

## Full-year report

### Full-year (1 December 2021 – 30 November 2022)

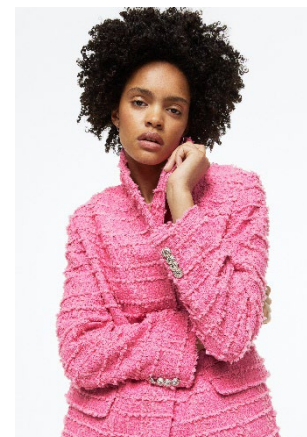
- The H&M group's net sales in SEK increased by 12 percent in the 2022 financial year to SEK 223,553 m (198,967). In local currencies the increase was 6 percent. Excluding Russia, Belarus and Ukraine the increase was 15 percent in SEK and 8 percent in local currencies.
- As communicated previously, results for the year were impacted by one-time costs of SEK 2,591 m for winding down the Russian operations and of a cost and efficiency programme.
- The gross margin was 50.7 percent (52.8). Adjusted for the one-time costs the gross margin was 50.8 percent (52.8).
- Operating profit was SEK 7,169 m (15,255), corresponding to an operating margin of 3.2 percent (7.7). Adjusted for the one-time costs, operating profit amounted to SEK 9,760 m (15,255) and the operating margin was 4.4 percent (7.7).
- The group's profit after tax was SEK 3,566 m (11,010), corresponding to SEK 2.16 (6.65) per share. Adjusted for the one-time costs, profit after tax amounted to SEK 5,634 m (11,010), corresponding to SEK 3.41 (6.65) per share.
- Cash flow from operating activities amounted to SEK 24,476 m (44,619).
- Financial net cash was SEK 10,929 m (17,857). Cash and cash equivalents plus undrawn credit facilities amounted to SEK 39,176 m (42,649).

### Fourth quarter (1 September 2022 – 30 November 2022)

- Net sales increased by 10 percent to SEK 62,433 m (56,813). In local currencies, net sales were flat. Excluding Russia, Belarus and Ukraine the increase was 11 percent in SEK and 2 percent in local currencies.
- As communicated previously, the results were impacted by a one-time cost of SEK 836 m for the cost and efficiency programme.
- Gross profit amounted to SEK 31,011 m (31,341). This corresponds to a gross margin of 49.7 percent (55.2). The external factors for purchases made for the fourth quarter were very negative compared with the corresponding period last year, with a historically strong US dollar.
- Operating profit was SEK 821 m (6,259), corresponding to an operating margin of 1.3 percent (11.0). The lower profit in the fourth quarter when compared with the same quarter in the previous year is mainly explained by the negative external factors, loss of the operating profit previously contributed by Russia and the one-time cost of the cost and efficiency programme.
- The group's result after tax was SEK -864 m (4,621), corresponding to SEK -0.53 (2.79) per share.
- Currency adjusted the stock-in-trade decreased by 3 percent compared to the previous year. Converted to SEK the stock-in-trade amounted to SEK 42,495 m (37,306). The composition is assessed to be good.

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- The H&M group's sales increased by 5 percent in local currencies in the period 1 December 2022 – 25 January 2023 compared with the same period last year. Excluding Russia, Belarus and Ukraine sales increased by 9 percent in local currencies.
  - Capex is planned to increase by around 50 percent to SEK 10 billion in 2023.
  - The board of directors is proposing an ordinary dividend of SEK 6.50 per share to the annual general meeting to be paid in two instalments.
  - The board of directors will also ask the 2023 annual general meeting for authorisation allowing it to buy back the group's own B shares in the period up to the 2024 annual general meeting for a maximum of SEK 3 billion. The board of directors will wait to see how the company develops during the year and the authorisation will only be used if certain conditions are met.

*"Sales in the new financial year have started well. The external factors are still challenging, but are moving in the right direction. Combined with our investments and efficiency improvements, there are very good prerequisites for 2023 to be a year of increased sales, and improved profitability. Thus, our goal of achieving a double-digit operating margin for full-year 2024 remains in place," says Helena Helmersson, CEO.*



H&M

## Comments by Helena Helmersson, CEO

“Although 2022 was a turbulent year characterised by negative external factors such as geopolitical challenges and substantial cost inflation, our sales increased by 6 percent during the year. Having left the worst of the negative effects of the pandemic behind us, war broke out in Ukraine. We quickly decided to pause sales in the countries affected and later to wind down our business in Russia and Belarus. Our decision to wind down the business in Russia, which was an important and profitable market, has had a significant negative impact on our results. The hikes in raw materials and freight costs combined with a historically strong US dollar resulted in extensive cost increases for purchases of goods. Rather than passing on the full cost to our customers, we chose to strengthen our market position further. On top of this there were increased energy costs as well as a one-time charge for the cost and efficiency programme that was initiated at the end of the year. The combined effect of these factors amounted to a negative impact on profit in the fourth quarter totalling around SEK 5 billion compared with the same quarter last year.

The external factors that have had a negative effect on our purchasing costs are gradually reversing and are expected to become positive for our results in the second half of 2023. Purchasing costs are already lower for the orders being placed now compared with the same time last year. In addition, the second half will also see the positive effect of the cost and efficiency programme that is expected to provide annual savings of SEK 2 billion.

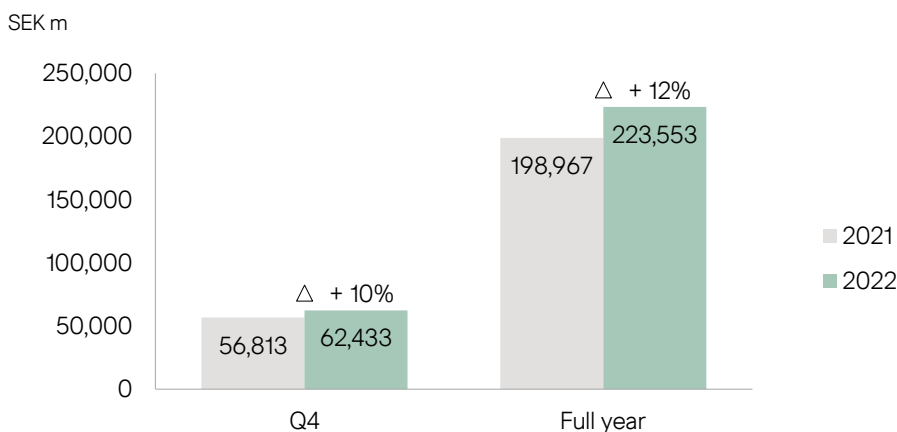
Our highest priority is the H&M brand, where we are continuing to work on improving the assortment and the customer experience both in store and online while at the same time integrating the two channels further. Development of all our brands continues in parallel, alongside initiatives in areas such as sport, beauty and home. Via our investment arm CO:LAB we are creating value through a range of exciting and innovative partnerships and business models. Sellpy is growing fast and is already one of the biggest players in second-hand fashion in Europe. To enable all this our investments in the supply chain, tech and AI are also continuing. In total we are increasing capex from SEK 7 billion to SEK 10 billion in 2023.

Despite the tough situation in the world around us the H&M group stands strong, with a robust financial position, healthy cash flow and a well-balanced inventory. Sales in the new financial year have started well. The external factors are still challenging, but are moving in the right direction. Combined with our investments and efficiency improvements, there are very good prerequisites for 2023 to be a year of increased sales, improved profitability and lower inventory. Thus, our goal of achieving a double-digit operating margin for full-year 2024 remains in place.”



Nadia Nadim and Zlatan Ibrahimović in the latest H&M Move campaign. H&M Move is a movement brand that creates stylish and functional movewear in a more sustainable way.

## Sales



COS

**The H&M group's net sales** in the fourth quarter increased by 10 percent to SEK 62,433 m (56,813). In local currencies, net sales in the fourth quarter were flat.

For the financial year net sales increased by 12 percent to SEK 223,553 m (198,967). In local currencies the increase was 6 percent.

**The online sales** continue to develop well. Around 30 percent of sales are online, which is at the same level as last year.

