

H & M Hennes & Mauritz AB (publ)
(*incorporated with limited liability in the Kingdom of Sweden*)

H&M Finance B.V.
(*incorporated with limited liability in the Netherlands*)

EUR 2,000,000,000
Euro Medium Term Note Programme
unconditionally and irrevocably guaranteed
in the case of Notes issued by H&M Finance B.V. by

H & M Hennes & Mauritz AB (publ)
(*incorporated with limited liability in the Kingdom of Sweden*)

This document constitutes a supplement (the **Supplement**) for the purposes of Article 23 of Regulation (EU) 2017/1129 (the **Prospectus Regulation**), to the offering circular of H & M Hennes & Mauritz AB (publ) (**H&M**, and in its capacity as guarantor of Notes issued by H&M Finance (as defined below), the **Guarantor**) and H&M Finance B.V. (**H&M Finance** and, together with H&M, the **Issuers**, and each an **Issuer**), dated 17 July 2020 (the **Offering Circular**), which constitutes a base prospectus for the purposes of Article 8 of the Prospectus Regulation.

This Supplement is supplemental to, and should be read in conjunction with, the Offering Circular.

This Supplement has been approved as a supplement by the Central Bank of Ireland, as competent authority under the Prospectus Regulation. The Central Bank of Ireland only approves this Supplement as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the Central Bank of Ireland should not be considered as an endorsement of either of the Issuers or the Guarantor (in the case of Notes issued by H&M Finance) or of the quality of the Notes that are the subject of this Supplement. Investors should make their own assessment as to the suitability of investing in the Notes.

Each Issuer and the Guarantor accepts responsibility for the information contained in this Supplement. To the best of the knowledge and belief of each Issuer and the Guarantor, the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Supplement has been prepared to:

1. amend regulatory language in the cover page of the Offering Circular;
2. amend certain paragraphs in the section “*Important Information*”;
3. update certain paragraphs in the section “*Overview of the Programme*”;
4. update certain sections of the section “*Risk Factors*”;
5. incorporate by reference the latest financial statements relating to H&M in the section entitled “*Documents Incorporated by Reference*”;
6. replace the final terms as set out in the section “*Applicable Final Terms*”;
7. amend the terms and conditions of the Notes as set out in the section “*Terms and Conditions of the Notes*”;
8. update certain sections of the section “*Description of H&M*”;
9. update the section “*Selected Financial Information*”;

10. make additions to the section “*Alternative Performance Measures*”;
11. amend the section “*Subscription and Sale*”; and
12. update certain paragraphs in the section “*General Information*”.

Unless the context otherwise requires, terms defined in the Offering Circular shall have the same meaning when used in this Supplement. To the extent that there is any inconsistency between (a) any statement in this Supplement, or any statement incorporated by reference into the Offering Circular by this Supplement and (b) any other statement in, or incorporated by reference into, the Offering Circular, the statements in (a) above will prevail.

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or material inaccuracy relating to information included in the Offering Circular since the publication of the Offering Circular.

Copies of this Supplement may be inspected in physical form free of charge on the website of H&M at www.hm.com.

The date of this Supplement is 12 February 2021.

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COVER PAGE

In the final paragraph on the first page of the front cover of the Offering Circular, the wording “(which, for these purposes, includes the United Kingdom (the **UK**))” is deleted.

In the second paragraph on the second page of the front cover of the Offering Circular, the wording “or in the UK” is deleted.

In the third paragraph on the second page of the front cover of the Offering Circular, the wording “(and for these purposes, references to the EEA include the UK)” is deleted.

The penultimate paragraph on the second page of the front cover of the Offering Circular is deleted in its entirety and replaced with the following:

“H&M’s long-term debt rating is currently “BBB” (stable outlook) by S&P Global Ratings Europe Limited (Niederlassung Deutschland) (**S&P**). S&P is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the **EU CRA Regulation**). As such, S&P is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the EU CRA Regulation. Notes issued under the Programme may be rated by S&P or unrated. Where a Tranche of Notes is rated, such rating will be disclosed in the Final Terms and will not necessarily be the same as the rating assigned to H&M. Whether or not a rating in relation to any Tranche of Notes will be treated as having been issued by a credit rating agency established in the EU and registered under the EU CRA Regulation, or by a credit rating agency established in the United Kingdom (the **UK**) and registered under Regulation (EC) No 1060/2009 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**) (the **UK CRA Regulation** and, together with the EU CRA Regulation, the relevant **CRA Regulation**) will be disclosed in the relevant Final Terms. **A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.**”

