

Six-month report

First half-year (1 December 2019 – 31 May 2020)

- The H&M group's net sales decreased by 23 percent to SEK 83,612 m (108,489) in the first half-year. In local currencies, net sales decreased by 24 percent. The H&M group has been significantly negatively affected by the Covid-19 situation, particularly in the second quarter.
- The H&M group has taken rapid and forceful action to manage the Covid-19 situation. This has been done in all parts of the business, including areas such as product purchasing, investments, rents, staffing and financing. Since the majority of stores were closed, there was greater focus on the digital sales channels.
- Profit after financial items amounted to SEK -3,978 m. The group's profit after tax amounted to SEK -3,063 m, corresponding to SEK -1.85 per share. Excluding IFRS 16, profit after financial items amounted to SEK -4,114 m (6,977).

Online sales in the first half-year 2020

+40%
in SEK

Second quarter (1 March 2020 – 31 May 2020)

- The H&M group's net sales decreased by 50 percent to SEK 28,664 m (57,474) in the second quarter. In local currencies, net sales decreased by 50 percent. During the quarter stores were temporarily closed in many markets; in mid April around 80 percent of the group's stores were temporarily closed.
- Online sales increased by 36 percent in SEK and 32 percent in local currencies.
- Gross profit amounted to SEK 13,284 m which corresponds to a gross margin of 46.3 percent. Gross profit excluding IFRS 16 amounted to SEK 13,273 m (31,825), which corresponds to a gross margin of 46.3 percent (55.4). The decrease in gross margin is mainly due to the costs included in "cost of goods sold" that cannot be adjusted at the same pace as the rapid evolution of the Covid-19 situation. The cost of markdowns in relation to sales increased by around 3 percentage points.
- Selling and administrative expenses including depreciation decreased by 25 percent in the quarter.
- Profit after financial items amounted to SEK -6,482 m. IFRS 16 effects in the quarter were relatively minor. Excluding IFRS 16, profit after financial items amounted to SEK -6,532 m (5,934).
- The group's profit after tax amounted to SEK -4,991 m, corresponding to SEK -3.02 per share. Excluding IFRS 16 profit after tax amounted to SEK -5,030 m (4,569).
- The stock-in-trade decreased to SEK 40,000 m (40,406). The stock-in-trade represented 19.2 percent (18.3) of sales for the rolling twelve months.
- The H&M group's liquidity remains good. As at 31 May 2020, cash and cash equivalents amounted to SEK 12,704 m. Cash and cash equivalents plus undrawn credit facilities totalled SEK 31,241 m (22,515).



H&M

- Sales in the period 1–24 June 2020 decreased by 25 percent in local currencies compared to the same period the previous year. Currently 350 stores, representing 7 percent of the total number of stores, are still closed. A large number of stores still have local restrictions and limited opening hours. A total of 48 of the group's 51 online markets are open.
- The H&M group is continuing to take action to mitigate the Covid-19 situation. As the pandemic has speeded up the digital shift in the industry, the company's transformation work relating to digitalisation, the supply chain and the organisation is being accelerated.
- The H&M group plans to establish an EMTN programme in July 2020 to allow the issue of bonds, primarily in EUR and SEK. This will complement the group's long-term financing and is a way of further diversifying the group's sources of financing. No decision has yet been taken on any first issue.
- For full-year 2020 the pace of closures is being increased and the number of openings reduced compared with what was previously planned. Around 170 closures and around 130 openings are planned, resulting in a net decrease in the number of stores of around 40.

"I am full of admiration for our employees' commitment, drive and perseverance during this very challenging time. As we have reopened our stores, sales have begun to recover at a faster rate than expected. To meet the rapid changes in customer behaviour caused by Covid-19 we are accelerating our digital development, optimising the store portfolio and further integrating the channels. With our ambitious sustainability work we want to continue to lead fashion retail towards a more sustainable future," says Helena Helmersson, CEO.

Comments by Helena Helmersson, CEO

“Covid-19 continues to impact people, communities and companies around the world and I am full of admiration for our employees’ commitment, drive and perseverance during this very challenging time. The safety of our employees and customers remains our highest priority and we are reopening stores in line with decisions by the authorities.

Before the pandemic hit, we performed strongly – a result of many years of long-term investments to create the best offering for our customers and to meet the digital shift in the industry. This, combined with the fact that we have acted quickly to counter the negative effects of Covid-19 and that we are speeding up the transformation of the H&M Group, makes me convinced that we will come out of the current crisis stronger.

At most around 80 percent of our stores were closed in the second quarter and in those markets where stores were open, demand was significantly subdued. Although we took rapid and decisive action which reduced our costs considerably, it was impossible to compensate for the 50 percent drop in revenue and, as we had previously communicated, the quarter was loss-making.

During the pandemic it became clear how important it is that the digital and physical channels interact to meet customers’ needs. When the majority of the stores were temporarily closed in the second quarter, we focused on redirecting product flow to our digital channels, which remained open at all times in nearly all our online markets. Online sales increased by 36 percent in SEK during the quarter. The positive development of online sales has continued since we began reopening our stores.

As the stores have reopened, our total sales have gradually begun to recover. Our pace of recovery varies greatly between markets, partly because local restrictions differ, but has so far been better than expected. In the period 1–24 June 2020 sales decreased by 25 percent in local currencies compared with the same period in 2019. Although consumption generally remains subdued, our recovery as restrictions have been eased shows that our assortment is relevant and appreciated by our customers.

Rapid adjustments to product purchasing and buying plans meant that the stock-in-trade was able to be reduced somewhat in the second quarter compared with the previous year. However, since there is an oversupply of spring products throughout the industry, and the market remains weakened, we expect markdowns in relation to sales to increase again in the third quarter. We are continuing to adjust costs to mitigate the negative impact of the Covid-19 situation.

It is clear that the rapid changes in customer behaviour caused by the pandemic will further speed up the digitalisation of fashion retail. To meet this, we are continuing to adapt the organisation and improve our ways of working, which will make us more flexible, fast and efficient. We are accelerating our digital development, optimising the store portfolio and further integrating the channels. Our leading sustainability work will also contribute to strengthening our position and ensure the long-term positive development of the H&M group.”

Read more about our initiatives and sustainability on page 11.



ARKET

Covid-19 – summary

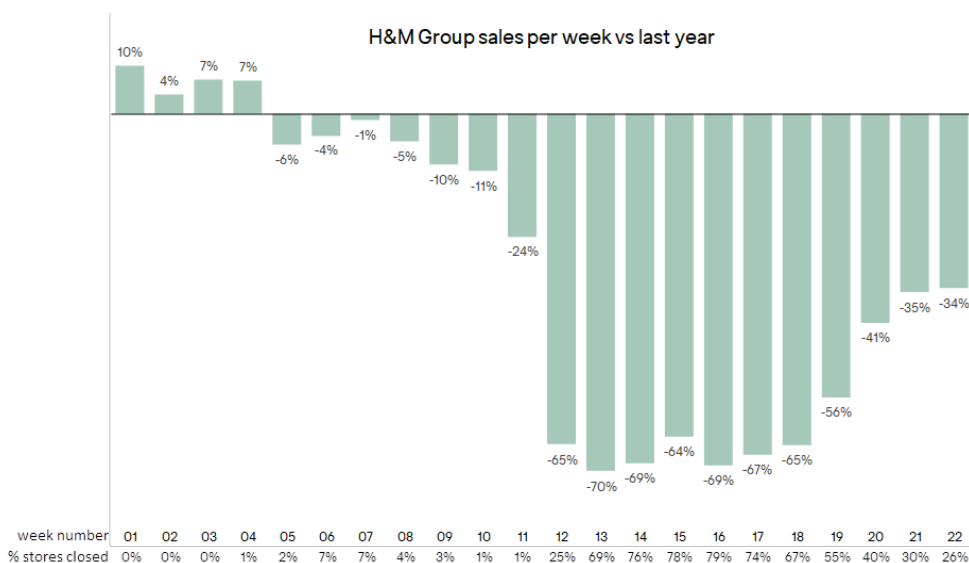
As communicated previously, the H&M group has taken rapid and decisive action in all parts of the business to mitigate the effects of Covid-19. An update is given below.