**Sales for Portfolio Brands** in the fourth quarter increased by 22 percent in SEK and by 13 percent in local currencies. For the financial year the increase was 22 percent in SEK and 15 percent in local currencies.

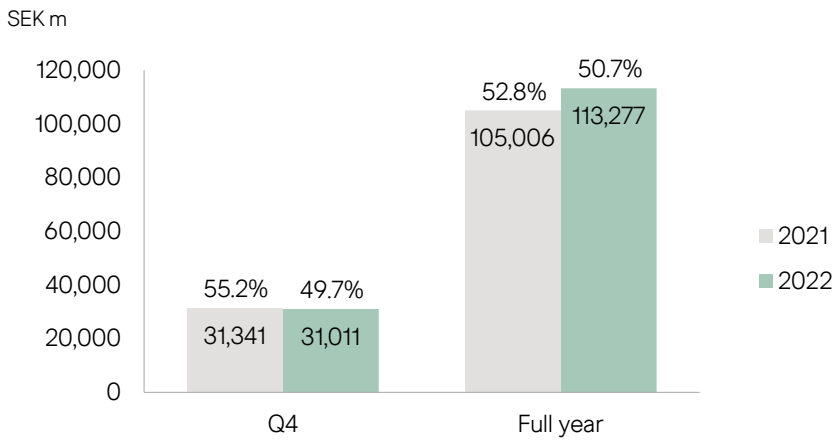
## Sales per region, fourth quarter

	SEK m		Change in %		New stores (net)		Number of stores	
	Q4 - 2022	Q4 - 2021	SEK	LCY	Q4 - 2022	30 Nov - 22	30 Nov - 21	
The Nordics	5,198	5,287	-2	-5	-6	399	427	
Western Europe	20,126	18,756	7	1	-6	1,079	1,127	
Eastern Europe	6,818	6,293	8	-3	-173	481	653	
Southern Europe	8,073	7,498	8	8	-5	623	650	
North & South America	14,387	11,735	23	0	8	740	757	
Asia, Oceania & Africa	7,831	7,244	8	-2	-17	1,143	1,187	
<b>Total</b>	<b>62,433</b>	<b>56,813</b>	<b>10</b>	<b>0</b>	<b>-199</b>	<b>4,465</b>	<b>4,801</b>	

*Eastern Europe has been impacted by the war and the fact that all sales in Russia, Belarus and Ukraine were paused at the time of the invasion. In August stores in Russia were reopened to sell off the remaining stock as part of the winding down of the Russian operations. As the goods sold out, the stores were closed permanently. The stores in Belarus were also reopened during the autumn and sold off their stock. The last stores in Russia and Belarus closed on 30 November.*

## 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 customer offering in each individual market – based on the combination of fashion, quality, price and sustainability.



ARKET

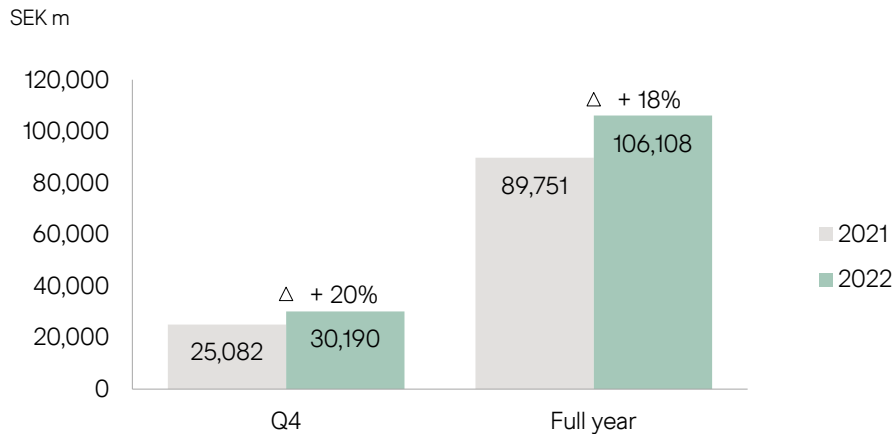
**Gross profit** amounted to SEK 31,011 m (31,341) for the fourth quarter, corresponding to a gross margin of 49.7 percent (55.2). For the financial year, gross profit increased by 8 percent to SEK 113,277 m (105,006) corresponding to a gross margin of 50.7 percent (52.8). Adjusted for the one-time costs of winding down the Russian operations and of the cost and efficiency programme, gross profit for the financial year was SEK 113,606 m and the gross margin was 50.8 percent (52.8).

Markdowns increased somewhat in the quarter, which had a negative impact on gross margin of around 0.5 percentage points compared with the same quarter the previous year.

The external factors that influence the purchasing costs became sequentially more negative for the fourth quarter compared with the third quarter in accordance with the assessment communicated by the company in conjunction with the nine-month report. In addition to the increased costs of raw materials and shipping, the US dollar strengthened to historically high levels – which had a very negative effect on purchasing costs overall. The bulk of the H&M group's purchases of goods are made in US dollars. As a result of the ongoing initiatives within the company, including increased nearshoring, dollar exposure will decrease.

For purchases made for the first quarter 2023 the overall market situation as regards external factors is still very negative compared with the same purchasing period in the previous year, but it is now gradually becoming less negative and is expected to turn around and become positive for the goods that come in later in the year.

## Selling and administrative expenses



*& other stories*

**Operating costs.** Selling and administrative expenses increased in the fourth quarter by 20 percent to SEK 30,190 m (25,082). In local currencies the increase was 10 percent. Excluding the one-time cost for the cost and efficiency programme, operating costs in the quarter increased by 17 percent in SEK and by 7 percent in local currencies. The increase in costs is due to high energy prices and rising freight costs for customer deliveries but also for long-term initiatives centred on tech and the supply chain.

As the Covid restrictions have decreased, government assistance has been scaled back. In the fourth quarter pandemic assistance of SEK 2 m (83) was received. No assistance was received in Sweden during 2022.

For the full year, selling and administrative expenses increased by 18 percent in SEK compared with the same period last year. In local currencies the increase was 12 percent. Adjusted for the one-time cost for Russia and for the cost and efficiency programme, operating costs for the full year increased by 16 percent in SEK and by 10 percent in local currencies.

## Operating profit and operating margin

**Operating profit** in the fourth quarter amounted to SEK 821 m (6,259), corresponding to an operating margin of 1.3 percent (11.0). Adjusted for the one-time cost for the cost and efficiency programme, operating margin amounted to 2.7 percent (11.0).

The lower profit in the fourth quarter when compared with the same quarter in the previous year is mainly explained by the following factors, which add up to around SEK 5 billion:

- Negative effects from increased raw materials and freight costs, a stronger US dollar and also higher energy prices: around SEK 3.6 billion
- A one-time cost for the cost and efficiency programme: SEK 836 m
- Loss of operating profit previously contributed by Russia: SEK 585 m

Operating profit for the full year amounted to SEK 7,169 m (15,255), corresponding to an operating margin of 3.2 percent (7.7). Adjusted for the one-time costs of winding down the Russian operations and the cost and efficiency programme, operating profit for the full year was SEK 9,760 m and the operating margin was 4.4 percent.



