cost of goods sold, note 4	-26,014	-28,986	-115,139
GROSS PROFIT	27,655	25,886	120,896
<i>Gross margin, %</i>	<i>51.5</i>	<i>47.2</i>	<i>51.2</i>
Selling expenses, note 4	-22,643	-23,108	-96,435
Administrative expenses, note 4	-2,921	-3,052	-10,895
Result from investments in associated companies and joint ventures*	-14	999	971
OPERATING PROFIT	2,077	725	14,537
<i>Operating margin, %</i>	<i>3.9</i>	<i>1.3</i>	<i>6.2</i>
Net financial items	-471	-329	-1,527
PROFIT AFTER FINANCIAL ITEMS	1,606	396	13,010
Tax	-405	144	-4,287
PROFIT FOR THE PERIOD	1,201	540	8,723
Attributable to:			
The shareholders of H & M Hennes & Mauritz AB	1,209	541	8,752
Non-controlling interest	-8	-1	-29
Earnings per share, SEK**	0.75	0.33	5.35
Average number of shares outstanding, thousands**	1,617,495	1,629,687	1,629,097

For information about depreciation, amortisation and impairment, see note 4.

* Income from investments in associated companies and joint ventures for Q1 and for full year 2022/2023 include a one-time item of SEK 999 m for revaluation of associated companies of which mainly the former associated company Sellpy.

** Before and after dilution, excluding own shares.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (SEK M)

	Q1 2024	Q1 2023	2022-12-01- 2023-11-30
PROFIT FOR THE PERIOD	1,201	540	8,723
Other comprehensive income			
<i>Items that are or may be reclassified to profit or loss</i>			
Translation differences	-236	-135	12
Change in hedging reserves	44	669	413
Tax attributable to change in hedging reserves	-9	-138	-85
Share of OCI related to associated companies and joint ventures	0	-	-
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurement of defined benefit pension plans	-59	7	-41
Tax related to the above remeasurement	15	-1	10
Remeasurement of financial assets, note 2	-21	-8	-599
OTHER COMPREHENSIVE INCOME	-266	394	-290
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	935	934	8,433
Attributable to:			
The shareholders of H & M Hennes & Mauritz AB	943	935	8,462
Non-controlling interest	-8	-1	-29

GROUP BALANCE SHEET IN SUMMARY (SEK M)

ASSETS	2024-02-29	2023-02-28	2023-11-30
NON-CURRENT ASSETS			
Intangible non-current assets	9,148	10,550	9,725
Property, plant and equipment	24,512	23,765	25,242
Right-of-use assets	55,639	57,303	56,294
Non-current financial assets, note 2	2,665	2,831	2,572
Other non-current assets	6,935	7,357	6,911
	98,899	101,806	100,744
CURRENT ASSETS			
Stock-in-trade	37,630	41,040	37,358
Current receivables	16,416	15,333	16,773
Cash and cash equivalents	20,822	21,290	26,398
	74,868	77,663	80,529
TOTAL ASSETS	173,767	179,469	181,273
EQUITY AND LIABILITIES			
Equity*	46,687	51,780	47,601
Long-term liabilities**	16,900	13,929	17,016
Long-term leasing liabilities**	47,944	48,947	48,729
Short-term liabilities***	49,840	52,781	55,768
Current leasing liabilities***	12,396	12,032	12,159
TOTAL EQUITY AND LIABILITIES	173,767	179,469	181,273

* Equity attributable to the shareholders of H & M Hennes & Mauritz AB amounts to SEK 46,594 m (51,692) and to non-controlling interests SEK 93 m (88).

** Interest-bearing long-term liabilities amounts to SEK 62,370 m (59,255), excluding leasing SEK 14,426 m (10,308) of which provisions for pensions SEK 478 m (343).

*** Interest-bearing current liabilities amounts to SEK 12,685 m (12,933), excluding leasing SEK 289 m (901).

GROUP CHANGES IN EQUITY IN SUMMARY (SEK M)

	2024-02-29	2023-02-28	2023-11-30
Shareholders' equity at the beginning of the financial year	47,601	50,757	50,757
Total comprehensive income for the period	935	934	8,433
Non-controlling interest that has arisen from acquisitions	-	89	111
Dividend	-	-	-10,577
Repurchase of shares	-1,849	-	-1,123
Shareholders' equity at the end of the period	46,687	51,780	47,601

GROUP CASH FLOW STATEMENT IN SUMMARY (SEK M)

