

Full-year report

Full-year (1 December 2019 – 30 November 2020)

- The H&M group's net sales amounted to SEK 187,031 m (232,755) in the 2020 financial year. In local currencies, net sales decreased by 18 percent. Sales development was significantly negatively affected by the pandemic, particularly in the second quarter when stores were temporarily closed in most markets; at the most, approximately 80 percent of the group's stores were closed.
- A series of strong measures was rapidly implemented during the year. This crisis work covered all parts of the business, including product purchasing, investments, rents, staffing and financing. Greater emphasis was placed on the well-developed digital channels, which partly compensated for the drop in in-store sales.
- Gross profit amounted to SEK 93,544 m (122,453). This corresponds to a gross margin of 50.0 percent (52.6).
- Profit after financial items amounted to SEK 2,052 m (17,391). Excluding IFRS 16, profit after financial items amounted to SEK 1,691 m (17,391).
- The group's profit after tax amounted to SEK 1,243 m (13,443), corresponding to SEK 0.75 (8:12) per share.



H&M

Fourth quarter (1 September 2020 – 30 November 2020)

- The H&M group's net sales amounted to SEK 52,549 m (61,694) in the fourth quarter. In local currencies, net sales decreased by 10 percent. A strong recovery at the start of the quarter was significantly slowed when the second wave of the pandemic again led to extensive new restrictions and lockdowns. At the most, just over 20 percent of the group's stores were closed.
- Gross profit amounted to SEK 27,375 m (33,287) which corresponds to a gross margin of 52.1 percent (54.0).
- Profit after financial items amounted to SEK 3,665 m (5,403). Excluding IFRS 16, profit after financial items amounted to SEK 3,538 m (5,403).
- The group's profit after tax amounted to SEK 2,485 m (4,212), corresponding to SEK 1:50 (2:54) per share. Excluding IFRS 16, profit after tax amounted to SEK 2,387 m (4,212).
- The H&M group's liquidity is very good. As at 30 November 2020, cash and cash equivalents amounted to SEK 16,540 m (12,312). The group's long-term financing and liquidity buffer have been strengthened. Cash and cash equivalents plus undrawn credit facilities increased to SEK 46,595 m (24,169). Net debt/EBITDA was 0.0 (0.2).

- The board aims for the H&M group to have sustainable and profitable growth, thereby allowing a good return to the shareholders. The company's financial position remains strong and at present the board's assessment is that there are good prospects of a cash dividend in autumn 2021. However, since it is not currently possible to get a full overview of the consequences of the ongoing pandemic, during the year the board will come back with a proposed date and level for resuming the dividend.
- As a result of the second wave of the pandemic and the associated restrictions and temporary closure of, at the most, more than 1,800 stores, i.e. 36 percent of the group's total of around 5,000 stores, net sales decreased by 23 percent in local currencies in the period 1 December 2020 – 27 January 2021 compared with the same period the previous year.
- Streamlining the invoice and payment process will have material effects on the H&M group's working capital. Based on 2020 purchasing volumes, this could free up around SEK 10 billion in 2021.
- A framework has been produced to allow the issue of sustainability-linked bonds with the aim of financing, among other things, an accelerated transition to recycled materials. The H&M group's goal is for 100 percent of the materials used in the products to be recycled or come from other more sustainable sources by 2030. By 2025 at least 30 percent are to be recycled materials.
- Online and physical stores are being increasingly integrated, with continued optimisation of the store portfolio. Around 100 new stores are planned to open in 2021, while 350 stores are planned to close in the same period - mainly in established markets.

"The H&M group stands strong after all the challenges brought by the pandemic. Thanks to much-appreciated collections, rapid and profitable online growth and strict cost control, the company succeeded in ending the year in profit and in a strong financial position," says Helena Helmersson, CEO.

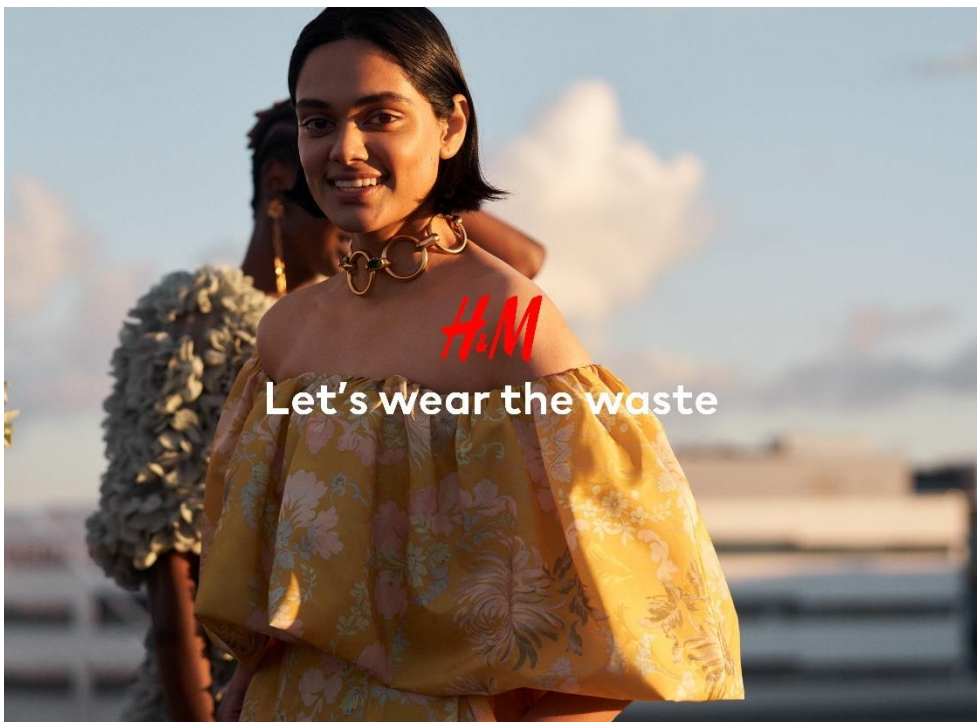
Comments by Helena Helmersson, CEO

“With strong, profitable online growth and good cost control we succeeded in ending the year in profit and with a strong financial position. Taking decisive measures quickly, combined with an attractive customer offering, led to a better recovery than expected up until the second wave of the pandemic struck. Our measures to mitigate the negative effects of ongoing restrictions and closures are continuing. Although the situation at the time of writing is highly challenging, the H&M group stands strong.

The recent years’ transformation initiatives and investments, focusing on the digital, have been especially important for managing the crisis and this work is continuing at full speed. Customers want to meet us where, when and how they choose – in the stores, on our websites, on digital marketplaces and on social media. They are showing us clearly that they appreciate a convenient and inspiring experience in which the channels interact and strengthen each other. We are continuing our initiatives for digital growth, integration of the channels and optimisation of the store portfolio. Speed and flexibility will be even more important going forward, particularly in the supply chain, to ensure the best customer offering and increase availability in all channels.