IMPORTANT INFORMATION

The first, second and third full paragraphs on page (iv) are deleted in their entirety and replaced by the following:

“IMPORTANT – EEA RETAIL INVESTORS – If the Final Terms in respect of any Notes includes a legend entitled “Prohibition of Sales to EEA Retail Investors”, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

IMPORTANT – UK RETAIL INVESTORS – If the Final Terms in respect of any Notes includes a legend entitled “Prohibition of Sales to UK Retail Investors”, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (**UK**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (**FSMA**) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the **UK PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

MiFID II product governance / target market – The Final Terms in respect of any Notes may include a legend entitled “MiFID II product governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the Product Governance rules under EU Delegated Directive 2017/593 (the **MiFID Product Governance Rules**), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

UK MiFIR product governance / target market – The Final Terms in respect of any Notes may include a legend entitled “UK MiFIR Product Governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK MiFIR Product Governance Rules**) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.”

The following section is inserted above the section entitled “*Presentation of Financial and Other Information*”:

“SECOND PARTY OPINIONS AND EXTERNAL VERIFICATION

In connection with the issue of Step Up Notes under the Programme, the relevant Issuer or the Guarantor has requested a provider of second party opinions, Sustainalytics, to issue a second party opinion (the **Second Party Opinion**) in relation to H&M’s sustainability-linked bond framework (the “**Sustainability-Linked Bond Framework**”). In addition, in connection with the issue of Step Up Notes under the Programme, the relevant Issuer or the Guarantor will engage one or more Assurance Providers to carry out the relevant assessments required for the purposes of providing an Assurance Report (each as defined in the “*Terms and Conditions of the Notes*”) in relation to the Step Up Notes pursuant to Condition 14A (Available Information). The Second Party Opinion and any Assurance Reports will be accessible through H&M’s website at: www.hm.com. However any information on, or accessible through, such website and the information in such Second Party Opinion or any past or future Assurance Reports do not form part of this Offering Circular and should not be relied upon in connection with making any investment decision with respect to any Notes to be issued under the Programme. **In addition, no assurance or representation is given by the Issuers, the Guarantor, any other member of the Group, the Dealers or any other member of their respective groups, second party opinion providers or any Assurance Provider as to the suitability or reliability for any purpose whatsoever of any opinion, report or certification of any third party in connection with the offering of any Step Up Notes under the Programme. Any such opinion, report or certification and any other document related thereto is not, nor shall it be deemed to be, incorporated in and/or form part of this Offering Circular.”**

OVERVIEW OF THE PROGRAMME

The following section will be added below the section headed “*Floating Rate Notes*” on page 3 of the Offering Circular:

“Step Up Notes:

Fixed Rate Notes and Floating Rate Notes issued by the relevant Issuer may be subject to a Step Up Option if the applicable Final Terms indicates that the Step Up Option is applicable. The Rate of Interest for Step Up Notes will be the Initial Rate of Interest specified in the applicable Final Terms, provided that, for any Interest Period commencing on or after the Interest Payment Date immediately following a Step Up Event, if any, the Rate of Interest shall be increased by the Step Up Margin specified in the applicable Final Terms. The increase in the Rate of Interest will be triggered by the occurrence of a Step Up Event, linked to the failure of H&M to achieve certain sustainability performance targets in relation to three separate key performance indicators as further detailed in H&M’s Sustainability-Linked Bond Framework, or the failure of H&M to report on such key performance indicators in the required time periods. The extent of the increase in the Rate of Interest will be dependent on the specific key performance indicators in relation to which H&M fails to meet the applicable sustainability performance target and/or the reporting requirement applicable to that sustainability performance target. For the avoidance of doubt, an increase in the Rate of Interest may occur no more than once in respect of the relevant Step Up Note.”