The safety of employees and customers has highest priority. The company is cooperating fully with the authorities in each market to secure and coordinate the necessary measures. At most, around 80 percent of the group's stores were closed. Since late April/early May the group has gradually been able to reopen stores in line with the easing of restrictions in each country.

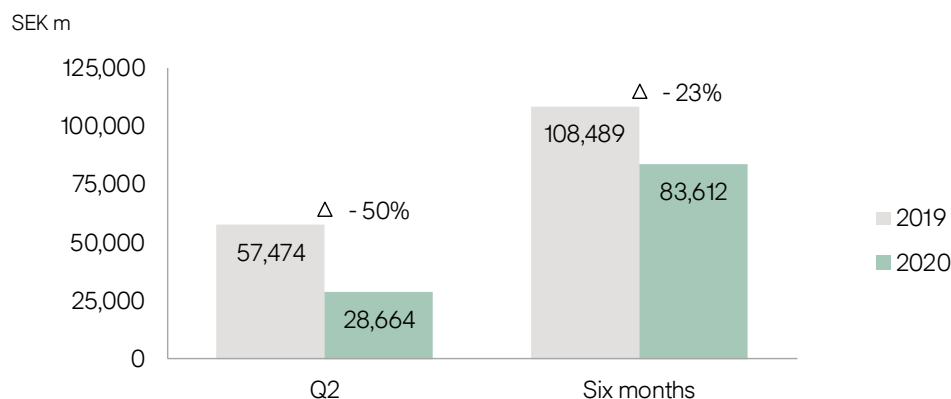
At the end of the second quarter, i.e. on 31 May, 1,328 of the group's stores remained temporarily closed, and 978 stores have reopened since. Currently 350 stores are temporarily closed, representing 7 percent of the group's stores. For a large number of the group's stores there are still local restrictions and opening hours are limited. The consumer confidence has generally been subdued to start with, but the pace of the company's sales recovery varies greatly between markets. The H&M group's online sales increased substantially when the majority of stores were closed and have continued to develop positively since the stores began reopening.

- The stock-in-trade decreased to SEK 40,000 m (40,406), mainly as a result of rapid adjustments to purchasing plans and product purchasing.
- The revised investment plan for full-year 2020 of SEK 5 billion remains in place. For 2019 capex amounted to just over SEK 10 billion.
- The annual general meeting held on 7 May 2020 resolved that no dividend would be paid and that the funds available to the meeting would be carried forward.
- Selling and administrative expenses excluding depreciation and IFRS 16 in the second quarter 2020 decreased by 26 percent. This was made possible by a review of all costs including rents, marketing and staffing. Rental costs were reduced as a result of renegotiation, turnover-based rents and certain temporary rent reliefs. Senior executives have taken a temporary 20 percent pay cut for three months.
- As the pandemic has speeded up the digital shift in the industry, the company's transformation work relating to digitalisation, store portfolio, the supply chain and the organisation is being accelerated. More closures and fewer openings than previously planned are expected to result in a net decrease of around 40 stores in 2020.
- To expand the group's liquidity buffer, a number of sources of financing have been evaluated. In April the company signed an EUR 980 m revolving credit facility with a maturity of 12 months and an option to extend for a further 6 months. The company has also signed an SEK 4,000 m credit facility with split maturity of 3 and 5 years. The company is preparing to sign a further two credit facilities in the third quarter with maturities of between 3 and 5 years.

Work has also begun on establishing an EMTN programme aimed at allowing bonds to be issued in various currencies – mainly EUR and SEK. This will complement the group's long-term financing and forms part of further diversifying the group's sources of financing. The programme is expected to be established during July. No decision has yet been taken on any first issue.



Sales



Net sales decreased by 50 percent to SEK 28,664 m (57,474) in the second quarter. In local currencies net sales decreased by 50 percent. Net sales in the six-month period decreased by 23 percent to SEK 83,612 m (108,489). In local currencies net sales decreased by 24 percent. Sales development since February has been negatively impacted by the Covid-19 situation.

The H&M group's online sales increased by 36 percent in SEK compared with the second quarter the previous year. In local currencies the increase was 32 percent.

Online sales, which increased by 40 percent in SEK and by 37 percent in local currencies in the first half, represented 28 percent of the group's total sales. For full-year 2019 the share was 16 percent and for full-year 2018 14.5 percent.

H&M accounts for the majority of the group's sales, representing around 90 percent as at 31 May 2020. The remaining sales consist of the brands COS, & Other Stories, Weekday, Monki, Arket and Afound.



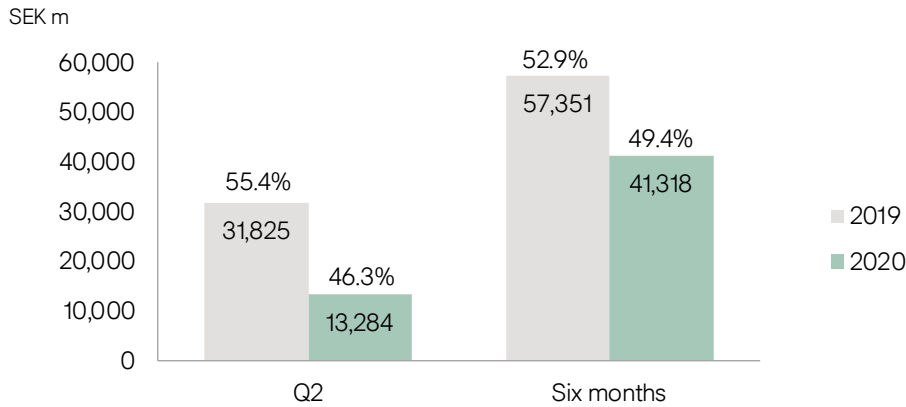
#MHOME

Sales in top ten markets, second quarter

	Q2 - 2020	Q2 - 2019	Change in %		31 May - 20	Q2 - 2020
	SEK m net sales	SEK m net sales	SEK	Local currency	Number of stores	New stores (net)
Germany	5,187	8,703	-40	-42	460	0
USA	2,341	7,336	-68	-71	586	-3
China	2,259	3,119	-28	-28	516	-2
UK	1,749	3,747	-53	-54	300	-2
Sweden	1,625	2,314	-30	-30	174	0
France	1,190	2,731	-56	-58	228	-2
Netherlands	1,122	1,756	-36	-38	139	1
Switzerland	1,054	1,332	-21	-27	98	0
Denmark	822	1,312	-37	-39	110	0
Russia	804	1,837	-56	-51	148	0
Others	10,511	23,287	-55	-54	2,299	13
Total	28,664	57,474	-50	-50	5,058	5

The difference between sales development in SEK and in local currencies is due to how the Swedish krona has developed against the overall basket of currencies in the group compared with the same period last year.