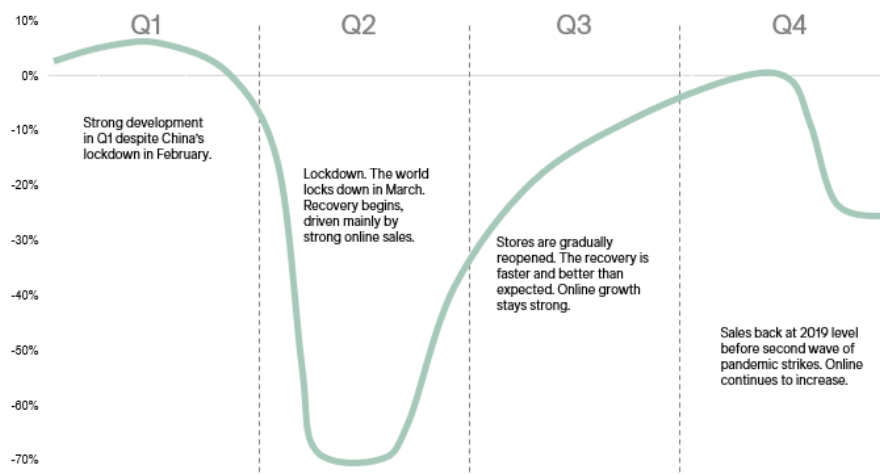
Our key focus remains on developing strong, unique brands in order to always offer the best combination of fashion, quality, price and sustainability. The percentage of recycled and sustainable materials in the collections is consistently increasing and our brands are offering an ever-growing range of services for a more sustainable lifestyle. Together with our transformation initiatives this will help increase our resilience and adaptability and will contribute to sustainable and profitable growth for the H&M group.”

Read more about the initiatives taken as part of our sustainability work on page 14.



Sales

The H&M group's sales development in local currencies



Net sales amounted to SEK 52,549 m (61,694) in the fourth quarter. In local currencies net sales decreased by 10 percent compared with the same quarter last year.

Net sales in the financial year 2019/2020 amounted to SEK 187,031 m (232,755). In local currencies net sales decreased by 18 percent.

The H&M group's online sales continued to develop strongly while sales in store decreased substantially as a result of the Covid restrictions. Online sales increased by 50 percent in local currencies in the fourth quarter. Converted into SEK the increase was 45 percent. Online sales for the financial year increased by 38 percent in local currencies and 39 percent in SEK, representing 28 percent of the group's total sales for the full year.

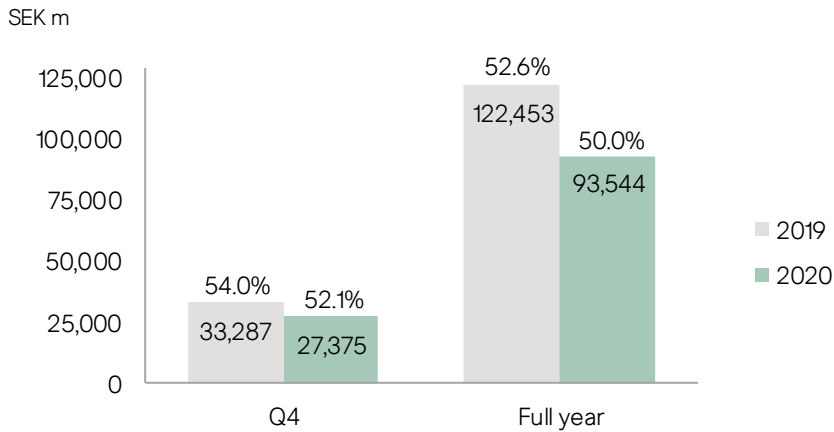
Sales for the H&M group's Portfolio Brands decreased in the financial year by 15 percent in SEK and by 14 percent in local currencies.

Sales in top ten markets, fourth quarter

	Q4 - 2020	Q4 - 2019	Change in %		30 Nov - 20	Q4 - 2020
	SEK m net sales	SEK m net sales	SEK	Local currency	Number of stores	New stores (net)
Germany	8,721	9,138	-5	-3	457	-2
USA	6,030	7,876	-23	-17	582	-4
UK	3,155	3,963	-20	-16	289	-5
China	2,917	3,153	-7	-3	505	-8
France	2,198	3,172	-31	-28	228	1
Sweden	2,128	2,288	-7	-7	168	-3
Russia	1,831	1,817	1	27	155	5
Italy	1,743	2,353	-26	-24	174	-3
Netherlands	1,601	1,851	-14	-12	135	-3
Switzerland	1,552	1,574	-1	-1	98	-1
Others	20,673	24,509	-16	-10	2,227	-2
Total	52,549	61,694	-15	-10	5,018	-25

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

Gross profit and gross margin



Gross profit amounted to SEK 27,375 m (33,287) in the fourth quarter, corresponding to a gross margin of 52.1 percent (54.0). For the financial year, gross profit amounted to SEK 93,544 m (122,453), corresponding to a gross margin of 50.0 percent (52.6).

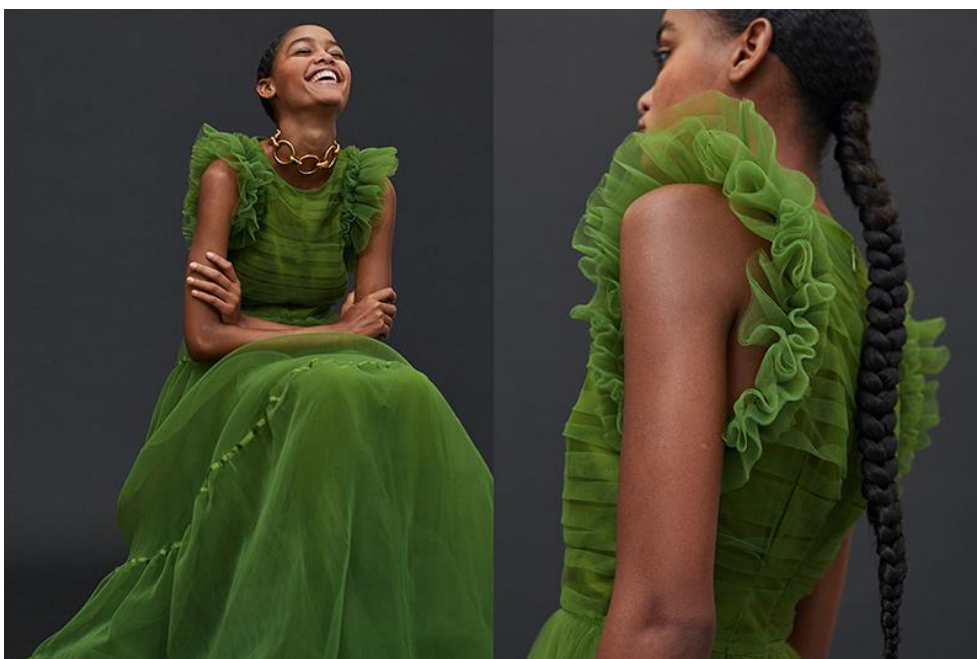
Gross profit excluding IFRS 16 amounted to SEK 27,353 m (33,287) in the fourth quarter, corresponding to a gross margin of 52.1 percent (54.0). Gross profit excluding IFRS 16 amounted to SEK 93,484 m (122,453) for the financial year, corresponding to a gross margin of 50.0 percent (52.6).

Costs for markdowns in relation to sales increased by around 1 percentage point in the fourth quarter of 2020 compared with the same quarter the previous year.