	Q1 2024	Q1 2023
Operating activities		
Profit after financial items*	1,606	396
<i>Adjustment for non-cash items</i>		
Provisions for pensions	43	18
Other provisions	161	-
Depreciation, amortisation and write-downs	5,405	5,505
Other non-cash items	14	-999
Taxes paid	-717	-249
Cash flow from operating activities before changes in working capital	6,512	4,671
Cash flow from changes in working capital		
Operating receivables	-39	-409
Stock-in-trade	-577	1,482
Operating liabilities	-1,929	-758
CASH FLOW FROM OPERATING ACTIVITIES	3,967	4,986
Investing activities		
Investments in intangible fixed assets	-187	-337
Investments in tangible fixed assets	-1,294	-1,227
Other	-175	-79
CASH FLOW FROM INVESTING ACTIVITIES	-1,656	-1,643
Financial activities		
Change in interest-bearing liabilities	-2,770	19
Amortisation lease	-3,134	-3,124
Repurchase of shares	-1,810	-
CASH FLOW FROM FINANCIAL ACTIVITIES	-7,714	-3,105
CASH FLOW FOR THE PERIOD	-5,403	238
Cash and cash equivalents at beginning of the financial year	26,398	21,707
Cash flow for the period	-5,403	238
Exchange rate effect	-173	-655
Cash and cash equivalents at end of the period	20,822	21,290

* Interest paid for the group amounts to SEK 192 m (74). Interest expense related to leases amounts to SEK 491 m (338) for the group.
Received interest for the group amounts to SEK 212 m (83).

FIVE YEAR SUMMARY

Q1, 1 DECEMBER – 29 FEBRUARY

	2020	2021	2022	2023	2024
Net sales, SEK m	54,948	40,060	49,166	54,872	53,669
Change net sales from previous year in SEK, %	8	-27	23	12	-2
Change net sales previous year in local currencies, %	5	-21	18	3	-2
Operating profit, SEK m	2,690	-1,128	458	725	2,077
Operating margin, %	4.9	-2.8	0.9	1.3	3.9
Depreciation, amortisation and write-downs for the period, SEK m	6,397	5,712	5,393	5,505	5,405
Profit after financial items, SEK m	2,504	-1,389	282	396	1,606
Profit after tax, SEK m	1,928	-1,070	217	540	1,201
Cash and cash equivalents, SEK m	11,972	17,304	27,403	21,290	20,822
Stock-in-trade, SEK m	37,201	36,978	39,331	41,040	37,630
Equity, SEK m	59,237	53,390	60,715	51,780	46,687
Average number of shares outstanding, thousands*	1,655,072	1,655,072	1,655,072	1,629,687	1,617,495
Earnings per share, SEK*	1.16	-0.65	0.13	0.33	0.75
Cash flow from operating activities per share, SEK	4.13	3.59	2.19	3.06	2.45
Number of shares outstanding as of the closing day, thousands*	1,655,072	1,655,072	1,655,072	1,629,687	1,610,735
Equity per share, SEK*	35.79	32.26	36.68	31.77	28.98
Share of risk-bearing capital, %	34.1	33.7	34.8	30.7	28.2
Equity/assets ratio, %	31.7	31.4	32.8	28.9	26.9
Total number of stores	5,053	4,949	4,721	4,414	4,338
Rolling 12 months					
Average number of shares outstanding, thousands*	1,655,072	1,655,072	1,655,072	1,643,587	1,626,067
Earnings per share, SEK*	8.80	-1.06	7.43	2.37	5.77
Return on equity, %	24.4	-3.1	21.6	6.9	19.1
Return on capital employed, %	17.1	-0.4	13.1	6.0	13.5

* Before and after dilution, excluding own shares.

For definitions and explanations of the alternative performance measures in this report, see page 138-140 in the annual and sustainability report for the 2023 financial year.

PARENT COMPANY INCOME STATEMENT IN SUMMARY (SEK M)

	Q1 2024	Q1 2023	2022-12-01- 2023-11-30
Net sales	538	529	2,264
GROSS PROFIT	538	529	2,264
Administrative expenses	-32	-21	-108
OPERATING PROFIT	506	508	2,156
Net financial items*	328	-46	11,224
PROFIT AFTER FINANCIAL ITEMS	834	462	13,380
Year-end appropriations	-	-	-1,496
Tax	-89	-94	-117
PROFIT FOR THE PERIOD	745	368	11,767

* Revenue from interests in group companies in the quarter consists of SEK 402 m (0).

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME (SEK M)

	Q1 2024	Q1 2023	2022-12-01- 2023-11-30
PROFIT FOR THE PERIOD	745	368	11,767
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	0	-14
Tax related to the above remeasurement	0	0	3
OTHER COMPREHENSIVE INCOME	-2	0	-11
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	743	368	11,756

PARENT COMPANY BALANCE SHEET IN SUMMARY (SEK M)

	2024-02-29	2023-02-28	2023-11-30
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	137	152	140
Other non-current assets	1,726	1,374	1,595
	1,863	1,526	1,735
CURRENT ASSETS			
Current receivables	28,310	25,775	30,812
Cash and cash equivalents	0	3	2
	28,310	25,778	30,814
TOTAL ASSETS	30,173	27,304	32,549
EQUITY AND LIABILITIES			
Equity	15,254	16,672	16,360
Untaxed reserves	17	21	17
Long-term liabilities*	13,069	9,349	13,195
Short-term liabilities**	1,833	1,262	2,977
TOTAL EQUITY AND LIABILITIES	30,173	27,304	32,549

* All long-term liabilities are interest-bearing.