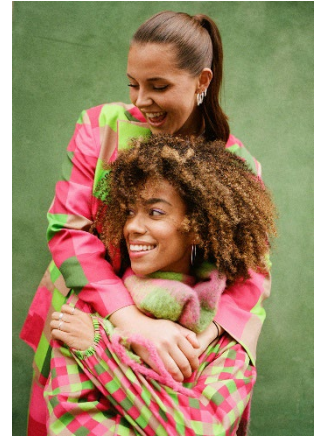
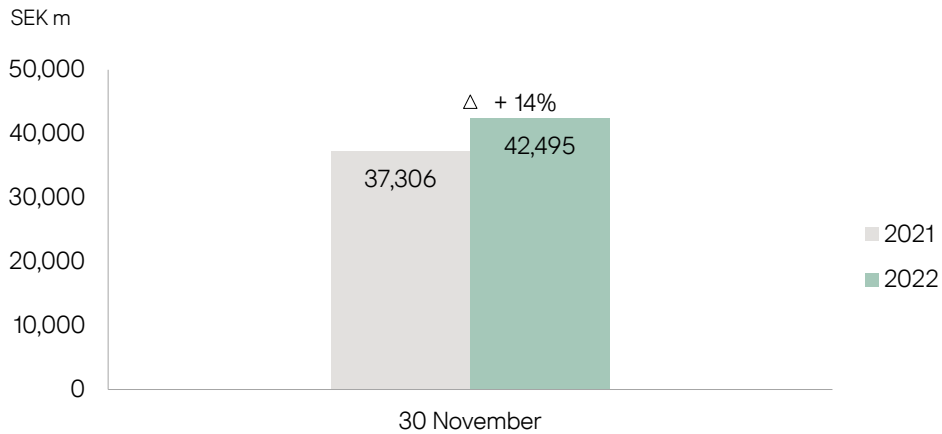
#MHOME

## Income statement including and excluding IFRS 16 effects

	Q4 2022	Q4 2021	Full year 2022	Full year 2021
SEK m				
Net sales	62,433	56,813	223,553	198,967
Gross profit	31,011	31,341	113,277	105,006
Gross profit excl. IFRS 16	30,976	31,327	113,188	104,947
Operating profit	821	6,259	7,169	15,255
<i>Operating margin, %</i>	<i>1.3</i>	<i>11.0</i>	<i>3.2</i>	<i>7.7</i>
Operating profit excl. IFRS 16	680	6,065	6,263	14,220
<i>Operating margin, %, excl. IFRS 16</i>	<i>1.1</i>	<i>10.7</i>	<i>2.8</i>	<i>7.1</i>
Net financial items	-358	-256	-953	-955
Net financial items, excl. IFRS 16	-52	-80	-81	-177
Profit after financial items	463	6,003	6,216	14,300
Profit after financial items, excl. IFRS 16	628	5,985	6,182	14,043
Result for the period	-864	4,621	3,566	11,010
Result for the period, excl. IFRS 16	-738	4,608	3,539	10,813
Depreciation & amortisation / write-downs	5,791	5,539	22,579	22,320
Depreciation & amortisation / write-downs, excl. IFRS 16	2,634	2,692	10,474	10,332

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

## Stock-in-trade



MONKL

Currency adjusted the stock-in-trade decreased by 3 percent compared with last year. Converted into Swedish kronor the stock-in-trade amounted to SEK 42,495 m (37,306).

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

The stock-in-trade in SEK represented 19.0 percent (18.7) of sales.

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

## Expansion through integrated channels

Expansion is taking place with a focus on 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. The optimisation of the store portfolio is continuing in parallel, meeting customers' needs in interaction with the digital channels.

New store markets in 2022 for H&M were North Macedonia, Ecuador, Kosovo, and via franchise Cambodia, Costa Rica and Guatemala. The company is accelerating its expansion in the North and South America region, with a focus on Latin America. In 2022 Singapore became a new market for & Other Stories. Arket opened its first stores in France and Finland.

In 2022 H&M opened online in Colombia, Peru, Uruguay and Serbia, and via franchise in Israel. H&M was also launched on Shopee in Thailand. COS was launched online in Australia, via franchise in Thailand and via Zalora in the Philippines. Monki opened on About You, and also on Zalora in Singapore and Malaysia. & Other Stories launched on Zalora in Singapore, Malaysia and the Philippines, on YOOX and on HURR in the UK. Arket and COS were launched on YOOX, with COS also opening on Nordstrom and Breuninger.

H&M is scheduled to open its first store in Albania during the first half of 2023. Ecuador will become a new online market for H&M at the start of 2023. COS will launch in Mexico and Arket is scheduled to open in Estonia in 2023. & Other Stories will open on The Iconic in Australia in 2023.

The H&M group is continuing to renegotiate a large number of leases as part of the company's store optimisation, which also involves rebuilds 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 third of leases to be renegotiated or exited each year. For 2023 the plan is to open around 100 new stores and close around 200 stores, making a net decrease of around 100 stores. Most of the openings will be in growth markets, while the closures will mainly be in established markets.



**WEEKDAY**

Brand	Expansion 2022	Expansion 2023
	New markets	New markets
H&M	Store: Ecuador, Kosovo, North Macedonia, Costa Rica (franchise), Guatemala (franchise), Cambodia (franchise) Online: Colombia, Peru, Serbia, Uruguay, Israel (franchise)	Store: Albania Online: Ecuador
COS	Online: Australia, Saudi Arabia (franchise)	Store: Mexico, Online: Thailand (franchise)
Monki	-	-
Weekday	-	-
& Other Stories	Store: Singapore	-
ARKET	Store: France, Finland	Store: Estonia
Afound	Online: Denmark, Norway, Finland	-
H&M HOME	Store: Austria, Qatar (franchise) Online: India	-



## Store count and markets by brand

As at 30 November 2022 the H&M group had 4,465 (4,801) stores, i.e. the total number of stores has decreased by 336 compared with the same point in time last year. During the financial year 91 (104) new stores were opened and 427 (321) stores were closed. 175 of the stores closed were in Russia and Belarus, where the business was wound down during the year. A total of 288 (273) of the group's stores are operated by franchise partners.



COS

Brand	New Stores 2022 (net)		Total No of stores		No. of markets	
	Q4	Full year	30 Nov - 2022	30 Nov - 2021	Store	Online
H&M	-175	-295	3,947	4,242	78	58
COS	-5	-16	259	275	47	38
Monki	-11	-20	78	98	17	29
Weekday	-3	-3	54	57	15	29
& Other Stories	-5	-7	71	78	24	32
ARKET	0	1	25	24	11	31
Afound	0	0	0	0	0	7
H&M HOME*	0	4	31	27	56	42
<b>Total</b>	<b>-199</b>	<b>-336</b>	<b>4,465</b>	<b>4,801</b>		

\* Concept stores. H&M HOME is also included with shop-in-shop in 417 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.

## Tax

The H&M group's tax rate for the financial year 2021/2022 was 42.6 (23.0) percent. Among other things the final tax rate depends on the results of the group's various companies, the corporate tax rates in each country, non-deductible costs and tax expense relating to previous years. The relatively high tax rate for the year is due mainly to significantly lower profit after financial items compared with the previous year – a decrease that is partly attributable to Russia – in relation to non-deductible costs and tax expense relating to previous years.

The H&M group's tax rate for the financial year 2022/2023 is expected to be approximately 24–25 percent. For the first three quarters of the year an estimated tax rate of 24 percent will be used to calculate tax expense on the earnings in each period.

## Employees

To meet the increased digitalisation in society, with new customer behaviours and a changed competitive situation, transformation work is under way within the H&M group which encompasses all parts of the company. The ongoing pandemic has further accelerated the shift in the industry and thus the H&M group's transformation work.

The average number of employees in the group as at 30 November 2022, converted into full-time positions, was 106,522 (107,375), of which 10,447 (10,540) were employed in Sweden.

## Current quarter

Sales increased by 5 percent in local currencies in the period 1 December 2022 – 25 January 2023 compared with the same period last year. Excluding Russia, Belarus and Ukraine, sales increased by 9 percent in local currencies.

The cost of markdowns in relation to sales in the first quarter 2023 is expected to increase slightly compared with the corresponding quarter the previous year.

Sales on the second-hand platform Sellpy increased by 85 percent in the full year and are expected to exceed SEK 1 billion in 2023. Accounts for Sellpy will be consolidated into the H&M group's financial statements as of the first quarter 2023.

## 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 for the full year amounted to SEK 24,476 m (44,619). Excluding IFRS 16, cash flow from operating activities amounted to SEK 12,337 m (32,304). Working capital from operating activities amounted to SEK 24,419 m (19,983).

### Liquidity and debt financing

The H&M group's liquidity remains very good. As at 30 November 2022 cash and cash equivalents amounted to SEK 21,707 m (27,471). In addition, the group has undrawn credit facilities of SEK 17,469 m (15,178). The total liquidity buffer, i.e. cash and cash equivalents plus undrawn credit facilities, amounted to SEK 39,176 m (42,649).