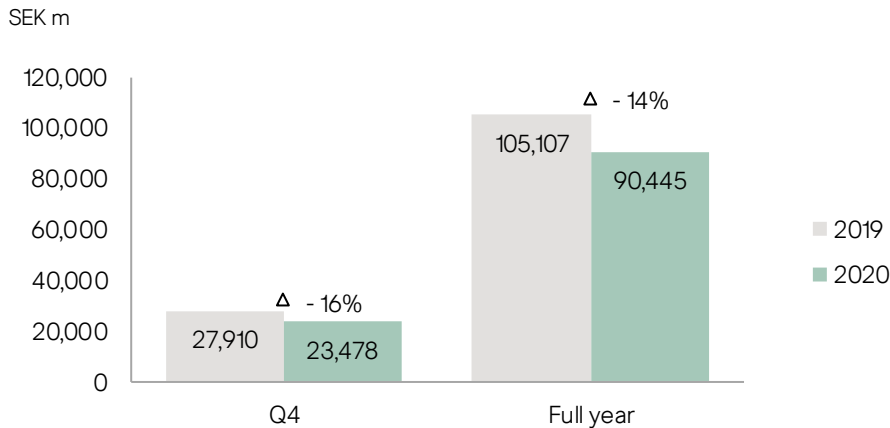
The gross profit and gross margin are a result of many factors, internal as well as external, and are mostly affected by the decisions that the H&M group takes in line with its strategy to always have the best customer offering in each individual market – based on the combination of fashion, quality,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

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

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



Selling and administrative expenses



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Cost control in the group remains good. Rapid and decisive action to mitigate the negative effects of the pandemic achieved considerable reductions in selling and administrative expenses again in the fourth quarter. Rental costs were reduced as a result of renegotiation, turnover-based rents and certain temporary rent reliefs. In the fourth quarter selling and administrative expenses including depreciation decreased by 15 percent in local currencies. Converted into SEK, these expenses decreased by 16 percent to SEK 23,478 m. Excluding the effects of IFRS 16, selling and administrative expenses amounted to SEK 23,799 m (27,910).

Impairment of intangible assets. In conjunction with the pandemic the company conducted comprehensive reviews of all its ongoing development projects and intangible assets. For the fourth quarter, impairment of SEK 300 m has therefore been charged to operating profit in respect of intangible assets related to selling and administrative expenses.

Government support associated with the pandemic decreased selling expenses by around SEK 500 m in the fourth quarter. This must be seen in the light of the substantial negative sales impact of the pandemic and the unpredictable situation brought about by the development of the pandemic.

For the financial year, selling and administrative expenses decreased by 13 percent in local currencies and by 14 percent in SEK compared with the same period last year.

Profit after financial items

Profit after financial items amounted to SEK 3,665 m (5,403) in the fourth quarter. Profit after financial items in the financial year amounted to SEK 2,052 m (17,391).

Excluding the effects of IFRS 16, profit after financial items amounted to SEK 3,538 m (5,403) in the fourth quarter and SEK 1,691 m (17,391) for the financial year.

Sales development in 2020 was significantly impacted by the severe negative effects of the Covid-19 pandemic. A series of strong measures was rapidly implemented during the year within all parts of the business, including product purchasing, investments, rents, staffing and financing. However, the measures taken did not fully compensate for the negative effect on earnings from the drop in in-store sales related to the pandemic.

Stock-in-trade

Despite the Covid-19 situation with its lockdowns and severe restrictions, the stock-in-trade increased by only 1 percent in SEK compared with the same time last year and amounted to SEK 38,209 m (37,823). Currency adjusted the stock-in-trade increased by 6 percent.

The book value of stock-in-trade in SEK represented 20.4 percent (16.3) of sales.

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

Growth and expansion through integrated channels

Expansion is taking place with a focus on omnichannel sales. The pandemic has accelerated the ongoing transformation of the industry where customers want to be able to shop and be inspired when and how they choose – in the stores, on the brands' own websites, on digital marketplaces and in social media. Customers are showing that they appreciate a convenient and inspiring experience in which the channels interact and strengthen each other. The H&M group is therefore continuing its ongoing transformation work, which includes increased digital investments, further integration of online and physical stores as well as a faster pace of store consolidation.

In 2020 H&M opened online in Australia, and as a result now trades online in 52 markets. In addition, H&M was launched on the e-commerce platform SSG.COM in South Korea.

The current situation has changed the preconditions for, among other things, rental negotiations for stores. A large number of store leases were renegotiated in 2020 as part of the company's intensified store optimisation, which also involves rebuilds and adjustment of the number of stores and of store space to ensure the best store portfolio in each market. The H&M group's contracts allow around a quarter of leases to be renegotiated or exited each year, providing further opportunities and flexibility to adapt the number of stores and store area and to improve rent terms.

In 2020 the group closed 187 stores and opened 129, resulting in a net decrease for the year of 58 stores. For 2021 the plan is that 350 stores will close and just over 100 new stores will open, resulting in a net decrease of around 250 stores. As in 2020, the majority of the closures will be in established markets, while most of the openings will be in growth markets. The first H&M store in Panama is scheduled to open in the second half of 2021 via franchise.

The H&M group's growth target to increase sales in local currencies by 10–15 percent per year with continued high profitability remains a long-term target.

For more information see the heading Initiatives for an improved customer experience on page 13.



MONKL

Brand	No. of markets 30 Nov - 2020		Expansion 2020	Expansion 2021
	Store	Online	New markets	New markets
H&M	74	52	Online: Australia	Store: Panama (franchise)
COS	44	34	Store: New Zealand Online: Bulgaria, Cyprus, Estonia, Greece, Croatia, Latvia, Lithuania, Luxembourg, Romania, Japan, Russia, Switzerland	Store: Greece, Estonia, Philippines
Monki	20	31	Store: Philippines Online: Bulgaria, Cyprus, Estonia, Greece, Croatia, Latvia, Lithuania, Luxembourg, Romania, Russia, Switzerland	-
Weekday	16	30	Store: Russia, Spain Online: Bulgaria, Cyprus, Estonia, Greece, Croatia, Latvia, Lithuania, Luxembourg, Romania, Russia, Switzerland	-
& Other Stories	22	33	Store: Norway, Russia Online: Bulgaria, Cyprus, Estonia, Greece, Croatia, Latvia, Lithuania, Luxembourg, Romania, Russia, Switzerland	Store: China
ARKET	7	31	Online: Bulgaria, Cyprus, Estonia, Greece, Croatia, Latvia, Lithuania, Luxembourg, Romania, Russia, Switzerland, T-mall (China)	Store: South Korea, China
Afound	2	4	Store: Netherlands Online: Germany, Austria	-
H&M HOME	53	42		Store: Kuwait (franchise), Russia, Italy, France, Thailand (franchise)



ARKET

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

Store count by brand

In the financial year 2019/2020, the H&M group opened 129 (281) stores including franchise and closed 187 (173) stores, making a net decrease of 58 (net increase of 108) stores. The group had a total of 5,018 (5,076) stores as at 30 November 2020, of which 269 (272) were operated by franchise partners.

Brand	New Stores 2020 (net)		Total No of stores	
	Q4	Full year	30 Nov - 2020	30 Nov - 2019
H&M	-26	-63	4,429	4,492
COS	-3	0	291	291
Monki	-1	-7	123	130
Weekday	2	3	57	54
& Other Stories	2	3	74	71
ARKET	0	1	21	20
Afound	0	-1	6	7
H&M HOME*	1	6	17	11
Total	-25	-58	5,018	5,076

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

Store count by region

Region	New Stores 2020 (net)		Total No of stores	
	Q4	Full year	30 Nov - 2020	30 Nov - 2019
Europe & Africa	-13	-59	3,028	3,087
Asia & Oceania	-12	2	1,211	1,209
North & South America	0	-1	779	780
Total	-25	-58	5,018	5,076



WEEKDAY

Tax

The H&M group's tax rate for the 2019/2020 financial year was 39.4 (22.7) percent. The final tax rate for the year depends on the results of the group's various companies and the corporate tax rates in each country.

The year's historically high tax rate is Covid 19-related since the proportion of non-deductible expenses has a greater percentage impact on the tax rate when earnings before tax decrease so substantially compared with a normal year.

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. In general, the need for people to work in online-related parts of the business such as tech and logistics has increased, while the reverse applies to those associated with operations in the physical stores.

The greatest reduction in employee numbers is due to the expiry of temporary contracts, probationary employment that has ended and natural attrition. The average number of employees in the group as at 30 November 2020, converted into full-time positions, was 110,325 (126,291), of which 10,214 (11,221) are employed in Sweden.