Gross profit and gross margin



COS

Gross profit decreased to SEK 13,284 m in the second quarter, corresponding to a gross margin of 46.3 percent. For the six-month period, gross profit amounted to SEK 41,318 m, corresponding to a gross margin of 49.4 percent. Gross profit excluding IFRS 16 amounted to SEK 13,273 m (31,825) in the second quarter, corresponding to a gross margin of 46.3 percent (55.4). Gross profit excluding IFRS 16 amounted to SEK 41,295 m (57,351) for the six-month period, corresponding to a gross margin of 49.4 percent (52.9).

The H&M group's income statement is classified by function, with expenses being allocated between three functions: cost of goods sold, selling expenses and administrative expenses.

Expenses other than the actual purchasing cost of the products make up a relatively high proportion of "cost of goods sold". Since sales halved in the second quarter, these costs represented a larger share of sales – which had a negative effect on the gross margin compared with the previous year. For a more detailed description of these costs, see Note 6 in the annual report for 2019.

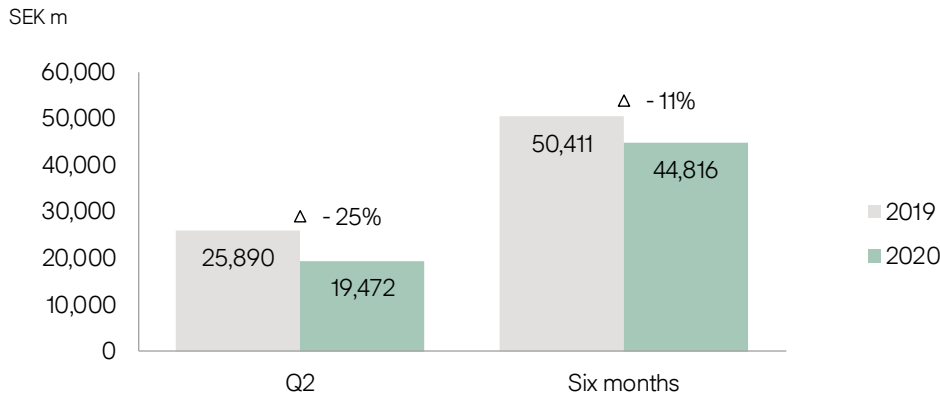
Costs for markdowns in relation to sales increased by around 3 percentage points in the second quarter of 2020 compared with the same quarter in 2019.

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

For the second quarter the external factors influencing purchasing costs were somewhat negative, above all as a result of the more expensive US dollar compared with the same purchasing period the previous year.

For purchases made for the third quarter 2020 the overall market situation as regards external factors is expected to be slightly negative.

Selling and administrative expenses



& other Stories

Cost control in the group remains good. Rapid and forceful action to mitigate the negative effects of the Covid-19 situation succeeded in reducing selling and administrative expenses considerably in the second quarter, particularly as regards rents, marketing and staffing. Selling and administrative expenses including depreciation decreased by 25 percent in the second quarter, to SEK 19,472 m. Excluding the effects of IFRS 16, selling and administrative expenses amounted to SEK 19,767 m (25,890).

For the six-month period, selling and administrative expenses decreased by 11 percent in both SEK and in local currencies compared with the corresponding period the previous year.

Profit after financial items

Profit after financial items amounted to SEK -6,482 m in the second quarter. Profit in the six-month period amounted to SEK -3,978 m. Excluding the effects of IFRS 16, profit after financial items amounted to SEK -6,532 m (5,934) in the second quarter and SEK -4,114 m (6,977) for the six-month period.

Profits were significantly negatively affected by the effects of the Covid-19 situation, which resulted in sales being halved. To mitigate the negative effects to the greatest extent possible, the company reviewed all parts of the business and was thereby able to reduce selling and administrative expenses including depreciation by 25 percent. However, there are expenses and commitments that cannot be adjusted at the same pace as the rapid evolution of the Covid-19 situation.

On the introduction of IFRS 16 it was assessed that, based on profits for the 2018/19 financial year and all other things being equal, the introduction of IFRS 16 would increase profit after financial items for the full year by 2–3 percent. The effect may vary from one quarter to another. The H&M group constantly reviews all its lease commitments, which means that a large number of leases are renegotiated, stores are closed and new leases are negotiated on an ongoing basis.

Stock-in-trade

The stock-in-trade decreased to SEK 40,000 m (40,406), mainly as a result of rapid adjustments to purchasing plans and product purchasing. Currency-adjusted the stock-in-trade decreased by 3 percent. A high level of markdowns is again expected in the third quarter. The cost of markdowns in relation to sales is expected to increase by around 2 to 3 percentage points in the third quarter compared with the corresponding quarter the previous year.

The book value of stock-in-trade in SEK represented 33.0 percent (32.4) of total assets excluding IFRS 16 and 19.2 percent (18.3) of sales for the rolling 12 months, which amounted to SEK 207,878 m (220,724). The successful transformation work that the H&M group has conducted in recent years puts the group in a good position both to deal with the current situation and to continue the positive momentum that the company was enjoying until the Covid-19 outbreak.

Expansion

The current situation has changed some circumstances, such as the assumptions on which lease terms for stores are based. The H&M group's contracts allow around a quarter of leases to be renegotiated each year, providing further opportunities and flexibility to adapt the number of stores and store area and to improve rent terms. In view of the current situation, other leases are now also being reviewed in order to find solutions jointly with the landlords during this challenging time.

Store optimisation is being accelerated. For full-year 2020 it is planned that a total of 170 stores will permanently close, rather than the 130 communicated previously, resulting in a net decrease in the number of stores of around 40. The number of openings has been reduced from the previously planned 165 to around 130.

The integration of stores and online continues, for more information see the heading *Initiatives for an improved customer experience* at page 11. Australia is scheduled to become a new H&M online market towards the end of 2020. H&M will also shortly be launched on the ecommerce platform SSG.COM in South Korea.

The first H&M store in Panama is scheduled to open in the first half of 2021 via franchise.



ARKET

Brand	No. of markets 31 May - 2020		Expansion 2020
	Store	Online	New markets
H&M	74	51	Online: Australia
COS	45	32	Store: New Zealand* Online: Bulgaria*, Cyprus*, Estonia*, Greece*, Croatia*, Latvia*, Lithuania*, Luxembourg*, Romania*, Japan*, Switzerland
Monki	19	29	Store: Philippines Online: Bulgaria*, Cyprus*, Estonia*, Greece*, Croatia*, Latvia*, Lithuania*, Luxembourg*, Romania*, Switzerland
Weekday	14	28	Store: Russia, Spain Online: Bulgaria*, Cyprus*, Estonia*, Greece*, Croatia*, Latvia*, Lithuania*, Luxembourg*, Romania*, Switzerland
& Other Stories	21	31	Store: Norway*, Russia Online: Bulgaria*, Cyprus*, Estonia*, Greece*, Croatia*, Latvia*, Lithuania*, Luxembourg*, Romania*, Switzerland
ARKET	7	28	Online: Bulgaria*, Cyprus*, Estonia*, Greece*, Croatia*, Latvia*, Lithuania*, Luxembourg*, Romania*, Switzerland, T-mall (China)
Afound	2	4	Store: Netherlands* Online: Germany*, Austria*
H&M HOME	51	42	

* Opened until 31 May 2020

COS, Weekday, Monki, & Other Stories and ARKET offer Global selling which enables customers in around 70 additional markets to shop online. The exact number of markets per brand that have this service varies.