Interest-bearing liabilities in the form of commercial papers, bonds and loans from credit institutions amounted to SEK 10,778 m (9,614) as at 30 November 2022. The average maturity of interest-bearing liabilities was 4.3 (5.6) years.

Financial net cash amounted to SEK 10,929 m (17,857). Net debt including provisions for pensions and excluding IFRS 16 amounted to SEK -10,596 m (-17,428).

To improve the maturity structure of the group's undrawn revolving credit facilities the following financing activities took place in the fourth quarter.

- The EUR 700 m credit facility opened in 2017 that expires in 2023 was closed.
- A three-year sustainability-linked EUR 300 m credit facility was opened, with two options to extend for a year at a time.
- The credit framework of an existing sustainability-linked credit facility was expanded. The group opened a five-year EUR 1,000 m credit facility in March 2022. The credit framework has now been expanded by an additional EUR 300 m to EUR 1,300 m.

Both the credit facilities are sustainability-linked and thus have a clear connection with the H&M group's sustainability efforts. 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
2022	350	-	-	-
2023	600	-	2,369	-
2024	-	-	-	-
2025	-	-	-	3,275
2026	-	-	2,000	-
2027	-	-	-	14,194
2028	-	-	-	-
2029	-	5,459	-	-
<b>Total SEK m</b>	<b>950</b>	<b>5,459</b>	<b>4,369</b>	<b>17,469</b>

## Share buybacks

During the period June–November 2022 the group repurchased shares as authorised by the 2022 annual general meeting. In total 25,385,163 B shares in H&M 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 2023 annual general meeting.



*& other Stories*

## Capital structure

The H&M group advocates a conservative leverage ratio, aiming for a strong capital structure with strong liquidity and financial flexibility. It is essential that, as in the past, expansion and investments can proceed with continued freedom of action. The capital structure is defined as net debt in relation to EBITDA. It should not exceed 1.0 x EBITDA over time. Net debt/EBITDA excluding IFRS 16 effects was -0.6 (-0.7) as at 30 November 2022.

IFRS 16 Leases, which is being applied from 1 December 2019, has substantial effects on the reporting of liabilities, assets and EBITDA. However, the H&M group will continue to define the capital structure exclusive of IFRS 16 effects. The company considers this to provide a clearer picture of the actual debt/equity ratio, and it is also the measure used in internal monitoring.

## Dividend policy

The board of directors' intention is for the H&M group to continue to provide shareholders with a good return while ensuring that growth and investments in the business can proceed with a continued strong financial position and freedom of action. Based on this, the board of directors has proposed a dividend policy stating that the ordinary dividend over time is to exceed 50 percent of profit after tax and additionally that identified surplus liquidity – taking into consideration the capital structure target and investment requirements – can be distributed to shareholders through an extra dividend or a buyback programme.

## Proposed distribution of earnings

The funds at the disposal of the parent company are SEK 16,009 m. The board of directors is proposing to the annual general meeting 2023 that a dividend of SEK 6.50 per share is paid, totalling SEK 10,593 m, and that the remaining earnings of H & M Hennes & Mauritz AB of SEK 5,416 m are carried forward. The dividend will be paid in cash, split into two instalments. The first payment of SEK 3.25 will be made in May and the second payment of SEK 3.25 will be made in November. The board's proposed record dates are 8 May 2023 and 10 November 2023. If the resolution is approved at the annual general meeting, the dividend is expected to be paid out on 11 May 2023 and 15 November 2023.

The board of directors will also ask the 2023 annual general meeting for authorisation allowing it to repurchase the company's own B shares in the period up to the 2024 annual general meeting for a maximum of SEK 3 billion. The board of directors will wait to see how the company develops during the year and the authorisation will only be used provided that, just as to date, the expansion and investments are able to take place with continued freedom of action and taking into consideration the financial position and capital structure targets of the group and the parent company, as well as the requirements that the nature and extent of the business and its risks and development plans impose on the equity and liquidity of the group and the parent company.

The board's assessment is that the proposed distribution of earnings is justifiable taking into consideration the good cash flow, continued strong financial position and ability to make future investments (capex). The proposal takes into consideration the financial position and continued freedom of action of the group and the parent company, the capital structure target and the requirements that the nature and extent of the business and its risks, expansion and development plans impose on the equity and liquidity of the group and the parent company.

## Annual general meeting 2023

The 2023 annual general meeting will be held on Thursday 4 May 2023 at 15:00 CEST in the Erling Persson Hall, Aula Medica, Karolinska Institutet in Solna.

## Annual and Sustainability report 2022

The annual and sustainability report and the corporate governance report are expected to be published on 30 March 2023 on hmgroup.com and will be sent out by post to shareholders that have so requested. The documents will also be available at the company's head office.



ARKET

## Targets

The H&M group's goal is that by 2030 at latest it will double sales while at the same time halving its carbon footprint. Profitability is to exceed 10 percent over time. The baseline for the sales goal is 2021, while the baseline for reducing the carbon footprint is 2019 in accordance with the company's commitment at COP26 (see more in the Annual and Sustainability Report 2021). Profitability refers to operating profit in relation to sales. The ambition is to achieve the profitability target no later than 2024. The H&M group's target to increase sales by 10–15 percent per year with continued high profitability remains a long-term target.

## 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. 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.

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 2021. No new or revised IFRS standards or interpretations applied from 1 December 2021 have had any significant impact on the consolidated financial statements.

The group's assessment is that no significant impact on its financial statements arises as a result of Türkiye's classification as a country with hyperinflation.

For a more detailed description of the accounting principles applied to the group and the parent company in this interim report, see pages 85–86 of the annual and sustainability report for the 2021 financial year.

### Non-current financial assets

Fair value measurement of the group's other shares and interests is based on inputs classified in accordance with IFRS 13:

Level 1: Quoted prices in active markets for identical assets or liabilities, such as shares or bonds listed on a stock exchange. The valuation of the holding in Renewcell is based on the share price on the closing day and the fair value amount to SEK 242 m (782) as of 30 November 2022.

Level 2: Inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (such as quoted prices) or indirectly (obtained from quoted prices).

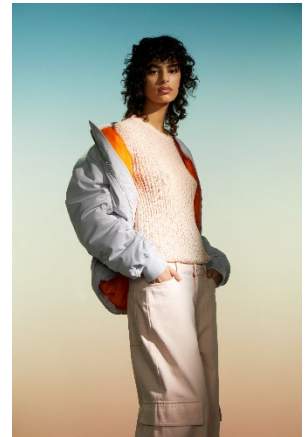
Level 3: Inputs for the asset or liability that are not entirely based on observable market data. These measurements are based primarily on the latest financing round or transaction. When this is not available, the companies are valued by applying an appropriate valuation technique for each specific holding. In these cases, the following valuation techniques may be taken into consideration: applying relevant multiples from similar companies to the holding's key ratios, historical transactions in the industry, and the discounted cash flow method. The fair value of the remaining shares and interests amounts to SEK 2,412 m (3,623) as of 30 November 2022, the largest investments being Instabee SEK 709 m (377), Sheertex SEK 526 m, (31) and Klarna SEK 456 m (2,939).

The effect of measurement of the group's other shares and interests is reported in other comprehensive income and amounts to SEK -2,697 m (3,644) for the financial year.

### 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 certain markets, mainly in respect of rents and staffing. In Sweden, no government assistance has been received for the period since 31 March 2021.

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.



WEEKDAY

## 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 30 November 2022, forward contracts with a positive market value amount to SEK 681 m (1,422), which is reported under other current receivables. Forward contracts with a negative market value amount to SEK 1,365 m (1,015), which is recognised in other current liabilities. Equity instruments are measured at fair value, either through profit or loss or through other comprehensive income. Where equity interests are assessed to be strategic, the H&M group has chosen to recognise changes in value in other comprehensive income.

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. 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 and sustainability report.