Current quarter

The second wave of the pandemic has resulted in extensive restrictions and temporary store closures. At the most, 1,800 stores were closed in the current quarter. Net sales in the period 1 December 2020 to 27 January 2021 decreased by 23 percent in local currencies compared with the same period last year. Currently 1,800 stores, representing 36 percent of the total amount of stores, are still temporarily closed. A total of 51 of the group's 52 online markets are open.

The cost of markdowns in relation to sales is expected to increase by approximately 1 to 1.5 percentage points in the first quarter compared with the same quarter last year.

The ongoing restrictions, along with the many temporary store closures, will have a substantial negative impact on the first quarter. However, it is clear that when customers have opportunity to shop – online and in certain markets with lesser restrictions – they are showing that the collections are appreciated. A gradual improvement in the Covid-19 situation combined with continued transformation work means the H&M group is well positioned for a strong recovery during the year.

Financing

As at 30 November 2020, the group had interest-bearing liabilities of SEK 16,332 m (17,317) in the form of loans from credit institutions and commercial papers. In addition, the group has undrawn credit facilities of SEK 30,055 m (11,857). The average maturity of interest-bearing liabilities and undrawn credit facilities was 2.1 (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	226	-	-
2021	6,376	1,300	14,949
2022	400	-	-
2023	4,030	-	4,000
2024	-	-	7,106
2025	2,000	-	4,000
2026	2,000	-	-
Total SEK m	15,032	1,300	30,055

The H&M group's liquidity remains good. As at 30 November 2020, cash and cash equivalents amounted to SEK 16,540 m (12,312). Cash and cash equivalents plus undrawn credit facilities totalled SEK 46,595 m (24,169). The improvement in liquidity is partly driven by greater focus on the H&M group's working capital, including the streamlining during the year of invoice management and the payment process for suppliers of products to the group. Among other things, payment terms have begun being adapted to the industry standard. This will have material effects on the H&M group's working capital and strengthen cash flow as it is implemented further in 2021. Based on 2020 purchasing volumes, around SEK 10 billion could be freed up in 2021.

The H&M group has also implemented an arrangement with banks in which the banks offer suppliers of products to the H&M group the option of being paid earlier than the invoice due date. This arrangement is being offered to all H&M group product suppliers and has been well received in the markets where it has been implemented to date. Most suppliers have chosen to take part. This could improve the working capital of both the H&M group and the product suppliers.

The group aims to secure financial flexibility and freedom of action on the best possible terms. The following significant financing activities were begun in the fourth quarter of 2020 for completion in the first quarter of 2021:

- With the aim of accelerating the group's sustainability work, a framework has been produced that allows sustainability-linked bonds to be issued under the group's EMTN programme. The framework conforms to the Sustainability-Linked Bond Principles (SLBP).
- To secure access to the bond market on the best possible terms, a credit rating from Standard & Poor's has been obtained. The rating is BBB with a stable outlook.

The group is continuing to monitor the bond market; if the need and the right market conditions arise, the group intends to issue a first bond.

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. Over time, this should not exceed 1.0 x EBITDA. Net debt/EBITDA excluding IFRS effects was 0.0 (0.2) as at 30 November 2020.

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 at the present time of the actual debt/equity ratio, and it is also the measure used in internal monitoring.



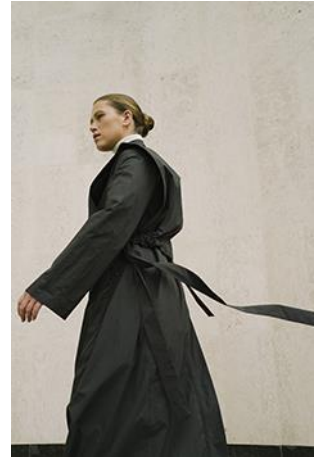
#MHOME

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 profile and freedom of action. Based on this, the board of directors has proposed a dividend policy stating that the ordinary dividend over time should 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.

Dividend comment

The board aims for the H&M group to have sustainable and profitable growth, thereby allowing a good return to the shareholders. The company's financial position remains strong and at present the board's assessment is that there are good prospects of a cash dividend in autumn 2021. However, since it is not currently possible to get a full overview of the consequences of the ongoing pandemic, during the year the board will come back with a proposed date and level for resuming the dividend.



COS

Annual general meeting 2021

The 2021 annual general meeting will be held at 15:00 CEST on Thursday 6 May 2021.

Annual report 2020

The annual report and the corporate governance report are expected to be published on 6 April 2021 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.

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. The H&M group applies the recognition exemption for leases of low value as well as leases with a term of less than 12 months. These 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 the H&M group classifies as leases in accordance with IFRS 16 are leases for store premises where H&M runs its own operations. Offices and warehouses used by the group are also classified as leases. Variable lease payments, such as sales-based rent, are not included in the lease liability.

The H&M group has around 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 the pandemic the H&M group received government assistance in various markets, mainly in respect of rents and staffing.

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

Financial instruments

The H&M group's financial instruments consist mainly of accounts receivable, other receivables, cash and cash equivalents, accounts payable, 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 30 November 2020, forward contracts with a positive market value amount to SEK 992 m (771), which is reported under other current receivables. Forward contracts with a negative market value amount to SEK 590 m (568), which is reported under other current liabilities. Other financial assets and liabilities are measured at amortised cost. Liabilities to credit institutions accrue interest at rates which essentially correspond to current market rates, and therefore the fair values of these and other financial instruments are assessed to be approximately equal to their book values.

Risks and uncertainties

Risks may be due to events in the outside world and affect a certain sector or market, or they may be associated with the group's own business. The H&M group carries out regular risk analysis for both operational and financial risks. Operational risks are mainly associated with the business and the external risks that affect the group. Business decisions determine whether action is to be taken to reduce the likelihood of the risk in question occurring and if so, to what extent. Business decisions also determine the extent to which the consequences of a risk that has occurred may be mitigated.

There are external risks and uncertainties affecting the H&M group that are related to the shift in the industry, fashion, competitors, information security and cybersecurity, sustainability issues, weather, macroeconomics and geopolitical events, pandemics, foreign currencies, taxes, and various regulations and ordinances, but also in connection with expansion into new



ARKET

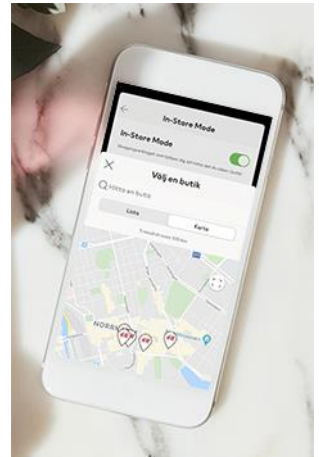
markets, the launch of new concepts and how the brands are managed. A description of the H&M group's operational and financial risks is given in the annual report and consolidated accounts for 2019 in the section on Operational risk, with more detailed information concerning financial risks given in Note 2.