Store count by brand

In the first half-year, the H&M group opened 47 (91) stores including franchise and closed 65 (80) stores, making a net decrease of 18 (+11) stores. The group had a total of 5,058 (4,979) stores as at 31 May 2020, of which 277 (257) were operated by franchise partners.

Brand	New Stores 2020 (net)		Total No of stores	
	Q2	Six months	31 May - 2020	31 May - 2019
H&M	-2	-21	4,471	4,429
COS	4	3	294	274
Monki	-1	-3	127	127
Weekday	1	0	54	44
& Other Stories	2	1	72	70
ARKET	0	0	20	19
Afound	-1	0	7	6
H&M HOME*	2	2	13	10
Total	5	-18	5,058	4,979

* Concept stores. H&M HOME is also included with shop-in-shop in 387 H&M stores.



MONKL

Store count by region

Region	New Stores 2020 (net)		Total No of stores	
	Q2	Six months	31 May - 2020	31 May - 2019
Europe & Africa	-1	-28	3,059	3,059
Asia & Oceania	8	12	1,221	1,172
North & South America	-2	-2	778	748
Total	5	-18	5,058	4,979

Tax

The H&M group's tax rate for the 2019/2020 financial year is expected to be 22-23 percent. In the first three quarters of the year a tax rate of 23 percent will be used to calculate the tax effect on the result for each period.

Current quarter

Sales in the period 1-24 June 2020 decreased by 25 percent in local currencies compared to the same period the previous year. Currently 350 stores, representing 7 percent of the total amount of stores, are still temporarily closed. A total of 48 of the group's 51 online markets are open.

The cost of markdowns in relation to sales is expected to increase by around 2-3 percentage points in the third quarter compared with the third quarter 2019.

Selling and administrative expenses excluding depreciation and IFRS 16 are expected to decrease by up to 10 percent in the third quarter compared with the third quarter 2019, although this estimate is subject to considerable uncertainty.

Financing

As at 31 May 2020, the group had interest-bearing liabilities of SEK 24,623 m (24,006) in the form of loans from credit institutions and commercial papers. In addition, the group has undrawn credit facilities of SEK 18,537 m (9,439). The average maturity of interest-bearing liabilities and undrawn credit facilities was 2.2 (2.6) years. A maturity analysis of outstanding interest-bearing liabilities and undrawn credit facilities is given in the table below.

Year	Loan from credit institutions	Commercial papers	Unused credit facilities
2020	185	5,180	-
2021	14,751	-	7,163
2022	400	-	-
2023	2,107	-	2,000
2024	-	-	7,374
2025	-	-	2,000
2026	2,000	-	-
Total SEK m	19,443	5,180	18,537

The H&M group's liquidity remains good. As at 31 May 2020, cash and cash equivalents amounted to SEK 12,704 m. Cash and cash equivalents plus undrawn credit facilities totalled SEK 31,241 m (22,515). Net debt in relation to EBITDA amounted to 0.7 (0.5) excluding IFRS 16 effects.

The group's work is focused on ensuring financial flexibility and freedom of action on the best possible terms in a challenging market where business opportunities are also arising. In the second quarter the following significant financing activities were completed and begun.

Credit facilities

- The group signed an EUR 980 m revolving credit facility with a maturity of 12 months and an option to extend for a further 6 months.
- The group signed an SEK 4,000 m credit facility with split maturity of 3 and 5 years.
- The group has begun working to establish a further two credit facilities in the third quarter with maturities of between 3-5 years.

New sources of financing

- A eurocommercial paper (ECP) programme has been established to allow issues in EUR, GBP and USD with maturities of up to 12 months. This will complement the group's Swedish commercial paper programme and create additional flexibility in short-term financing.
- Work has begun on establishing an EMTN programme aimed at allowing bonds to be issued in various currencies, but mainly in EUR and SEK. This will complement the group's long-term financing and forms part of further diversifying the group's sources of financing. The programme is expected to be established during July. No decision has yet been taken on any first issue.

Accounting principles

The group applies International Financial Reporting Standards (IFRS) as adopted by the EU. This report has been prepared according to IAS 34 Interim Financial Reporting as well as the Swedish Annual Accounts Act. The accounting principles and calculation methods applied in this report are unchanged from those used in the preparation of the annual report and consolidated financial statements for 2019 and which are described in Note 1 – Accounting principles, other than in respect of IFRS 16 Leases and IAS 20 Accounting for Government Grants and Disclosure of Government Assistance; see below.

The parent company applies the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities, which essentially involves applying IFRS. In accordance with RFR 2, the parent company does not apply IFRS 9

when measuring financial instruments, nor does it capitalise development costs. IFRS 16 is also not applied in the parent company.

For definitions see the annual report and consolidated financial statements for 2019.

New accounting principles

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

In 2019 preparations were made by the H&M group for the introduction of IFRS 16. This involved assessing the group's leases to determine whether they constitute a service or a lease. Under IFRS 16, a lease is an agreement that controls the right to use an identifiable asset during a given period against payment. The majority of the contracts that H&M classifies as leases in accordance with IFRS 16 are leases for store premises where H&M runs its own operations. Offices and warehouses used by the group are also classified as leases. Variable lease payments, such as sales-based rent, are not included in the lease liability.

The H&M group has more than 5,000 stores as well as multiple offices and warehouses all around the world. Applying the standard has required estimates and assumptions, such as establishing the term of the lease and an interest rate for borrowing. The assumption that has the greatest effect on the size of the lease liability is the assessment of the lease term. On the expiry of the lease term the lease may be terminated entirely, renegotiated or extended depending on the provisions in the contract. In certain circumstances, a right to terminate the contract during the lease term may reduce the lease term used for the calculation. The option to extend is taken into account if it is reasonably certain that the lessee will exercise this option. To facilitate assessment of the lease term used to calculate the lease obligation according to IFRS 16, the assumptions are based on the type of contract. The assumptions used to establish the lease term for each type of contract are based on the best possible assessment and on historical data, as well as the current market situation. The group's assumptions will be evaluated on an ongoing basis taking into account changes in the industry.

The H&M group has chosen to apply the simplified transition approach, whereby calculation of the liability at the time of transition to IFRS 16 is based on the remaining lease payments for the leased asset and is reported as an adjustment of the opening balance. As of 1 December 2019 the H&M group's remaining payments for all leases were therefore included as a lease liability. The discount rate used for the calculation corresponds to the H&M group's incremental borrowing rate at the time of transition, taking into account aspects such as country and length of the respective leases. As of the transition date right-of-use assets are recognised at the same value as the present value of the lease liability less contributions from lessors, i.e. lease incentives and advance payments. The H&M group's calculation as of 1 December 2019 meant an opening balance of SEK 73 billion in right-of-use assets and SEK 77 billion in lease liabilities according to IFRS 16. The transition approach chosen involves prospective application of IFRS 16.

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 Covid-19, H&M received government assistance in various markets in respect of rents and staffing.

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

Selling and administrative expenses excluding depreciation and IFRS 16 decreased by 26 percent in the second quarter 2020. Around a fifth of the cost decrease is attributable to the total government assistance that the H&M group received globally. The H&M group is currently in more than 70 markets.