## Information concerning exposure to Russia, Belarus and Ukraine

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

On 2 March 2022 all sales in Russia and Belarus were also paused. On 18 July 2022 the H&M group announced that it had decided to begin winding down the business in Russia in a responsible manner. A one-time cost of around SEK 1.8 billion has been charged to earnings for the financial year in respect of the wind-down. The one-time cost is expected to have a negative cash flow effect of around SEK 1 billion in total, mainly in 2023. By 30 November 2022 all of the H&M group's 172 stores in Russia had been permanently closed. The total financial effect on the H&M group's full-year results compared with the previous year was SEK 3.7 billion.

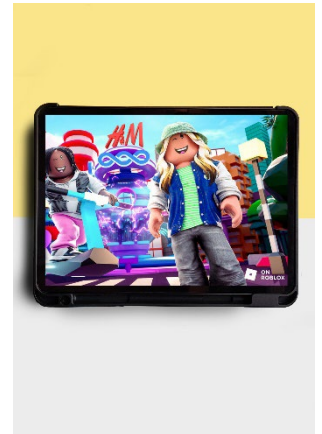
The business in Belarus, where there were three stores, has also been wound down.

The company is monitoring developments in Ukraine closely. The safety of colleagues and customers always has highest priority. The hope is to be able to reopen H&M group's operations in the country as soon as this is possible.

## Initiatives for an improved customer experience

Customer behaviour is changing rapidly, and the H&M group works continually on improvements in order to offer customers the best possible experience. Here are some examples of ongoing initiatives:

- **H&M's customer loyalty programme** rewards members not only for purchases, but also for their commitment– such as bringing in old clothes for H&M's garment collecting and using their own bag when shopping in store.
- **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 customers have taken or been inspired by.
- **Next day delivery and express delivery** continue to be rolled out in more markets.
- **Preferred delivery options.** In some selected markets, customers can opt to receive and return items using a bicycle delivery service, a solution that is much appreciated by customers. Combined with using biogas vehicles from the logistics centre to the bicycle delivery service, this reduces greenhouse gas emissions compared to conventional delivery options. Other preferred delivery options are offered in different markets, and they continue to be rolled out.
- **Find in Store.** On seeing an item online, customers can use their mobile to find it quickly and easily in the size they want in 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.
- **Click & Collect** allows customers to pick up online purchases in store.
- **Online returns in store** allows customers to return online purchases in store.
- **#HMxME** enables customers to share their own fashion stories from Instagram while also providing an easy way to buy the items.
- **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.
- **Self-service checkouts** have been much appreciated by customers and are being rolled out to more markets.
- **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.
- **Rental in store** offers customers the opportunity to rent occasional wear. Customers book an appointment in the store to view available garments. Available in selected H&M stores in the UK, the Netherlands, Sweden and Germany.
- **Styleboard.** Members in Denmark, Sweden and Germany can create their own moodboard in the H&M app and shop directly from it. Customers can also add items from brands outside the H&M universe.
- **Personalised start page.** A personally customised start page has been introduced for customers in Sweden and Germany to offer tailor-made inspiration and advice based on individual preferences.
- **Stylestory** is a creative tool where customers can express and share their favourite styles, while engaging other customers who can in turn discover and shop directly for the styles that inspire them. The tool is launched in Sweden and Germany.
- **Smart mirrors in COS fitting rooms.** COS in the US is testing fitting rooms equipped with smart mirrors that recognise products brought into the room with the possibility to offer personalised product and styling recommendations.
- **Buy online, pick-up in store** allows customers in the US to shop online from the assortment in a physical store and pick up the purchase in store.



## Product flow

The H&M group is continuing to fully integrate the channels in an omni model. An important part of this is the group's logistics systems and investments within tech and AI. Several initiatives involving new highly automated logistics centres with a focus on innovation are in progress globally. This will create additional capacity, flexibility and speed between sales channels as well as improved availability.

A new highly automated logistics centre is under construction in Ajax, Canada and is scheduled for completion in the first half of 2023. This will supplement the logistics centres that have opened on the US East and West Coasts, creating further capacity for the H&M group's continued expansion in North America. Another new logistics centre in the Czech Republic is scheduled to open in the end of 2025.

## Sustainability

The H&M group's sustainability vision is to lead the change towards achieving a circular fashion industry with net zero climate impact, while being a fair and equal company. More detailed information about the group's sustainability work can be found in the Sustainability Disclosure 2021 at [hmgroup.com](https://www.hmgroup.com). Some of the latest sustainability initiatives are:

**Dow Jones Sustainability Index.** H&M Group was included in the Dow Jones World Sustainability Index for the 11th year running. As one of only 12 global retailing companies, the score put H&M Group in the list of global companies recognised as leaders in environmental, social and governance performance.

**Corporate Responsibility Reporting Awards (CRRA).** H&M Group's 2020 Sustainability Performance Report was second runner-up for the Best Report and winner for Relevance & Materiality this year. The report was also first runner-up for the Best Carbon Disclosure Report, second runner-up for Creativity in Communications, and fourth runner-up for Openness & Honesty.

**Investment in Kintra Fibers.** H&M Group has invested in Kintra Fibers, a company that has developed a bio-based fiber, which is compostable. Kintra's fiber can act as a replacement for conventional polyester and be used in existing manufacturing infrastructure, enabling for a faster and cheaper scaling.

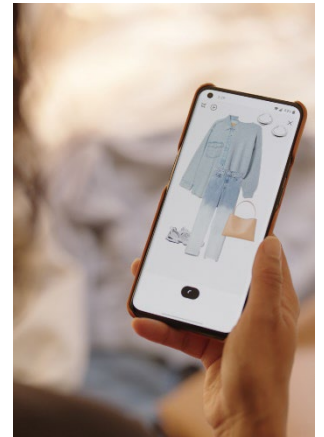
**Platform Living Wage Financials** 2022 Annual Report assessed H&M group's work on wages in its supply chain as "advanced", which is the second highest category. H&M group's transparent reporting and the efforts to measure effectiveness of its work contributed to the positive assessment. Beside H&M Group, only one more retailer in the garment and footwear sector was included in this category. Also, H&M Group's work on data collection and impact on the ground were highlighted as best practice.

**Agreement with Climeworks.** H&M Group has signed a multi-year carbon removal agreement, which covers the removal of 10,000 tons of carbon dioxide via direct air capture and storage technology. This enables H&M Group to access capacity and establish long-term relations in the sector today, and is essential to enable both H&M Group and the global economy to achieve net-zero in the coming decades.

**H&M Group joined the LEAF Coalition** (Lowering Emissions by Accelerating Forest Finance) – a public-private initiative that focuses on mobilising large-scale financing to countries committed to making ambitious reductions in tropical deforestation. This partnership is well in line with H&M Group's work on further improving its impact on biodiversity within the value chain.

**New partnerships for renewable solar energy in the U.K. and Sweden** - important steps toward H&M Group's goals of reducing emissions and achieving net-zero by 2040. H&M Group has signed a long-term power purchase agreement with Neoen and Alight for a new solar park, with a total capacity of 90 MWp. H&M Group will buy the vast majority of the energy produced by the solar farm. The project is scheduled to begin in the second half of 2023. H&M Group's partnership with Lightsource bp and Schroders Greencoat has reached the next step by the completion of two new solar power stations in Leicestershire. The solar projects will provide a power output of 50MWp, in which the majority will be supplied to H&M Group through a multi-year contract.

*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).*

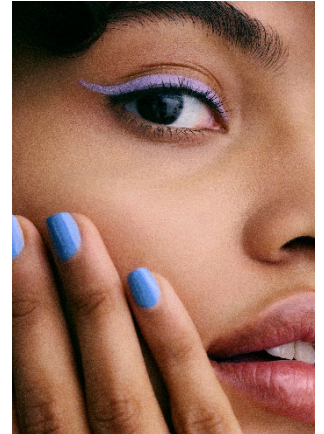


## Calendar

15 March 2023	Sales development in the first quarter, 1 Dec 2022 – 28 feb 2023
30 March 2023	Annual & Sustainability Report 2022
30 March 2023	Three-month report, 1 Dec 2022 – 28 Feb 2023
4 May 2023	Annual general meeting at 15:00 (CEST), Erling Persson Hall, Aula Medica, Karolinska Institutet in Solna
15 June 2023	Sales development in the second quarter, 1 Mar 2023 – 31 May 2023
29 June 2023	Six-month report, 1 Dec 2022 – 31 May 2023

This full-year report has not been audited by the company's auditors.