Initiatives for an improved customer experience

The H&M group continues its work to meet customer expectations and delight customers by giving them the best experience possible. The pandemic has continued to accelerate the already rapid changes in customer behaviour towards being more digital-first. Efforts to increase engagement with customers and to provide new and enhanced offerings have been intensified. As part of our transformation to become even more customer-centric, here are some examples of new and ongoing initiatives:

- **H&M's customer loyalty programme** now has around 107 million members in 26 markets. H&M Member was launched in India, South Korea and Australia in the fourth quarter. Members are rewarded not only for transactions, but also for engagement – earning points for rating and reviewing products, for example.
- **More payment options.** Members of H&M can pay now or later through the H&M Member app, whether shopping in store or online.
- **Digital receipts.** Customers can receive digital receipts in the H&M app in most markets.
- **Visual Search.** Image recognition helps customers by making recommendations and suggesting potential buys based on pictures that the customer has taken or been inspired by.
- **Next day delivery and express delivery** continue to be rolled out in more markets.
- **Climate-smart delivery options.** H&M customers in the Netherlands can opt to receive and return items using a bicycle delivery service, a solution that is much appreciated by customers. Combined with using biogas vehicles from the logistics centre, this reduces CO2 emissions. Various kinds of climate-smart deliveries are offered in different markets.
- **Find in Store.** On seeing an item online, customers can use their mobile to find it quickly and easily in the size they want in a physical store as well as online.
- **Scan & Buy.** Customers can scan the QR code on a product in store to find and buy the item online in the size and colour they want.
- **In-Store Mode** allows customers to see on their mobiles which items are in the store they are currently in, as well as online.
- **Click & Collect** allows customers to pick up online purchases in store.
- **Online returns in store** continues to be rolled out during 2021.
- **#HMxME** enables customers to share their own fashion stories from Instagram while also providing an easy way to buy the items in the images.
- **Recommended Size** helps customers find the right size online based on past purchases.
- **Rate & Review** lets customers rate and review H&M products.
- **RFID** (Radio Frequency Identification) means items with a digital price tag can be located quickly, to get precise information on an item's availability.
- **Instagram** – in the US, H&M customers can shop directly from inspirational images and videos on Instagram and get notifications on Instagram when H&M releases new collections.
- **H&M Home X Augmented Reality pilot.** H&M is continuously seeking new ways to engage its customers and reduce its carbon footprint. One example of this is the group's augmented reality pilot, where customers can preview selected H&M Home products by virtually "placing" them in their own environment simply using the camera on their mobile.
- **Singular Society** is the latest brand within the H&M group. Singular Society is subscription-based and offers products as a service. For a monthly fee, members are given access to life essentials at the price of what they cost to make. To start with, a selection of premium products within apparel and homeware is being offered.
- **Product Transparency** – the H&M group is continuing to work with the Sustainable Apparel Coalition (SAC) on the development of the Higg Index – a suite of tools that assess and measure sustainability performance at product, brand and factory level. The aim is to start sharing environmental performance scores with customers on selected H&M products this spring. Average scores for the industry will be given to enable comparability.



Product flow

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

On the US West Coast a newly developed and highly automated logistics centre was launched in the second half of 2020. Preparations are also being made for the opening of another highly automated logistics centre on the East Coast during the first half of 2021.

Sustainability

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

Circular materials goal. The H&M group's aim is to shift from virgin to recycled materials, with the goal of using 100 percent recycled or other sustainably sourced materials by 2030. Recycled materials are a limited resource and the group will use its size to increase the speed of the transition away from virgin materials, without causing harm in doing so. New technologies must be enhanced and scaled, and new materials must replace the old ones. To accelerate the use of recycled materials the H&M group has set a new target to reach 30 percent recycled materials by 2025.

The H&M group and Renewcell, the innovative textile recycling company, have signed a multi-year agreement for the supply of thousands of tonnes of its pioneering virgin-quality Circulose® fibre, made from unusable textile waste. This is part of becoming fully circular whilst helping drive the sustainability agenda across the entire industry. One of the biggest barriers to replacing virgin fibres and using more sustainable materials is the availability of these materials at scale.

Monki is first in the world to recycle blended textiles at scale using the so-called Green Machine, – the first to fully separate and recycle cotton and polyester blended fibres at scale. Monki has created the brand's first collection using the Green Machine system, the result of a research collaboration between the non-profit H&M Foundation, HKRITA (Hong Kong Research Institute of Textiles and Apparel) and one of Monki's key suppliers. The brand aims to roll out the process on a larger scale by autumn 2021.

Reusable and recyclable online packaging test. As part of becoming fully circular, the H&M group has developed a multi-brand packaging system for online orders where plastic bags are replaced by reusable and recyclable bags made of certified paper. The H&M group is committed to reducing plastic throughout the value chain, and the sustainable packages will support the company in reaching the goals of its circular strategy for packaging. This includes reducing packaging by 25 percent and designing reusable, recyclable or compostable packaging by 2025.

USD 100 million invested in partnership for a planet positive fashion industry. With the ambition of finding a truly sustainable solution for the fashion industry, the H&M Foundation and the Hong Kong Research Institute of Textiles and Apparel (HKRITA) are extending their collaboration for five more years in a new initiative called the Planet First programme. Groundbreaking technologies are already being tested. The Planet First programme aims to find planet positive technologies that will not only look at the circular economy and climate change, but also consider all aspects of Earth's natural support systems: land, water, oceans, climate and biodiversity.

The H&M group has been recognised in CDP's A-list 2020 for its leadership in corporate sustainability. Global environmental non-profit organisation CDP has once again awarded the H&M group a place on its prestigious 'A List' for tackling climate change, recognising the H&M group's actions to cut emissions, mitigate climate risks and develop the low-carbon economy.

The H&M group's Circular Innovation Lab has piloted new materials in collaboration with the company Made of Air. Greenhouse gases are converted into a usable material when waste residues from the wood industry are transformed into a carbon-negative compound that can replace plastic in a variety of applications. The new material has been used in the H&M Conscious Exclusive autumn/winter 2020 collection and the successful test means that the group is now looking into how this can be scaled up further.

ARKET starts renting out childrenswear to encourage reuse and re-wear. ARKET will begin offering products from its children's collection for rent through a new partnership with online shop and clothing subscription Circos. As from 28 January 2021 a broad selection of ARKET designs can be rented either individually or as part of an edited bundle of clothes on circos.co, delivered directly to the door of European customers.

ILO call to action. The H&M group has joined an ILO global call to action to support garment workers and suppliers. The H&M group will work together with the ILO, employers' organisations, trade unions and brands to tackle the immediate effects of Covid-19 and continue working towards a resilient garment industry. One aim behind this partnership is to work together to establish sustainable systems of social protection.

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

Calendar

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

This year-end report has not been reviewed by the company's auditors.

Stockholm, 28 January 2021
Board of Directors

Communication in conjunction with the full-year report

The full-year report for the 2020 financial year, i.e. 1 December 2019 – 30 November 2020, will be published at 08:00 CET on 29 January 2021 and will be followed by a telephone conference at 09:00 CET for the financial market and media hosted by CEO Helena Helmersson, CFO Adam Karlsson and Head of IR Nils Vinge. The press conference will be held in English. Presentation material will be available at hmgroup.com.

To book interviews in conjunction with the full-year report on 29 January 2021 please contact Kristina Stenvinkel, Communications Director, telephone +46 8 796 39 08, e-mail: stenvinkel@hm.com

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For more information about the H&M group visit 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 (596/2014/EU). The information was submitted for publication by the abovementioned persons at 08:00 (CEST) on 29 January 2021. 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 52 online markets and approximately 5,000 stores in 74 markets including franchise markets. In 2020, net sales were SEK 187 billion. The number of employees amounts to approximately 153,000. For further information, visit hmgroup.com.