Financial instruments

H & M Hennes & Mauritz AB's financial instruments consist mainly of accounts receivable, other receivables, cash and cash equivalents, accounts payable, accrued trade payables, 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 31 May 2020, forward contracts with a positive market value amount to SEK 867 m (610), which is reported under other current receivables. Forward contracts with a negative market value amount to SEK 746 m (872), which is reported under other current liabilities. Other financial assets and liabilities are measured at amortised cost. Liabilities to credit institutions accrue interest at rates which essentially correspond to current market rates, and therefore the fair values of these and other financial instruments are assessed to be approximately equal to their book values.

Risks and uncertainties

A number of factors may affect the H&M group's result and business. Many of these can be dealt with through internal routines, while certain others are affected more by external influences. There are risks and uncertainties for the H&M group related to the major shift within the industry, fashion, weather conditions, macroeconomic and geopolitical changes, sustainability issues, foreign currency, cyber-attacks, tax, customs and different regulations but also in connection with expansion into new markets, the launch of new concepts and how the brand is managed. Page 41 of the annual report 2019 also mentions that sudden negative events such as a virus outbreak could have a negative impact on one or more countries and thereby also on the group's sales and earnings. See also information in this interim report, such as on page 3, concerning the measures that the company is taking to manage the negative effects on the business resulting from the coronavirus situation.

For a more detailed description of risks and uncertainties, refer to the administration report and to Note 2 in the annual report and consolidated accounts for 2019.

Initiatives for an improved customer experience

The corona situation is accelerating the already rapid changes in customer behaviour, and the H&M group's transformation work continues so as to meet customer expectations and needs. Here are some examples of new and ongoing initiatives to create the best offering and experience for our customers.

- H&M's upgraded **customer loyalty programme** now has just over 80 million members in 22 markets and will continue to be rolled out to additional markets in 2020, such as India and South Korea.
- **Pay Later** – members of H&M's customer loyalty programme can shop and pay later against invoice, whether shopping in store or online. This payment solution was launched last autumn in the USA and now most recently in Germany and Belgium. Pay Later is now available in 11 markets.
- **Digital receipts** – customers can now receive digital receipts in the H&M app in most of our markets.
- **Visual Search** is available in 31 markets and uses image recognition to help customers by giving recommendations and suggested buys based on pictures that the customer has taken or been inspired by.
- **Next day delivery and express delivery** are offered in 14 markets. These services will continue to be developed and improved during 2020.
- **Climate-smart delivery options** – H&M customers in the Netherlands can opt to receive and return items by a bicycle delivery service, a solution that is much appreciated by customers. Combined with using biogas vehicles from the logistics centre, this reduces CO2 emissions. More markets are planned to get this delivery option in 2020. Various kinds of climate-smart deliveries are also offered in Italy and Sweden.
- **Find in Store** is available in 22 markets. This solution lets customers use their mobile to find an item they have seen online in the size and store they want.
- **Scan & Buy** is available in all online markets. The customer scans the QR code on a product in store to find and buy the item online in the size and colour they want.
- **In-Store Mode** allows customers to see on their mobiles which items are in the store they are currently in, as well as online. The service is available in 13 markets.
- **Click & Collect** is available in 14 markets where customers can pick up their online purchases in store, with rollout to more markets planned for 2020.
- **Online returns in store** is now available in 16 markets and will be rolled out further during the year.
- **#HMxME** enables customers to share their own fashion stories from Instagram while also providing an easy way to buy the items in the images. #HMxME is now live in 45 of H&M's online markets.
- **Recommended Size** helps customers find the right size online based on past purchases. Available in 20 markets.
- **Rate & Review** lets customers rate and review H&M products, and is available in 25 markets.
- **RFID** is currently in 20 H&M markets.
- **Self-service express checkout** is being tested in stores in the UK and Sweden. Further rollout has been temporarily paused due to the Covid-19 situation.
- Through **H&M's collaboration with Instagram** in the US, customers can shop directly from inspirational images. Customers can now also get notifications on Instagram when H&M releases new collections.
- **Livestream shopping** launched for H&M Divided on hm.com, where since June customers have been able to interact live with H&M's stylists along with other customers, and can also shop the products they see in real time. Livestream shopping is being tested in Sweden and will next be launched in the UK.

Product flow

The H&M group is accelerating its transformation work in the supply chain for an even better customer experience. The work encompasses the entire flow of goods and how we ensure that we have the right product in the right place at the right time, at the right cost. As a result of the Covid-19 situation, the group has reprioritised and some changes have been made to schedules. An important part of this work involves our logistics centres and our logistics systems, where changes include the following:

- Work to integrate stores and online is being intensified further. The increase in online sales means we are investing even more in improving flexibility and speed between the channels in our product flow.
- The new high-tech logistics centre in Milton Keynes, UK, continues to perform very well. The centre, which supplies both stores and online, is gradually replacing several existing logistics units in the UK.
- A new logistics centre outside Madrid, Spain, opened in May to serve online sales and has had a very successful start.

Sustainability

The H&M group's sustainability vision is to be a leading force in the transition to circular, climate-positive fashion as a fair and equal company. We continue to add value for our customers through our sustainability work, such as our goal for 2020 of only purchasing recycled and sustainably sourced cotton, and we are taking steps towards our goal of 100% of our materials being either recycled or sourced in a more sustainable way by 2030.

The H&M group is the world's biggest user of organic cotton.

Textile Exchange confirms in its latest Material Change Insights Report that the H&M group is the world's biggest user of organic cotton and of down certified to the Responsible Down Standard. The H&M group also leads the rankings for all types of preferred cotton, which includes organic cotton, recycled cotton and cotton sourced through the Better Cotton Initiative (BCI). The company is also one of the world's biggest users of recycled materials such as recycled cotton, wool, nylon and lyocell.

Fashion Transparency Index. The H&M group was given the highest score out of 250 fashion brands in Fashion Revolution's latest Fashion Transparency Index, which ranks companies according to how much information they disclose about their supply chain and their social and environmental impact.

Green Recovery. In April the H&M group joined 180 politicians, trade unions, organisations, researchers and business leaders in the European Alliance for a Green Recovery – a Call to Action appealing to the EU to base its rescue package on sustainable growth.

UN Global Compact. On the initiative of the UN Global Compact, the H&M group along with more than 150 other leading companies signed the Uniting Business and Governments to Recover Better statement, which calls on governments and policy-makers to take bold climate action to accelerate more sustainable growth.

Collaboration with ILO. The H&M group joined the UN body ILO, the international unions ITUC and IndustriALL, international organisation of employers IOE and other brands, in a Call to Action to jointly tackle the immediate and long-term effects of Covid-19 and continue to work towards a more resilient garment industry in Bangladesh, Cambodia, Myanmar, Pakistan, India, Indonesia, Ethiopia and Haiti. There will be a review of how to mobilise funds locally in initiatives to counter the effects of the Covid-19 crisis on people and jobs in countries where systems of social protection are weak.

Donation in connection with Black Lives Matter. The H&M group is clear in its support for diversity and social justice. The H&M group fights against racism and discrimination, and as part of this has donated USD 500,000 to organisations working for greater justice, stronger economic rights and democratisation.

The **H&M Foundation** has donated USD 500,000 to the Covid-19 Solidarity Response Fund. This contribution has helped the WHO create a basis for restricting the spread of the Covid-19 virus and mitigating its worst effects, particularly for countries with few resources, and to coordinate and accelerate research and development efforts around the world.

Read more about many of our initiatives and our sustainability work at [hmgroup.com](https://www.hmgroup.com).