Stockholm, 26 January 2023  
Board of Directors



H&M

## Communication in conjunction with the full-year report

The full-year report for the 2022 financial year, i.e., 1 December 2021 – 30 November 2022, will be published at 08:00 CET on 27 January 2023, followed by a press conference at 09:30 CET hosted by CEO Helena Helmersson, CFO Adam Karlsson and Head of IR Nils Vinge. The press conference for the financial market and media will be held in Swedish at H&M's head office in Stockholm, Ljusgården, Mäster Samuelsgatan 49, 3rd floor. The presentation material will be available at [hmgroup.com/investors](https://hmgroup.com/investors).

A live audio broadcast and telephone conference for the financial market and media will be held in English on 27 January 2023 at 14:00 CET, hosted by CEO Helena Helmersson, CFO Adam Karlsson and Head of IR Nils Vinge. For log in details, please register via this link: <https://app.webinar.net/jREYXRkB8y3>

To ask questions during the Q&A session, please see instructions in the confirmation email.

To book interviews in conjunction with the full-year report on 27 January 2023, please contact: Anna Frosch Nordin, Head of Media Relations, telephone +46 73 432 93 14, [anna.froschnordin@hm.com](mailto:anna.froschnordin@hm.com).

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*For more information about the H&M group visit [hmgroup.com](https://hmgroup.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 January 2023. This interim report and other information about the H&M group, is available at [hmgroup.com](https://hmgroup.com).

*H & M Hennes & Mauritz AB (publ) was founded in Sweden in 1947 and is quoted on Nasdaq Stockholm. H&M's business idea is to offer fashion and quality at the best price in a sustainable way. In addition to H&M, the group includes the brands COS, Monki, Weekday, & Other Stories, H&M HOME and ARKET as well as Afound. For further information, visit [hmgroup.com](https://hmgroup.com).*



**GROUP INCOME STATEMENT (SEK m)**

	Q4 2022	Q4 2021	Full year 2022	Full year 2021
Net sales	62,433	56,813	223,553	198,967
Cost of goods sold	-31,422	-25,472	-110,276	-93,961
<b>GROSS PROFIT</b>	<b>31,011</b>	<b>31,341</b>	<b>113,277</b>	<b>105,006</b>
<i>Gross margin, %</i>	49.7	55.2	50.7	52.8
Selling expenses	-26,431	-22,667	-94,542	-80,535
Administrative expenses	-3,759	-2,415	-11,566	-9,216
<b>OPERATING PROFIT</b>	<b>821</b>	<b>6,259</b>	<b>7,169</b>	<b>15,255</b>
<i>Operating margin, %</i>	1.3	11.0	3.2	7.7
Interest income	54	67	162	203
Interest expense and similar items	-412	-323	-1,115	-1,158
<b>PROFIT AFTER FINANCIAL ITEMS</b>	<b>463</b>	<b>6,003</b>	<b>6,216</b>	<b>14,300</b>
Tax	-1,327	-1,382	-2,650	-3,290
<b>RESULT FOR THE PERIOD</b>	<b>-864</b>	<b>4,621</b>	<b>3,566</b>	<b>11,010</b>

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

Earnings per share, SEK*	-0.53	2.79	2.16	6.65
Average number of shares outstanding, thousands*	1,637,462	1,655,072	1,649,847	1,655,072
Depreciation and amortisation / write-downs, total**	5,791	5,539	22,579	22,320
of which cost of goods sold	423	357	1,709	1,617
of which selling expenses	5,045	4,953	19,928	19,831
of which administrative expenses	323	229	942	872

\* Before and after dilution, excluding own shares.

\*\* Of which write-downs in the quarter SEK 138 m (411) and for the full year SEK 1,494 m (925).

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME IN SUMMARY (SEK m)**

	Q4 2022	Q4 2021	Full year 2022	Full year 2021
RESULT FOR THE PERIOD	-864	4,621	3,566	11,010
Other comprehensive income				
<i>Items that are or may be reclassified to profit or loss</i>				
Translation differences	-386	1,120	3,902	1,430
Change in hedging reserves	-263	215	-478	-101
Tax attributable to change in hedging reserves	54	-30	87	26
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurement of defined benefit pension plans	-287	187	55	187
Tax related to the above remeasurement	70	-43	-9	-43
Remeasurement of financial assets	103	297	-2,697	3,644
<b>OTHER COMPREHENSIVE INCOME</b>	<b>-709</b>	<b>1,746</b>	<b>860</b>	<b>5,143</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>-1,573</b>	<b>6,367</b>	<b>4,426</b>	<b>16,153</b>

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

**GROUP BALANCE SHEET (SEK m)**

ASSETS	30 Nov - 2022	30 Nov - 2021
<b>NON-CURRENT ASSETS</b>		
<b>Intangible non-current assets</b>		
Leasehold and similar rights	161	224
Capitalised expenditure	8,931	9,268
Goodwill	64	64
	<b>9,156</b>	<b>9,556</b>
<b>Property, plant and equipment</b>		
Buildings and land	697	724
Equipment, tools, fixture and fittings	23,734	25,852
Right-of-use assets	58,305	53,086
	<b>82,736</b>	<b>79,662</b>
<b>Non-current financial assets</b>		
Interests in associates	503	686
Other shares and interests	2,654	4,405
	<b>3,157</b>	<b>5,091</b>
<b>Other non-current assets</b>		
Long-term receivables	939	860
Deferred tax assets	6,537	5,626
	<b>7,476</b>	<b>6,486</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>102,525</b>	<b>100,795</b>
<b>CURRENT ASSETS</b>		
<b>Stock-in-trade</b>		
	<b>42,495</b>	<b>37,306</b>
<b>Current receivables</b>		
Accounts receivable	3,014	3,059
Tax assets	3,212	2,834
Other receivables	4,601	3,509
Prepaid expenses	4,494	4,807
	<b>15,321</b>	<b>14,209</b>
<b>Cash &amp; cash equivalents</b>	<b>21,707</b>	<b>27,471</b>
<b>TOTAL CURRENT ASSETS</b>	<b>79,523</b>	<b>78,986</b>
<b>TOTAL ASSETS</b>	<b>182,048</b>	<b>179,781</b>

**GROUP BALANCE SHEET (SEK m)**

<b>EQUITY AND LIABILITIES</b>	<b>30 Nov - 2022</b>	<b>30 Nov - 2021</b>
<b>EQUITY</b>		
Share capital	207	207
Reserves	5,856	2,345
Retained earnings	44,694	57,466
<b>TOTAL EQUITY</b>	<b>50,757</b>	<b>60,018</b>
<b>LIABILITIES</b>		
<b>Long-term liabilities</b>		
Provisions for pensions*	333	428
Other provisions	242	-
Deferred tax liabilities	3,273	3,601
Liabilities to credit institutions*	9,643	9,178
Other non-current liabilities	183	180
Long-term leasing liabilities*	49,282	45,379
	<b>62,956</b>	<b>58,766</b>
<b>Current liabilities</b>		
Accounts payable	21,090	20,382
Tax liabilities	1,843	1,441
Liabilities to credit institutions**	1,135	436
Other provisions	594	-
Other liabilities	6,048	5,149
Accrued expenses and prepaid income	25,050	21,891
Current leasing liabilities**	12,575	11,698
	<b>68,335</b>	<b>60,997</b>
<b>TOTAL LIABILITIES</b>	<b>131,291</b>	<b>119,763</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>182,048</b>	<b>179,781</b>

\* Interest-bearing long-term liabilities amounts to SEK 59,258 m (54,985), excluding IFRS 16 SEK 9,976 m (9,606).

\*\* Interest-bearing current liabilities amounts to SEK 13,710 (12,134) m, excluding IFRS 16 SEK 1,135 m (436).