GROUP INCOME STATEMENT (SEK m)

					Excluding IFRS 16	
	Q4 2020	Q4 2019*	Full year 2020	Full year 2019*	Q4 2020	Full year 2020
Net sales	52,549	61,694	187,031	232,755	52,549	187,031
Cost of goods sold	-25,174	-28,407	-93,487	-110,302	-25,196	-93,547
GROSS PROFIT	27,375	33,287	93,544	122,453	27,353	93,484
<i>Gross margin, %</i>	52.1	54.0	50.0	52.6	52.1	50.0
Selling expenses	-21,119	-25,544	-81,425	-96,279	-21,431	-82,648
Administrative expenses	-2,359	-2,366	-9,020	-8,828	-2,368	-9,048
OPERATING PROFIT	3,897	5,377	3,099	17,346	3,554	1,788
<i>Operating margin, %</i>	7.4	8.7	1.7	7.5	6.8	1.0
Interest income (incl finance lease)	49	101	252	376	49	252
Interest expense and similar items (incl finance lease)	-281	-75	-1,299	-331	-65	-349
PROFIT AFTER FINANCIAL ITEMS	3,665	5,403	2,052	17,391	3,538	1,691
Tax	-1,180	-1,191	-809	-3,948	-1,151	-726
PROFIT FOR THE PERIOD	2,485	4,212	1,243	13,443	2,387	965

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

Earnings per share, SEK**	1.50	2.54	0.75	8.12	1.44	0.58
Number of shares, thousands**	1,655,072	1,655,072	1,655,072	1,655,072	1,655,072	1,655,072
Depreciation, total	5,869	2,835	25,953	11,051	3,245	12,084
of which cost of goods sold	466	142	1,949	570	205	862
of which selling expenses	5,072	2,529	22,755	9,887	2,806	10,352
of which administrative expenses	331	164	1,249	594	234	870

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (SEK m)

					Excluding IFRS 16	
	Q4 2020	Q4 2019*	Full year 2020	Full year 2019*	Q4 2020	Full year 2020
PROFIT FOR THE PERIOD	2,485	4,212	1,243	13,443	2,387	965
Other comprehensive income						
<i>Items that are or may be reclassified to profit or loss</i>						
Translation differences	-397	-902	-3,673	1,150	-341	-3,617
<i>Change in hedging reserves</i>						
Change in the value of derivatives	-519	159	-220	-209	-519	-220
Reclassified to profit or loss	312	365	312	365	312	312
Tax attributable to change in hedging reserves	43	-121	-21	-36	43	-21
<i>Items that will not be reclassified to profit or loss</i>						
Remeasurement of defined benefit pension plans	-113	-68	-113	-68	-113	-113
Tax related to the above remeasurement	26	15	26	15	26	26
OTHER COMPREHENSIVE INCOME	-648	-552	-3,689	1,217	-592	-3,633
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,837	3,660	-2,446	14,660	1,795	-2,668

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

* Excluding IFRS 16.

** Before and after dilution.

GROUP BALANCE SHEET (SEK m)

ASSETS	30 Nov - 2020	30 Nov - 2019	Excluding IFRS 16 30 Nov - 2020
FIXED ASSETS			
Intangible fixed assets			
Leasehold and similar rights	191	411	312
Capitalised expenditures	10,177	10,973	10,177
Goodwill	64	64	64
	10,432	11,448	10,553
Tangible fixed assets			
Buildings and land	745	813	745
Equipment, tools, fixture and fittings	30,894	40,079	30,894
Right-of-use assets	59,535	-	-
	91,174	40,892	31,639
Financial fixed assets			
Participations in associated companies	247	210	247
Other shares and participating rights	539	429	539
	786	639	786
Other fixed assets			
Long-term receivables	907	912	907
Deferred tax receivables	5,714	4,322	5,714
	6,621	5,234	6,621
TOTAL FIXED ASSETS	109,013	58,213	49,599
CURRENT ASSETS			
Stock-in-trade	38,209	37,823	38,209
Current receivables			
Accounts receivable	3,086	5,879	3,086
Tax receivables	1,686	1,555	1,686
Other receivables	2,397	1,736	2,397
Prepaid expenses	3,440	2,967	3,055
	10,609	12,137	10,224
Cash and cash equivalents	16,540	12,312	16,540
TOTAL CURRENT ASSETS	65,358	62,272	64,973
TOTAL ASSETS	174,371	120,485	114,572

GROUP BALANCE SHEET (SEK m)

EQUITY AND LIABILITIES	30 Nov - 2020	30 Nov - 2019	Excluding IFRS 16 30 Nov - 2020
EQUITY			
Share capital	207	207	207
Reserves	990	4,592	1,046
Retained earnings	53,426	52,270	53,148
TOTAL EQUITY	54,623	57,069	54,401
LIABILITIES			
Long-term liabilities			
Provisions for pensions*	612	510	612
Deferred tax liabilities	3,988	4,423	3,905
Liabilities to credit institutions*	8,433	10,413	8,433
Other interest-bearing liabilities*	50,458	234	-
	63,491	15,580	12,950
Current liabilities			
Accounts payable	9,511	7,838	9,511
Tax liabilities	1,708	2,752	1,708
Liabilities to credit institutions**	7,899	6,904	7,899
Interest-bearing liabilities**	13,275	147	-
Other liabilities	3,983	4,476	3,983
Accrued expenses and prepaid income	19,881	25,719	24,120
	56,257	47,836	47,221
TOTAL LIABILITIES	119,748	63,416	60,171
TOTAL EQUITY AND LIABILITIES	174,371	120,485	114,572

* Interest-bearing long-term liabilities amounts to SEK 59,503 m, excluding IFRS 16 9,045 m (11,157).

** Interest-bearing current liabilities amounts to SEK 21,174 m excluding IFRS 16 7,899 m (7,051).

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
Shareholder's equity, 1 December 2019	207	4,398	194	52,270	57,069
Profit for the year	-	-	-	1,243	1,243
Other comprehensive income					
Translation differences	-	-3,673	-	-	-3,673
Change in hedging reserves					
Value change derivative	-	-	-220	-	-220
Transfer to income statement	-	-	312	-	312
Tax attributable to hedging reserves	-	-	-21	-	-21
Revaluations relating to defined benefit pension plans	-	-	-	-113	-113
Tax attributable to the above revaluation	-	-	-	26	26
Other comprehensive income	-	-3,673	71	-87	-3,689
Total comprehensive income	-	-3,673	71	1,156	-2,446
Dividend	-	-	-	-	-
Shareholder's equity, 30 November 2020	207	725	265	53,426	54,623

	Share capital	Translation effects	Hedging reserves	Retained earnings	Total shareholders' equity
Shareholder's equity, 1 December 2018	207	3,248	74	55,017	58,546
Profit for the year	-	-	-	13,443	13,443
Other comprehensive income					
Translation differences	-	1,150	-	-	1,150
Change in hedging reserves					
Value change derivative	-	-	-209	-	-209
Transfer to income statement	-	-	365	-	365
Tax attributable to hedging reserves	-	-	-36	-	-36
Revaluation of defined benefit pension plans	-	-	-	-68	-68
Tax attributable to the above revaluation	-	-	-	15	15
Other comprehensive income	-	1,150	120	-53	1,217
Total comprehensive income	-	1,150	120	13,390	14,660
Dividend	-	-	-	-16,137	-16,137
Shareholder's equity, 30 November 2019	207	4,398	194	52,270	57,069

GROUP CASH FLOW STATEMENT (SEK m)

	Full year 2020	Full year 2019	Excluding IFRS 16 Full year 2020
Current operations			
Profit after financial items*	2,052	17,391	1,691
- Provisions for pensions	22	-12	21
- Depreciation	25,953	11,051	12,084
- Tax paid	-3,719	-3,700	-3,722
- Other	0	23	0
Cash flow from current operations before changes in working capital	24,308	24,753	10,074
Cash flow from changes in working capital			
Current receivables	1,373	753	1,384
Stock-in-trade	-1,980	273	-1,980
Current liabilities	2,199	3,207	2,248
CASH FLOW FROM CURRENT OPERATIONS	25,900	28,986	11,726
Investing activities			
Investment in leasehold and similar rights	-48	-47	-48
Investments in other intangible assets	-1,448	-2,909	-1,448
Investment in buildings and land	0	0	0
Investment in fixed assets	-3,606	-7,384	-3,606
Other investments	-142	-188	-142
CASH FLOW FROM INVESTING ACTIVITIES	-5,244	-10,528	-5,244
Financial activities			
Short-term loans	995	-2,249	995
Long-term loans	-1,980	243	-1,980
Amortisation lease	-14,174	-149	0
Dividend	0	-16,137	0
CASH FLOW FROM FINANCIAL ACTIVITIES	-15,159	-18,292	-985
CASH FLOW FOR THE YEAR	5,497	166	5,497
Cash and cash equivalents at beginning of the financial year	12,312	11,590	12,312
Cash flow for the year	5,497	166	5,497
Exchange rate effect	-1,269	556	-1,269
Cash and cash equivalents at end of the financial year**	16,540	12,312	16,540

* Interest paid for the group amounts to SEK 349 m (308).