Calendar

15 September 2020	Sales development in the third quarter, 1 Jun 2020 – 31 Aug 2020
1 October 2020	Nine-month report, 1 Dec 2019 – 31 Aug 2020
15 December 2020	Sales development in the fourth quarter, 1 Sep 2020 – 30 Nov 2020
29 January 2021	Full-year report, 1 Dec 2019 – 30 Nov 2020
15 March 2021	Sales development in the first quarter, 1 Dec 2020 – 28 Feb 2021
31 March 2021	Three-month report, 1 Dec 2020 – 28 Feb 2021

This six-month report has been reviewed by the company's auditors.

Stockholm, 25 June 2020
Board of Directors

Telephone conference in conjunction with the six-month report

The six-month report for 2020, i.e. 1 December 2019 – 31 May 2020, will be published at 08:00 CEST on 26 June 2020. A telephone conference for the financial market and media will be held in English at 09:00 CEST, hosted by CEO Helena Helmersson, CFO Adam Karlsson and Head of IR Nils Vinge.

For login details to the telephone conference please register at hmgroup.com or via this link:

<http://emea.directeventreg.com/registration/4315578>

To book interviews with CEO Helena Helmersson, CFO Adam Karlsson and Head of IR Nils Vinge in conjunction with the six-month report on 26 June, please contact:

Kristina Stenvinkel, Communications Director
Phone +46 8 796 39 08
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Contact

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Registered office: Stockholm, Reg. No. 556042-7220

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

The undersigned hereby provide an assurance that the half-year report for 1 December 2019 – 31 May 2020 provides a true and fair view of the parent company's and the group's business, positions and earnings, and also describe the significant risks and uncertainties faced by the companies making up the group.

Stockholm 25 June, 2020

Karl-Johan Persson
Chairman of the Board

Stina Bergfors
Board member

Anders Dahlvig
Board member

Ingrid Godin
Board member

Danica Kragic Jensfeldt
Board member

Lena Patriksson Keller
Board member

Alexandra Rosenqvist
Board member

Christian Sievert
Board member

Erica Wiking Häger
Board member

Niklas Zennström
Board member

Helena Helmersson
Chief Executive Officer

Review report

H & M Hennes & Mauritz AB (Publ), corporate identity number 556042-7220

Introduction

We have reviewed the condensed interim report for H & M Hennes & Mauritz AB (Publ) as at May 31, 2020 and for the six months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 Review of Interim Financial Statements Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden.

The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Stockholm, June 25, 2020

Ernst & Young AB

Andreas Troberg

Authorized Public Accountant

Information in this interim report is that which H & M Hennes & Mauritz AB (publ) is required to disclose under the EU Market Abuse Regulation (596/2014/EU). The information was submitted for publication by the abovementioned persons at 08:00 (CEST) on 26 June 2020. This interim report and other information about the H&M group, is available at hmgroup.com.

H & M Hennes & Mauritz AB (publ) was founded in Sweden in 1947 and is quoted on Nasdaq Stockholm. H&M's business idea is to offer fashion and quality at the best price in a sustainable way. In addition to H&M, the group includes the brands COS, Monki, Weekday, & Other Stories, H&M HOME and ARKET as well as Afound. The H&M group has 51 online markets and more than 5,000 stores in 74 markets including franchise markets. In 2019, net sales were SEK 233 billion. The number of employees amounts to approximately 179,000. For further information, visit hmgroup.com.

GROUP INCOME STATEMENT IN SUMMARY (SEK m)

	Q2 2020	Q2 2019	Six months 2020	Six months 2019	1 Dec 2018- 30 Nov 2019	Excluding IFRS 16 Q2 2020	Six months 2020
Net sales	28,664	57,474	83,612	108,489	232,755	28,664	83,612
Cost of goods sold	-15,380	-25,649	-42,294	-51,138	-110,302	-15,391	-42,317
GROSS PROFIT	13,284	31,825	41,318	57,351	122,453	13,273	41,295
<i>Gross margin, %</i>	46.3	55.4	49.4	52.9	52.6	46.3	49.4
Selling expenses	-17,238	-23,653	-40,266	-46,076	-96,279	-17,528	-40,856
Administrative expenses	-2,234	-2,237	-4,550	-4,335	-8,828	-2,239	-4,562
OPERATING PROFIT	-6,188	5,935	-3,498	6,940	17,346	-6,494	-4,123
<i>Operating margin, %</i>	-21.6	10.3	-4.2	6.4	7.5	-22.7	-4.9
Net financial items	-294	-1	-480	37	45	-38	9
PROFIT AFTER FINANCIAL ITEMS	-6,482	5,934	-3,978	6,977	17,391	-6,532	-4,114
Tax	1,491	-1,365	915	-1,605	-3,948	1,502	946
PROFIT FOR THE PERIOD	-4,991	4,569	-3,063	5,372	13,443	-5,030	-3,168

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

Earnings per share, SEK*	-3.02	2.76	-1.85	3.25	8.12	-3.04	-1.91
Number of shares, thousands*	1,655,072	1,655,072	1,655,072	1,655,072	1,655,072	1,655,072	1,655,072
Depreciation, total	6,367	2,794	12,764	5,471	11,051	2,818	5,578
of which cost of goods sold	453	147	897	318	570	169	337
of which selling expenses	5,680	2,490	11,401	4,845	9,887	2,511	4,966
of which administrative expenses	234	157	466	308	594	138	275

* Before and after dilution.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (SEK m)

	Q2 2020	Q2 2019	Six months 2020	Six months 2019	1 Dec 2018- 30 Nov 2019	Q2 2020	Six months 2020
PROFIT FOR THE PERIOD	-4,991	4,569	-3,063	5,372	13,443	-5,030	-3,168
Other comprehensive income							
<i>Items that are or may be reclassified to profit or loss</i>							
Translation differences	-1,498	239	-1,125	1,511	1,150	-1,498	-1,125
Change in hedging reserves	25	560	-148	-192	156	25	-148
Tax attributable to change in hedging reserves	-6	-129	34	44	-36	-6	34
<i>Items that will not be reclassified to profit or loss</i>							
Remeasurement of defined benefit pension plans	-	-	-	-	-68	-	-
Tax related to the above remeasurement	-	-	-	-	15	-	-
OTHER COMPREHENSIVE INCOME	-1,479	670	-1,239	1,363	1,217	-1,479	-1,239
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-6,470	5,239	-4,302	6,735	14,660	-6,509	-4,407

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

GROUP BALANCE SHEET IN SUMMARY (SEK m)

ASSETS	31 May - 2020	31 May - 2019	30 Nov 2019	Exclusive IFRS 16 31 May - 2020
Fixed assets				
Intangible fixed assets	11,546	10,666	11,448	11,809
Property, plant and equipment	36,901	42,127	40,892	36,901
Right of use assets	68,408	-	-	
Financial fixed assets	659	507	639	659
Other fixed assets	5,417	4,421	5,234	5,417
	122,931	57,721	58,213	54,786
Current assets				
Stock-in-trade	40,000	40,406	37,823	40,000
Current receivables	13,544	13,573	12,137	13,809
Cash and cash equivalents	12,704	13,076	12,312	12,704
	66,248	67,055	62,272	66,513
TOTAL ASSETS	189,179	124,776	120,485	121,299
EQUITY AND LIABILITIES				
Equity	52,767	49,144	57,069	52,662
Long-term liabilities*	13,700	18,842	15,580	13,668
Long-term leasing liabilities*	57,979	-	-	-
Current liabilities**	50,654	56,790	47,836	54,969
Current leasing liabilities**	14,079	-	-	-
TOTAL EQUITY AND LIABILITIES	189,179	124,776	120,485	121,299

* Interest-bearing long-term liabilities amounts to SEK 67,284 m (14,288).