**GROUP CHANGES IN EQUITY (SEK m)**

All shareholders' equity is attributable to the shareholders of the parent company, H & M Hennes & Mauritz AB.

	Share capital	Translation effects	Hedging reserves	Retained earnings	Total shareholders' equity
<b>Shareholder's equity, 1 December 2021</b>	207	2,155	190	57,466	60,018
Profit for the year	-	-	-	3,566	3,566
<b>Other comprehensive income</b>					
Translation differences	-	3,902	-	-	3,902
Change in hedging reserves	-	-	-478	-	-478
Tax attributable to hedging reserves	-	-	87	-	87
Revaluations relating to defined benefit pension plans	-	-	-	55	55
Tax attributable to the above revaluation	-	-	-	-9	-9
	-	-	-	-2,697	-2,697
<b>Other comprehensive income</b>	-	<b>3,902</b>	<b>-391</b>	<b>-2,651</b>	<b>860</b>
<b>Total comprehensive income</b>	-	<b>3,902</b>	<b>-391</b>	<b>915</b>	<b>4,426</b>
Dividend	-	-	-	-10,687	-10,687
Repurchase of shares	-	-	-	-3,000	-3,000
<b>Shareholder's equity, 30 November 2022</b>	<b>207</b>	<b>6,057</b>	<b>-201</b>	<b>44,694</b>	<b>50,757</b>

	Share capital	Translation effects	Hedging reserves	Retained earnings	Total shareholders' equity
<b>Shareholder's equity, 1 December 2020</b>	207	725	265	53,426	54,623
Profit for the year	-	-	-	11,010	11,010
<b>Other comprehensive income</b>					
Translation differences	-	1,430	-	-	1,430
Change in hedging reserves	-	-	-101	-	-101
Tax attributable to hedging reserves	-	-	26	-	26
Revaluation of defined benefit pension plans	-	-	-	187	187
Tax attributable to the above revaluation	-	-	-	-43	-43
	-	-	-	3,644	3,644
<b>Other comprehensive income</b>	-	<b>1,430</b>	<b>-75</b>	<b>3,788</b>	<b>5,143</b>
<b>Total comprehensive income</b>	-	<b>1,430</b>	<b>-75</b>	<b>14,798</b>	<b>16,153</b>
Dividend	-	-	-	-10,758	-10,758
<b>Shareholder's equity, 30 November 2021</b>	<b>207</b>	<b>2,155</b>	<b>190</b>	<b>57,466</b>	<b>60,018</b>

**GROUP CASH FLOW STATEMENT (SEK m)**

	Full year 2022	Full year 2021
<b>Operating activities</b>		
Profit after financial items*	6,216	14,300
<i>Adjustment for non-cash items</i>		
- Provisions for pensions	-68	-13
- Other provisions	836	-
- Depreciation and amortisation / write-downs	22,579	22,320
Taxes paid	-3,499	-4,974
<b>Cash flow from operating activities before changes in working capital</b>	<b>26,064</b>	<b>31,633</b>
<b>Cash flow from changes in working capital</b>		
Current receivables	-452	-736
Stock-in-trade	-3,734	1,263
Current liabilities	2,598	12,459
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>24,476</b>	<b>44,619</b>
<b>Investing activities</b>		
Investments in leasehold and similar rights	-27	-178
Investments in other intangible assets	-1,457	-559
Investments in equipment	-4,527	-2,727
Other	-802	-614
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>-6,813</b>	<b>-4,078</b>
<b>Financial activities</b>		
Short-term loans	680	-7,671
New long-term loans	-	5,127
Amortisation of long-term loans	-	-4,604
Amortisation lease	-12,139	-12,279
Dividend	-10,687	-10,758
Repurchase of shares	-3,000	-
<b>CASH FLOW FROM FINANCIAL ACTIVITIES</b>	<b>-25,146</b>	<b>-30,185</b>
<b>CASH FLOW FOR THE YEAR</b>	<b>-7,483</b>	<b>10,356</b>
<b>Cash and cash equivalents at beginning of the financial year</b>	<b>27,471</b>	<b>16,540</b>
Cash flow for the year	-7,483	10,356
Exchange rate effect	1,719	575
<b>Cash and cash equivalents at end of the financial year**</b>	<b>21,707</b>	<b>27,471</b>

\* Interest paid for the group amounts to SEK 243 m (380). Interest expense related to leases amounts to SEK 872 m (779) for the group.

Received interest for the group amounts to SEK 162 m (203).

\*\* Cash and cash equivalents and short-term investments at the end of the financial year amounted to SEK 21,707 m (27,471).

**FIVE YEAR SUMMARY****Full year, 1 December - 30 November**

	2018*	2019*	2020	2021	2022
Net sales, SEK m	210,400	232,755	187,031	198,967	223,553
Change net sales from previous year in SEK, %	5	11	-20	6	12
Change net sales previous year in local currencies, %	3	6	-18	12	6
Operating profit, SEK m	15,493	17,346	3,099	15,255	7,169
Operating margin, %	7.4	7.5	1.7	7.7	3.2
Depreciation and amortisation / write-downs for the year, SEK m	9,671	11,051	25,953	22,320	22,579
Profit after financial items, SEK m	15,639	17,391	2,052	14,300	6,216
Profit after tax, SEK m	12,652	13,443	1,243	11,010	3,566
Cash and cash equivalents and short-term investments, SEK m	11,590	12,312	16,540	27,471	21,707
Stock-in-trade, SEK m	37,721	37,823	38,209	37,306	42,495
Equity, SEK m	58,546	57,069	54,623	60,018	50,757
Average number of shares outstanding, thousands**	1,655,072	1,655,072	1,655,072	1,655,072	1,649,847
Earnings per share, SEK**	7.64	8.12	0.75	6.65	2.16
Cash flow from operating activities per share, SEK**	12.86	17.51	15.65	26.96	14.84
Number of shares outstanding as of the closing day, thousands**	1,655,072	1,655,072	1,655,072	1,655,072	1,629,687
Equity per share, SEK**	35.37	34.48	33.00	36.26	31.15
Dividend per share excluding own shares, SEK***	9.75	9.75	-	6.50	6.50
Return on equity, %	21.4	23.3	2.2	19.2	6.4
Return on capital employed, %	21.2	23.0	3.2	11.8	5.8
Share of risk-bearing capital, %	53.6	51.0	33.6	35.4	29.7
Equity/assets ratio, %	49.3	47.4	31.3	33.4	27.9
Total number of stores	4,968	5,076	5,018	4,801	4,465
Average number of employees	123,283	126,376	110,325	107,375	106,522

\* Excluding IFRS 16.

\*\* Before and after dilution, excluding own shares.

\*\*\* Dividend which was decided and paid during the year.

For definitions and explanations of the alternative performance measures in this report, see page 111-113 in the annual and sustainability report for the 2021 financial year.

## SEGMENT REPORTING (SEK m)

	2022	2021
<b>Asia and Oceania*</b>		
External net sales	29,385	26,304
Operating profit	689	427
Operating margin, %	2.3	1.6
Assets excluding tax receivables	13,269	11,579
Liabilities excluding tax liabilities	3,354	2,789
Investments in intangible and tangible fixed assets	385	280
Depreciation and amortisation / write-downs	1,393	1,467
<b>Europe and Africa*, **</b>		
External net sales	143,180	132,434
Operating profit	353	2,884
Operating margin, %	0.2	2.2
Assets excluding tax receivables	31,391	29,221
Liabilities excluding tax liabilities	16,725	15,355
Investments in intangible and tangible fixed assets	2,351	1,556
Depreciation and amortisation / write-downs	4,216	3,868
<b>North and South America*</b>		
External net sales	50,988	40,229
Operating profit	1,247	866
Operating margin, %	2.4	2.2
Assets excluding tax receivables	17,552	16,494
Liabilities excluding tax liabilities	8,887	8,491
Investments in intangible and tangible fixed assets	1,185	625
Depreciation and amortisation / write-downs	2,542	2,671
<b>Group Functions</b>		
Net sales to other segments	68,241	54,775
Operating profit	4,880	11,078
Operating margin, %	7.2	20.2
Assets excluding tax receivables	110,087	114,027
Liabilities excluding tax liabilities	97,209	88,085
Investments in intangible and tangible fixed assets*	2,090	1,003
Depreciation and amortisation / write-downs	14,428	14,314
<b>Eliminations</b>		
Net sales to other segments	-68,241	-54,775
<b>Total</b>		
External net sales	223,553	198,967
Operating profit	7,169	15,255
Operating margin, %	3.2	7.7
Net financial items	-953	-955
Profit after financial items	6,216	14,300
Assets excluding tax receivables	172,299	171,321
Liabilities excluding tax liabilities	126,175	114,720
Investments in intangible and tangible fixed assets*	6,011	3,464
Depreciation and amortisation / write-downs	22,579	22,320