Received interest for the group amounts to SEK 252 m (376).

** Cash and cash equivalents and short-term investments at the end of the financial year amounted to SEK 16,540 m (12,312).

NET SALES BY MARKET AND NUMBER OF STORES**Q4, 1 September - 30 November**

Market	Q4 - 2020	Q4 - 2019	Change in %		30 Nov - 20	Stores	
	SEK m	SEK m	SEK	Local	No. of stores	New	Closed
Sweden	2,128	2,288	-7	-7	168		3
Norway	1,135	1,249	-9	1	125		1
Denmark	1,320	1,318	0	2	105	2	4
UK	3,155	3,963	-20	-16	289		5
Switzerland	1,552	1,574	-1	-1	98		1
Germany	8,721	9,138	-5	-3	457		2
Netherlands	1,601	1,851	-14	-12	135		3
Belgium	787	1,100	-28	-26	93		
Austria	1,220	1,415	-14	-12	87	1	1
Luxembourg	126	141	-11	-8	14		
Finland	537	607	-12	-9	65		1
France	2,198	3,172	-31	-28	228	1	
USA	6,030	7,876	-23	-17	582	7	11
Spain	1,534	2,006	-24	-21	166	1	
Poland	1,226	1,697	-28	-23	192		
Czech Republic	292	494	-41	-36	52		
Portugal	259	330	-22	-19	29	1	
Italy	1,743	2,353	-26	-24	174	1	4
Canada	1,248	1,437	-13	-6	96		
Slovenia	87	132	-34	-32	13		
Ireland	303	321	-6	-4	24		
Hungary	432	534	-19	-10	47		
Slovakia	202	228	-11	-10	29	1	
Greece	350	515	-32	-30	35		
China	2,917	3,153	-7	-3	505		8
Hong Kong	200	282	-29	-21	24		1
Japan	1,335	1,349	-1	4	115	3	
Russia	1,831	1,817	1	27	155	6	1
South Korea	558	609	-8	-3	55	2	1
Turkey	571	797	-28	0	59		4
Romania	615	730	-16	-12	57		
Croatia	180	222	-19	-15	17	1	
Singapore	121	201	-40	-34	13		1
Bulgaria	173	198	-13	-11	21		
Latvia	80	92	-13	-11	9		
Malaysia	175	326	-46	-40	50	2	
Mexico	838	1,041	-20	-5	55		
Chile	351	411	-15	-2	17		
Lithuania	90	110	-18	-16	10		
Serbia	114	137	-17	-14	15		
Estonia	87	100	-13	-10	13		
Australia	579	647	-11	-7	49		
Philippines	167	319	-48	-46	41	2	1
Taiwan	166	170	-2	0	13		1
Peru	168	223	-25	-13	15	2	
Macau	20	31	-35	-29	2		
India	602	562	7	19	49	1	
South Africa	211	243	-13	4	27		
Puerto Rico	25	29	-14	-4	2		
Cyprus	27	25	8	12	1		
New Zealand	142	106	34	40	11	1	1
Kazakhstan	57	64	-11	4	6		
Colombia	206	169	22	44	9	2	
Iceland	52	64	-19	0	7	1	
Vietnam	126	121	4	14	9		
Georgia	28	40	-30	-14	3		
Ukraine	79	82	-4	13	5		
Uruguay	74	90	-18	4	3		
Bosnia-Herzegovina	11	11	0	-4	1		
Belarus	22	15	47	84	3	1	
Franchise and other	1,365	1,369	0	-15	269	5	14
Total	52,549	61,694	-15	-10	5,018	44	69

NET SALES BY MARKET AND NUMBER OF STORES**Full year, 1 December - 30 November**

Market	2020	2019	Change in %		30 Nov - 20	Stores	
	SEK m	SEK m	SEK	Local	No. of stores	New	Closed
Sweden	8,015	8,993	-11	-11	168	3	12
Norway	4,532	5,085	-11	-3	125	5	7
Denmark	4,626	5,157	-10	-10	105	2	9
UK	11,486	14,897	-23	-23	289	3	19
Switzerland	5,550	5,676	-2	-6	98	1	2
Germany	29,684	33,540	-11	-12	457	1	10
Netherlands	5,758	6,813	-15	-16	135	5	8
Belgium	3,331	4,214	-21	-21	93	3	8
Austria	4,368	5,302	-18	-18	87	1	1
Luxembourg	432	490	-12	-11	14		1
Finland	2,158	2,530	-15	-15	65		3
France	9,166	12,196	-25	-24	228	3	10
USA	20,802	29,976	-31	-30	582	9	20
Spain	5,535	7,930	-30	-30	166	2	3
Poland	5,095	6,336	-20	-18	192	3	1
Czech Republic	1,341	1,789	-25	-23	52		
Portugal	890	1,309	-32	-32	29	1	1
Italy	6,079	8,401	-28	-27	174	1	8
Canada	4,181	5,094	-18	-16	96	1	
Slovenia	394	505	-22	-22	13	1	
Ireland	1,061	1,181	-10	-10	24		
Hungary	1,543	1,903	-19	-13	47		
Slovakia	718	813	-12	-12	29	2	
Greece	1,426	1,869	-24	-24	35		
China	9,748	12,059	-19	-17	505	8	23
Hong Kong	933	1,448	-36	-35	24	2	4
Japan	4,333	4,987	-13	-14	115	10	
Russia	6,226	6,852	-9	0	155	10	2
South Korea	2,091	2,213	-6	-2	55	4	2
Turkey	1,925	2,797	-31	-16	59	1	8
Romania	2,116	2,642	-20	-18	57		
Croatia	614	779	-21	-20	17	1	
Singapore	466	822	-43	-42	13		1
Bulgaria	559	672	-17	-17	21		
Latvia	321	365	-12	-12	9		
Malaysia	890	1,360	-35	-33	50	3	
Mexico	2,584	3,685	-30	-22	55	3	
Chile	1,002	1,834	-45	-37	17	2	
Lithuania	356	397	-10	-10	10		
Serbia	373	459	-19	-18	15	1	
Estonia	353	406	-13	-13	13		
Australia	2,036	2,539	-20	-17	49		
Philippines	742	1,273	-42	-43	41	2	1
Taiwan	666	650	2	-1	13	2	1
Peru	579	970	-40	-37	15	2	
Macau	86	125	-31	-31	2		
India	1,568	2,007	-22	-17	49	2	
South Africa	774	937	-17	-6	27		
Puerto Rico	98	122	-20	-18	2		
Cyprus	100	87	15	15	1		
New Zealand	442	401	10	15	11	4	1
Kazakhstan	174	221	-21	-15	6		
Colombia	499	528	-5	8	9	2	
Iceland	221	251	-12	-2	7	1	
Vietnam	453	434	4	6	9	1	
Georgia	98	120	-18	-8	3		
Ukraine	235	224	5	8	5	2	
Uruguay	261	332	-21	-5	3		
Bosnia-Herzegovina	32	32	0	0	1		
Belarus	73	15	387	456	3	1	
Franchise and other	4,833	5,711	-15	-15	269	18	21
Total	187,031	232,755	-20	-18	5,018	129	187