** Interest-bearing current liabilities amounts to SEK 0 m (720).

NOTE 1. 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 2023. No new or revised IFRS standards or interpretations applied from 1 December 2023 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 2023 financial year.

NOTE 2. 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 and classification of financial instruments are unchanged from the information disclosed in note 24 in the annual and sustainability report for 2023.

Shares are measured at fair value, either through profit or loss or through other comprehensive income. Where holdings of shares are assessed to be strategic, the H&M group has chosen to recognise changes in value in other comprehensive income.

The value of the holding in Renewcell is based on the share price, which is a level 1 input according to IFRS 13. Renewcell declared bankruptcy in February 2024 and has thus been delisted, and the holding has subsequently been written down. Fair value amounts to SEK 0 m (363) as at 29 February 2024. The fair value of the remaining shares and interests based on level 3 inputs according to IFRS 13 amounts in total to SEK 2,454 m (2,342) as at 29 February 2024, the largest investments being Klarna at SEK 619 m (456), Sheertex at SEK 619 m (526), and Instabee at SEK 200 m (709). The effect of measurement of the group's other shares and interests is reported in other comprehensive income and amounts to SEK -21 m (-8) for the first quarter.

Currency derivatives are measured at fair value based on level 2 inputs in the IFRS 13 hierarchy. As at 29 February 2024 forward contracts with a positive market value amount to SEK 882 m (604), reported under other current receivables. Forward contracts with a negative market value amount to SEK 777 m (920), which is recognised in other current liabilities.

In hedge accounting, derivatives are classified as cash flow hedges or as fair value hedges. As at 29 February 2024 the nominal amount of outstanding interest rate swaps was SEK 5,590 m (0). The interest rate swaps are reported as fair value hedges through profit or loss. Changes in the fair value of the swaps are reported in the income statement together with changes in the fair value of the hedged liability to which the hedged risk relates. Measurement is based on forward interest rates using observable interest rate curves and discounting of contractual cash flows (corresponding to level 2).

Other financial assets and liabilities are measured at amortised cost. Measurement at fair value would decrease the group's liabilities to credit institutions by around SEK 1,000 m. The decrease is due to general interest rate increases since debt was issued. The fair values of other financial instruments are assessed to be approximately equal to their book values.

NOTE 3. SEGMENT REPORTING (SEK M)

	Q1 2024	Q1 2023
Asia and Oceania		
External net sales	7,212	7,520
Operating profit	51	-221
<i>Operating margin, %</i>	<i>0.7</i>	<i>-2.9</i>
Europe and Africa*		
External net sales	33,729	33,827
Operating profit	1,119	-209
<i>Operating margin, %</i>	<i>3.3</i>	<i>-0.6</i>
North and South America		
External net sales	12,728	13,525
Operating profit	-339	109
<i>Operating margin, %</i>	<i>-2.7</i>	<i>0.8</i>
Group Functions		
Net sales to other segments	16,899	17,092
Operating profit	1,246	1,046
<i>Operating margin, %</i>	<i>7.4</i>	<i>6.1</i>
Eliminations		
Net sales to other segments	-16,899	-17,092
Total		
External net sales	53,669	54,872
Operating profit	2,077	725
<i>Operating margin, %</i>	<i>3.9</i>	<i>1.3</i>
Net financial items	-471	-329
Profit after financial items	1,606	396

* South Africa

NOTE 4. DEPRECIATIONS, AMORTISATIONS AND WRITE-DOWNS

	Q1 2024	Q1 2023	2022-12-01- 2023-11-30
DEPRECIATIONS AND AMORTISATIONS			
Intangible non-current assets and property, plant and equipment excluding right-of-use assets			
Cost of goods sold	234	222	935
Selling expenses	1,794	1,920	7,742
Administrative expenses	98	114	438
Total	2,126	2,256	9,115
Right-of-use assets			
Cost of goods sold	330	190	1,107
Selling expenses	2,841	2,870	11,552
Administrative expenses	107	95	411
Total	3,277	3,156	13,070
TOTAL DEPRECIATIONS AND AMORTISATIONS	5,403	5,412	22,185
WRITE-DOWNS AND LOSSES AT DISPOSALS			
Intangible non-current assets and property, plant and equipment excluding right-of-use assets			
Cost of goods sold	1	5	69
Selling expenses	-4*	79	605
Administrative expenses	5	69	21
Total	2	153	695
Right-of-use assets			
Cost of goods sold	-	-	-
Selling expenses	-	-60*	74
Administrative expenses	-	-	-
Total	-	-60	74
TOTAL WRITE-DOWNS AND LOSSES AT DISPOSALS	2	93	770
TOTAL DEPRECIATIONS, AMORTISATIONS, WRITE-DOWNS AND LOSSES AT DISPOSALS	5,405	5,504	22,955

* Release of unused provisions for store closures.

NOTE 5. EVENTS AFTER THE CLOSING DATE

There have been no significant events after the closing date that effects the financial reporting.



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