\*Excluding IFRS 16

\*\*South Africa

**PARENT COMPANY INCOME STATEMENT (SEK m)**

	<b>Q4 2022</b>	<b>Q4 2021</b>	<b>Full year 2022</b>	<b>Full year 2021</b>
Net sales	1,128	1,154	4,024	3,981
<b>GROSS PROFIT</b>	<b>1,128</b>	<b>1,154</b>	<b>4,024</b>	<b>3,981</b>
Administrative expenses	3	38	-97	-46
<b>OPERATING PROFIT</b>	<b>1,131</b>	<b>1,192</b>	<b>3,927</b>	<b>3,935</b>
Income from participation in group companies	3,101	8,376	9,032	8,376
Interest income and similar items*	8	10	28	38
Interest expense and similar items**	-32	-35	-123	-242
<b>PROFIT AFTER FINANCIAL ITEMS</b>	<b>4,208</b>	<b>9,543</b>	<b>12,864</b>	<b>12,107</b>
Year-end appropriations	-3,139	-4	-3,139	-4
Tax	412	-275	-149	-825
<b>PROFIT FOR THE PERIOD</b>	<b>1,481</b>	<b>9,264</b>	<b>9,576</b>	<b>11,278</b>

\* Interest income and similar items in the quarter consists of SEK 7 m (10) in interest income and SEK 1 m (0) in translation effects from group companies and in the full-year of SEK 7 m (10) in interest income and SEK 21 m (28) in translation effects from group companies.

\*\* Interest expense and similar items in the quarter consists of SEK 32 m (35) in interest expense and SEK 0 m (0) in translation effects from group companies and in the full-year of SEK 123 m (242) in interest expense and SEK 0 m (0) in translation effects from group companies.

**PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME (SEK m)**

	<b>Q4 2022</b>	<b>Q4 2021</b>	<b>Full year 2022</b>	<b>Full year 2021</b>
PROFIT FOR THE PERIOD	1,481	9,264	9,576	11,278
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	-6	7	20	7
Tax related to the above remeasurement	1	-1	-4	-1
<b>OTHER COMPREHENSIVE INCOME</b>	<b>-5</b>	<b>6</b>	<b>16</b>	<b>6</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>1,476</b>	<b>9,270</b>	<b>9,592</b>	<b>11,284</b>



**PARENT COMPANY BALANCE SHEET (SEK m)**

	30 Nov - 2022	30 Nov - 2021
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
<b>Property, plant and equipment</b>		
Buildings and land	120	125
Equipment, tools, fixture and fittings	36	48
	<b>156</b>	<b>173</b>
<b>Non-current financial assets</b>		
Shares and interests	819	819
Receivables from subsidiaries	78	78
Long-term receivables	104	116
Deferred tax assets	71	86
	<b>1,072</b>	<b>1,099</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1,228</b>	<b>1,272</b>
<b>CURRENT ASSETS</b>		
<b>Current receivables</b>		
Accounts receivable	9	8
Receivables from subsidiaries	25,592	29,598
Other receivables	43	17
Prepaid expenses	451	90
	<b>26,095</b>	<b>29,713</b>
<b>Cash and cash equivalents</b>	<b>2</b>	<b>-</b>
<b>TOTAL CURRENT ASSETS</b>	<b>26,097</b>	<b>29,713</b>
<b>TOTAL ASSETS</b>	<b>27,325</b>	<b>30,985</b>

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**PARENT COMPANY BALANCE SHEET (SEK m)**

	30 Nov - 2022	30 Nov - 2021
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
<b>Restricted equity</b>		
Share capital	207	207
Restricted reserves	88	88
	<b>295</b>	<b>295</b>
<b>Non-restricted equity</b>		
Retained earnings	6,417	8,820
Profit for the year	9,592	11,284
	<b>16,009</b>	<b>20,104</b>
<b>TOTAL EQUITY</b>	<b>16,304</b>	<b>20,399</b>
<b>UNTAXED RESERVES</b>	<b>21</b>	<b>32</b>
<b>LIABILITIES</b>		
<b>Long-term liabilities</b>		
Provisions for pensions*	116	144
Liabilities to credit institutions*	9,233	9,233
	<b>9,349</b>	<b>9,377</b>
<b>Short-term liabilities</b>		
Accounts payable	4	4
Tax liabilities	345	519
Liabilities to credit institutions*	950	275
Other liabilities	176	188
Accrued expenses and prepaid income	176	191
	<b>1,651</b>	<b>1,177</b>
<b>TOTAL LIABILITIES</b>	<b>11,000</b>	<b>10,554</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>27,325</b>	<b>30,985</b>

\* Only provisions for pensions and liabilities to credit institutions are interest-bearing.

## ALTERNATIVE PERFORMANCE MEASURES

For other alternative performance measures see page 111-113 in the annual and sustainability report for the 2021 financial year.

### Gross profit excl IFRS 16

	Q4 - 2022	Q4 - 2021	Full year 2022	Full year 2021
Gross profit	31,011	31,341	113,277	105,006
IFRS 16 effect	-35	-14	-89	-59
<b>Gross profit excl IFRS 16</b>	<b>30,976</b>	<b>31,327</b>	<b>113,188</b>	<b>104,947</b>

Definition: Gross profit adjusted with the effect from IFRS 16.

Reason for use: To create comparability in analyses where years prior to IFRS 16 are included.

### Operating profit excl IFRS 16

	Q4 - 2022	Q4 - 2021	Full year 2022	Full year 2021
Operating profit	821	6,259	7,169	15,255
IFRS 16 effect	-141	-194	-906	-1,035
<b>Operating profit excl IFRS 16</b>	<b>680</b>	<b>6,065</b>	<b>6,263</b>	<b>14,220</b>

Definition: Operating profit adjusted with the effect from IFRS 16.

Reason for use: To create comparability in analyses where years prior to IFRS 16 are included.

### Net financial items excl IFRS 16

	Q4 - 2022	Q4 - 2021	Full year 2022	Full year 2021
Net financial items	-358	-256	-953	-955
IFRS 16 effect	306	176	872	778
<b>Net financial items excl IFRS 16</b>	<b>-52</b>	<b>-80</b>	<b>-81</b>	<b>-177</b>

Definition: Net financial items adjusted with the effect from IFRS 16.

Reason for use: To create comparability in analyses where years prior to IFRS 16 are included.

### Profit after financial items excl IFRS 16

	Q4 - 2022	Q4 - 2021	Full year 2022	Full year 2021
Profit after financial items	463	6,003	6,216	14,300
IFRS 16 effect	165	-18	-34	-257
<b>Profit after financial items excl IFRS 16</b>	<b>628</b>	<b>5,985</b>	<b>6,182</b>	<b>14,043</b>

Definition: Profit after financial items adjusted with the effect from IFRS 16.

Reason for use: To create comparability in analyses where years prior to IFRS 16 are included.

### Result for the period excl IFRS 16

	Q4 - 2022	Q4 - 2021	Full year 2022	Full year 2021
Result for the period	-864	4,621	3,566	11,010
IFRS 16 effect	126	-13	-27	-197
<b>Result for the period excl IFRS 16</b>	<b>-738</b>	<b>4,608</b>	<b>3,539</b>	<b>10,813</b>

Definition: Result for the period adjusted with the effect from IFRS 16.

Reason for use: To create comparability in analyses where years prior to IFRS 16 are included.