** Interest-bearing current liabilities amounts to SEK 29,955 m (10,649).

CHANGE IN GROUP EQUITY IN SUMMARY (SEK m)

	31 May - 2020	31 May - 2019	30 Nov 2019	Exclusive IFRS 16 31 May - 2020
Shareholders' equity at the beginning of the period	57,069	58,546	58,546	57,069
Total comprehensive income for the period	-4,302	6,735	14,660	-4,407
Dividend	-	-16,137	-16,137	-
Shareholders' equity at the end of the period	52,767	49,144	57,069	52,662

GROUP CASH FLOW STATEMENT (SEK m)

	Six months 2020	Six months 2019	Exclusive IFRS 16 Six months 2020
Current operations			
Profit after financial items*	-3,978	6,977	-4,114
- Provisions for pensions	59	31	59
- Depreciation	12,764	5,471	5,578
- Tax paid	-2,621	-1,564	-2,621
- Other	-	21	-
Cash flow from current operations before changes in working capital	6,224	10,936	-1,098
Cash flow from changes in working capital			
Current receivables	-299	267	-299
Stock-in-trade	-2,714	-2,135	-2,714
Current liabilities	705	31	705
CASH FLOW FROM CURRENT OPERATIONS	3,916	9,099	-3,406
Investing activities			
Investment in intangible fixed assets	-1,050	-1,602	-1,050
Investment in tangible fixed assets	-2,176	-3,167	-2,176
Other investments	-7	-31	-7
CASH FLOW FROM INVESTING ACTIVITIES	-3,233	-4,800	-3,233
Financial activities			
Change in interest-bearing liabilities	7,306	4,611	7,306
Amortization lease	-7,322	-	-
Dividend	-	-8,110	-
CASH FLOW FROM FINANCIAL ACTIVITIES	-16	-3,499	7,306
CASH FLOW FOR THE PERIOD	667	800	667
Cash and cash equivalents at beginning of the financial year	12,312	11,590	12,312
Cash flow for the period	667	800	667
Exchange rate effect	-275	686	-275
Cash and cash equivalents at end of the period**	12,704	13,076	12,704

* Interest paid for the group amounts to SEK 151 m (130).

** Cash and cash equivalents and short-term investments at the end of the period amounted to SEK 12,704 m (13,076).

NET SALES BY MARKET AND NUMBER OF STORES

Q2, 1 March - 31 May

Market	Q2 - 2020	Q2 - 2019	Change in %		31 May - 20	Stores	
	SEK m	SEK m	SEK	Local	No. of stores	New	Closed
Sweden	1,625	2,314	-30	-30	174	1	1
Norway	802	1,238	-35	-26	129	3	
Denmark	822	1,312	-37	-39	110		
UK	1,749	3,747	-53	-54	300		2
Switzerland	1,054	1,332	-21	-27	98		
Germany	5,187	8,703	-40	-42	460		
Netherlands	1,122	1,756	-36	-38	139	2	1
Belgium	504	980	-49	-50	96	1	1
Austria	777	1,345	-42	-44	87		
Luxembourg	52	104	-50	-52	15		
Finland	377	639	-41	-43	66		1
France	1,190	2,731	-56	-58	228		2
USA	2,341	7,336	-68	-71	586		3
Spain	546	1,880	-71	-72	166		1
Poland	742	1,495	-50	-50	192	2	
Czech Republic	201	421	-52	-51	52		
Portugal	65	313	-79	-81	29		
Italy	682	1,938	-65	-66	178		2
Canada	476	1,198	-60	-60	96		
Slovenia	61	119	-49	-50	13	1	
Ireland	197	291	-32	-34	24		
Hungary	231	452	-49	-46	47		
Slovakia	91	183	-50	-52	27		
Greece	224	449	-50	-52	35		
China	2,259	3,119	-28	-28	516	3	5
Hong Kong	243	401	-39	-43	26	1	
Japan	722	1,379	-48	-52	109	4	
Russia	804	1,837	-56	-51	148	1	1
South Korea	520	574	-9	-9	53	1	
Turkey	189	656	-71	-65	63		
Romania	268	630	-57	-57	57		
Croatia	90	176	-49	-49	16		
Singapore	45	203	-78	-78	14		
Bulgaria	85	156	-46	-47	21		
Latvia	52	91	-43	-46	9		
Malaysia	104	322	-68	-67	48		
Mexico	109	815	-87	-72	54	1	
Chile	58	474	-88	-83	17		
Lithuania	50	94	-47	-49	10		
Serbia	54	106	-49	-50	14		
Estonia	52	99	-47	-48	13		
Australia	282	640	-56	-52	49		
Philippines	59	305	-81	-84	40		
Taiwan	146	146		-8	14	2	
Peru	28	220	-87	-88	13		
Macau	21	29	-28	-31	2		
India	111	462	-76	-74	48		
South Africa	99	226	-56	-42	27		
Puerto Rico	8	31	-74	-77	2		
Cyprus	25	22	14	19	1		
New Zealand	57	102	-44	-40	10	1	
Kazakhstan	20	55	-64	-59	6		
Colombia	9	87	-90	-73	7		
Iceland	39	57	-32	-22	6		
Vietnam	67	99	-32	-36	9	1	
Georgia	2	26	-92	-86	3		
Ukraine	11	51	-78	-76	3		
Uruguay	9	76	-88	-78	3		
Bosnia-Herzegovina	4	10	-60	-66	1		
Belarus	11				2		
Franchise and other	834	1,422	-41	-30	277	1	1
Total	28,664	57,474	-50	-50	5,058	26	21