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

	2016*	2017*	2018*	2019*	2020	Excluding IFRS 16 2020
Net sales, SEK m	192,267	200,004	210,400	232,755	187,031	187,031
Change net sales from previous year in SEK, %	6	4	5	11	-20	-20
Change net sales previous year in local currencies, %	7	3	3	6	-18	-18
Operating profit, SEK m	23,823	20,569	15,493	17,346	3,099	1,788
Operating margin, %	12.4	10.3	7.4	7.5	1.7	1.0
Depreciations for the year, SEK m	7,605	8,488	9,671	11,051	25,953	12,084
Profit after financial items, SEK m	24,039	20,809	15,639	17,391	2,052	1,691
Profit after tax, SEK m	18,636	16,184	12,652	13,443	1,243	965
Cash and cash equivalents and short-term investments, Sf	9,446	9,718	11,590	12,312	16,540	16,540
Stock-in-trade, SEK m	31,732	33,712	37,721	37,823	38,209	38,209
Equity, SEK m	61,236	59,713	58,546	57,069	54,623	54,401
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**	11.26	9.78	7.64	8.12	0.75	0.58
Equity per share, SEK**	37.00	36.08	35.37	34.48	33.00	32.87
Cash flow from current operations per share, SEK**	14.36	13.04	12.86	17.51	15.65	7.08
Dividend per share, SEK	9.75	9.75	9.75	-	X,XX***	X,XX***
Return on equity, %	31.2	26.8	21.4	23.3	2.2	1.7
Return on capital employed, %	39.2	31.0	21.2	23.0	3.2	2.8
Share of risk-bearing capital, %	67.1	61.0	53.6	51.0	33.6	50.9
Equity/assets ratio, %	62.1	56.0	49.3	47.4	31.3	47.5
Total number of stores	4,351	4,739	4,968	5,076	5,018	5,018
Average number of employees	114,586	120,191	123,283	126,376	110,325	110,325

* Excluding IFRS 16

** Before and after dilution.

*** Proposed by the Board of Directors.

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

SEGMENT REPORTING (SEK m)

	2020	2019
Asia and Oceania*		
External net sales	28,586	35,646
Operating profit	270	1,114
Operating margin, %	0.9	3.1
Assets excluding tax receivables	12,090	16,116
Liabilities excluding tax liabilities	2,607	2,938
Investments in intangible and tangible fixed assets	617	817
Depreciation	1,515	1,781
Europe and Africa**, **		
External net sales	128,440	154,555
Operating profit	2,646	5,090
Operating margin, %	2.1	3.3
Assets excluding tax receivables	42,436	47,536
Liabilities excluding tax liabilities	15,167	17,069
Investments in intangible and tangible fixed assets	445	3,573
Depreciation	4,068	4,642
North and South America*		
External net sales	30,005	42,554
Operating profit	181	1,186
Operating margin, %	0.6	2.8
Assets excluding tax receivables	20,405	20,322
Liabilities excluding tax liabilities	8,018	8,589
Investments in intangible and tangible fixed assets	917	2,057
Depreciation	2,742	2,923
Group Functions		
Net sales to other segments	54,619	82,898
Operating profit	2	9,956
Operating margin, %	0.0	12.0
Assets excluding tax receivables	92,040	30,633
Liabilities excluding tax liabilities	88,260	27,644
Investments in intangible and tangible fixed assets*	3,121	3,943
Depreciation	17,628	1,705
Eliminations		
Net sales to other segments	-54,619	-82,898
Total		
External net sales	187,031	232,755
Operating profit	3,099	17,346
Operating margin, %	1.7	7.5
Assets excluding tax receivables	166,971	114,607
Liabilities excluding tax liabilities	114,052	56,240
Investments in intangible and tangible fixed assets*	5,100	10,390
Depreciation	25,953	11,051

*Excluding IFRS 16

**South Africa

PARENT COMPANY INCOME STATEMENT (SEK m)

	Q4 2020	Q4 2019	Full year 2020	Full year 2019
External net sales	36	7	53	31
Internal net sales*	1,074	1,222	3,552	4,444
GROSS PROFIT	1,110	1,229	3,605	4,475
Administrative expenses	-18	-27	-111	-157
OPERATING PROFIT	1,092	1,202	3,494	4,318
Dividend from subsidiaries	3,082	15,069	2,627	15,840
Interest income and similar items**	291	-27	300	55
Interest expense and similar items***	-48	-34	-258	-142
PROFIT AFTER FINANCIAL ITEMS	4,417	16,210	6,163	20,071
Year-end appropriations	-3,439	-2,961	-3,439	-2,961
Tax	455	406	-16	-275
PROFIT FOR THE PERIOD	1,433	13,655	2,708	16,835

* Internal sales in the quarter consists of royalty of SEK 1,040 m (1,158) and other SEK 34 m (64) received from group companies and for the full-year of royalty of SEK 3,502 m (4,364) and other SEK 50 m (80).

** Interest income and similar items in the quarter consists of SEK 291 m (13) in interest income and SEK 0 m (-41) in translation effects from group companies and in the full-year of SEK 291 m (18) in interest income and SEK 9 m (37) in translation effects from group companies.

*** Interest expense and similar items in the quarter consists of SEK -48 m (-34) in interest expense and SEK 0 m (0) in translation effects from group companies and in the full-year of SEK -258 m (-142) in interest expense and SEK 0 m (0) in translation effects from group companies.

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME (SEK m)

	Q4 2020	Q4 2019	Full year 2020	Full year 2019
PROFIT FOR THE PERIOD	1,433	13,655	2,708	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	-3	-3	-3
Tax related to the above remeasurement	1	1	1	1
OTHER COMPREHENSIVE INCOME	-2	-2	-2	-2
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,431	13,653	2,706	16,833

PARENT COMPANY BALANCE SHEET (SEK m)

	30 Nov - 2020	30 Nov - 2019
ASSETS		
FIXED ASSETS		
Tangible fixed assets		
Buildings and land	132	139
Equipment, tools, fixture and fittings	57	93
	189	232
Other fixed assets		
Shares and participation rights	819	918
Receivables from subsidiaries	78	796
Long-term receivables	113	117
Deferred tax receivables	80	82
	1,090	1,913
TOTAL FIXED ASSETS	1,279	2,145
CURRENT ASSETS		
Current receivables		
Accounts receivable	7	8
Receivables from subsidiaries	35,153	30,992
Tax receivables	24	421
Other receivables	-	-
Prepaid expenses	57	21
	35,241	31,442
Cash and cash equivalents	-	2
TOTAL CURRENT ASSETS	35,241	31,444
TOTAL ASSETS	36,520	33,589

PARENT COMPANY BALANCE SHEET (SEK m)

	30 Nov - 2020	30 Nov - 2019
EQUITY AND LIABILITIES		
EQUITY		
Restricted equity		
Share capital	207	207
Restricted reserves	88	88
	295	295
Non-restricted equity		
Retained earnings	16,872	39
Profit for the year	2,706	16,833
	19,578	16,872
TOTAL EQUITY	19,873	17,167
UNTAXED RESERVES	38	57
LIABILITIES		
Long-term liabilities		
Provisions for pensions*	169	176
Liabilities to credit institutions*	8,468	10,266
	8,637	10,442
Short-term liabilities		
Accounts payable	5	5
Tax liabilities	-	-
Liabilities to credit institutions*	7,498	5,530
Other liabilities	257	202
Accrued expenses and prepaid income	212	186
	7,972	5,923
TOTAL LIABILITIES	16,609	16,365
TOTAL EQUITY AND LIABILITIES	36,520	33,589

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