NET SALES BY MARKET AND NUMBER OF STORES**Six months, 1 December - 31 May**

Market	2020	2019	Change in %		31 May - 20	Stores	
	SEK m	SEK m	SEK	Local	No. of stores	New	Closed
Sweden	3,772	4,318	-13	-13	174	1	4
Norway	1,975	2,375	-17	-11	129	3	1
Denmark	2,008	2,485	-19	-21	110		2
UK	5,280	7,071	-25	-27	300	2	7
Switzerland	2,392	2,546	-6	-12	98		1
Germany	12,930	15,447	-16	-18	460		6
Netherlands	2,600	3,203	-19	-21	139	3	2
Belgium	1,541	1,929	-20	-22	96	1	3
Austria	1,937	2,475	-22	-23	87		
Luxembourg	175	205	-15	-16	15		
Finland	958	1,213	-21	-23	66		2
France	4,059	5,556	-27	-28	228		7
USA	9,575	13,868	-31	-34	586	1	8
Spain	2,407	3,747	-36	-37	166		1
Poland	2,227	2,822	-21	-22	192	2	
Czech Republic	623	804	-23	-23	52		
Portugal	369	622	-41	-42	29		
Italy	2,598	3,812	-32	-33	178		3
Canada	1,612	2,209	-27	-29	96	1	
Slovenia	166	230	-28	-29	13	1	
Ireland	493	564	-13	-14	24		
Hungary	671	849	-21	-18	47		
Slovakia	292	366	-20	-22	27		
Greece	658	858	-23	-25	35		
China	4,373	5,831	-25	-26	516	6	10
Hong Kong	533	814	-35	-38	26	1	1
Japan	1,832	2,427	-25	-30	109	4	
Russia	2,321	2,988	-22	-23	148	2	1
South Korea	1,013	1,019	-1	0	53	1	1
Turkey	800	1,191	-33	-27	63		3
Romania	879	1,199	-27	-26	57		
Croatia	254	346	-27	-27	16		
Singapore	240	413	-42	-43	14		
Bulgaria	232	293	-21	-22	21		
Latvia	132	171	-23	-25	9		
Malaysia	477	685	-30	-32	48	1	
Mexico	1,403	1,753	-20	-17	54	2	
Chile	618	993	-38	-29	17	2	
Lithuania	140	174	-20	-21	10		
Serbia	158	204	-23	-24	14		
Estonia	142	183	-22	-24	13		
Australia	916	1,246	-26	-24	49		
Philippines	488	637	-23	-29	40		
Taiwan	332	322	3	-4	14	2	
Peru	323	490	-34	-36	13		
Macau	48	63	-24	-28	2		
India	742	917	-19	-19	48	1	
South Africa	393	460	-15	-8	27		
Puerto Rico	40	61	-34	-38	2		
Cyprus	47	41	15	15	1		
New Zealand	183	194	-6	-3	10	2	
Kazakhstan	78	92	-15	-14	6		
Colombia	250	218	15	24	7		
Iceland	104	114	-9	-5	6		
Vietnam	206	205	0	-4	9	1	
Georgia	36	49	-27	-22	3		
Ukraine	70	86	-19	-28	3		
Uruguay	118	148	-20	-8	3		
Bosnia-Herzegovina	12	10	20	9	1		
Belarus	27				2		
Franchise and other	2,334	2,878	-19	-14	277	7	2
Total	83,612	108,489	-23	-24	5,058	47	65

FIVE YEAR SUMMARY**Six months, 1 December - 31 May**Exclusive
IFRS 16

	2016	2017	2018	2019	2020	2020
Net sales, SEK m	90,565	98,368	98,165	108,489	83,612	83,612
Change net sales from previous year in SEK, %	5	9	0	11	-23	-23
Change net sales previous year in local currencies, %	7	5	0	5	-24	-24
Operating profit, SEK m	10,222	10,809	7,215	6,940	-3,498	-4,123
Operating margin, %	11.3	11.0	7.3	6.4	-4.2	-4.9
Depreciations for the period, SEK m	3,664	4,251	4,703	5,471	12,764	5,578
Profit after financial items, SEK m	10,329	10,920	7,275	6,977	-3,978	-4,114
Profit after tax, SEK m	7,902	8,354	6,010	5,372	-3,063	-3,168
Cash and cash equivalents and short-term investments, SEK m	8,387	10,655	11,107	13,076	12,704	12,704
Stock-in-trade, SEK m	25,339	32,148	36,333	40,406	40,000	40,000
Equity, SEK m	48,907	52,469	51,889	49,144	52,767	52,662
Number of shares, thousands*	1,655,072	1,655,072	1,655,072	1,655,072	1,655,072	1,655,072
Earnings per share, SEK*	4.77	5.05	3.63	3.25	-1.85	-1.91
Equity per share, SEK*	29.55	31.70	31.35	29.69	31.88	31.82
Cash flow from current operations per share, SEK*	7.59	6.61	5.52	5.50	2.37	-2.06
Share of risk-bearing capital, %	63.0	57.0	50.0	43.0	30.2	47.0
Equity/assets ratio, %	58.3	52.1	46.1	39.4	27.9	43.4
Total number of stores	4,077	4,498	4,801	4,979	5,058	5,058
Rolling twelve months						
Earnings per share, SEK*	11.32	11.53	8.36	7.26	3.03	2.96
Return on equity, %	39.0	37.7	26.5	23.8	9.8	9.6
Return on capital employed, %	47.9	38.1	27.0	21.9	6.5	8.7

* Before and after dilution.

For definitions of key figures see the annual report

SEGMENT REPORTING (SEK m)

	Six months 2020	Six months 2019
Asia and Oceania		
External net sales	13,460	17,431
Operating profit	-538	1,127
Operating margin, %	-4.0	6.5
Europe and Africa*		
External net sales	56,213	71,305
Operating profit	-4,538	550
Operating margin, %	-8.1	0.8
North and South America		
External net sales	13,939	19,753
Operating profit	-2,217	672
Operating margin, %	-15.9	3.4
Group Functions		
Net sales to other segments	26,637	39,537
Operating profit	3,795	4,591
Eliminations		
Net sales to other segments	-26,637	-39,537
Total		
External net sales	83,612	108,489
Operating profit	-3,498	6,940
Operating margin, %	-4.2	6.4

* South Africa

PARENT COMPANY INCOME STATEMENT IN SUMMARY (SEK m)

	Q2 2020	Q2 2019	Six months 2020	Six months 2019	1 Dec 2018- 30 Nov 2019
External net sales	2	10	11	17	31
Internal net sales*	542	941	1,484	1,981	4,444
GROSS PROFIT	544	951	1,495	1,998	4,475
Administrative expenses	-26	-56	-60	-96	-157
OPERATING PROFIT	518	895	1,435	1,902	4,318
Net financial items**	-525	-6	-530	-27	15,753
PROFIT AFTER FINANCIAL ITEMS	-7	889	905	1,875	20,071
Year-end appropriations	-	-	-	-	-2,961
Tax	-99	-197	-291	-413	-275
PROFIT FOR THE PERIOD	-106	692	614	1,462	16,835

* Internal sales in the quarter consists of royalty of SEK 537 m (936) and other SEK 5 m (5) received from group companies and for the six-month period of royalty of SEK 1,473 m (1,970) and other SEK 11 m (11).

** Non received dividend income due to Covid-19, in the quarter consists of SEK -471 m (0) and in the six-month period of SEK -455 m (2).

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME (SEK m)

	Q2 2020	Q2 2019	Six months 2020	Six months 2019	1 Dec 2018- 30 Nov 2019
PROFIT FOR THE PERIOD	-106	692	614	1,462	16,835
Other comprehensive income <i>Items that have not been and will not be reclassified to profit or loss</i>					
Remeasurement of defined benefit pension plans	-	-	-	-	-3
Tax related to the above remeasurement	-	-	-	-	1
OTHER COMPREHENSIVE INCOME	-	-	-	-	-2
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-106	692	614	1,462	16,833

PARENT COMPANY BALANCE SHEET IN SUMMARY (SEK m)

	31 May - 2020	31 May - 2019	30 Nov 2019
ASSETS			
Fixed assets			
Property, plant and equipment	215	254	232
Other fixed assets	1,666	1,909	1,913
	1,881	2,163	2,145
Current assets			
Current receivables	45,328	32,372	31,442
Cash and cash equivalents	22	48	2
	45,350	32,420	31,444
TOTAL ASSETS	47,231	34,583	33,589
EQUITY AND LIABILITIES			
Equity	17,781	1,795	17,167
Untaxed reserves	57	96	57
Long-term liabilities*	8,758	13,448	10,442
Current liabilities**	20,635	19,244	5,923
TOTAL EQUITY AND LIABILITIES	47,231	34,583	33,589

* All long-term liabilities are interest-bearing.

** Interest-bearing current liabilities amounts to SEK 15,425 m (9,050). Dividend to be paid amounts to SEK 0 m (8,027).