The section headed “*Rating*” on page 4 of the Offering Circular is deleted in its entirety and replaced as follows:

“Rating:

H&M has been rated “BBB” by S&P. Series of Notes issued under the Programme may be rated or unrated. Where a Series of Notes is rated, such rating will be disclosed in the applicable Final Terms and will not necessarily be the same as the rating assigned to H&M. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.”

RISK FACTORS

1. The third and fourth paragraphs of the Risk Factor headed “*The fashion retail industry is affected by global, regional and national economic conditions*” which start on page 6 of the Offering Circular, are deleted in their entirety and replaced as follows:

“In addition, the ongoing COVID-19 outbreak emanating from China at the beginning of 2020 has subsequently rapidly spread across the world. This outbreak (and any future outbreaks) of COVID-19 has led (and may continue to lead) to disruptions in the economies of almost all of the world’s nations where COVID-19 has arisen and may in the future arise, and may result in adverse impacts on the global economy in general. The outbreak has been declared as a public health emergency of international concern by the World Health Organization, and the Health and Human Services Secretary has declared a public health emergency in the United States in response to the outbreak. These circumstances have led to volatility in the capital markets and may lead to volatility in or disruption of the credit markets at any time and may adversely affect the value of the Notes. As COVID-19 continues to spread, the potential impacts, including a global, regional or other economic recession, are increasingly uncertain and difficult to assess. A “second wave” is already happening in the Eurozone with many states enforcing a new batch of lockdown measures more focused at local level as well as an increasing preponderance of border closures between nations. The situation is getting worse in other developed countries such as the UK, the United States and also in the East Asian region. Furthermore, new more-contagious strains of the COVID-19 virus have been discovered in the UK and South Africa (amongst others) which have already spread across a large number of nations and are likely to increase pressure to close borders, thereby worsening the potential effect on the global economy and trade. If the spread of COVID-19 increases or persists more broadly for a significant period of time, this could have a materially negative impact on the global economy. Recent roll outs of COVID-19 vaccines being developed by Pfizer, Germany’s BioNTech, Astra Zeneca and Moderna, amongst others have raised hopes that immunisation of the general population in developed economies by the end of 2021 may be feasible. However, there can be no assurance that production of such vaccines will be sufficient to achieve this goal and already delays in promised delivery schedules have been experienced by the EU, amongst others. There remains little certainty as to the prolonged effectiveness of such vaccines, particularly in the light of the mutation of the virus into new strains which existing vaccines may be less effective against, or potentially wholly ineffective. Investors should note the risk that the virus may therefore continue to affect the global economy for the foreseeable future and any current or future governmental or societal response to the virus may affect the business activities and financial results of the Issuers and the Group, and/or may impact the functioning of the financial system(s) needed to make regular and timely payments under the Notes, and therefore the ability of the Issuers to make payments on the Notes. For a further description of the impact of the spread of COVID-19 on the Issuers’ financial position, “*Description of H&M – Recent Developments – COVID-19 impact*”.

2. After the Risk Factor headed “*The fashion retail industry is affected by global, regional and national economic conditions*” which starts on page 6 of the Offering Circular the following new Risk Factor is added:

“The UK’s decision to withdraw from the EU may have a negative effect on global economic conditions, financial markets and Group’s business

On 24 December 2020, the EU and UK announced the reaching of an agreement on a trade and cooperation agreement (the **TCA**), to provide a structure for EU and UK cooperation in the future, which provisionally applies from 1 January 2021 pending formal ratification by the UK and the EU. Ratification by the EU will require the approval of the European Parliament and should such formal ratification have not occurred, the provisional application of the TCA shall cease on 28 February 2021, although a later date may be agreed. The absence of such formal ratification of the TCA (or absence of an agreement for the provisional application of the TCA to cease at a later date) may create significant political, social and macroeconomic uncertainty. Although the TCA provides a structure for EU and UK cooperation in the future, it may lead to further or reduced cooperation in different areas. As the details of the TCA begin to unfold and as a result of the ongoing political uncertainty as regards the structure of the future relationship between the UK and the EU, the precise impact on the business of the Group, including as a result of the TCA, is difficult to determine. As such, no assurance can be given that such matters would not adversely affect the ability of the relevant Issuer to satisfy its obligations under the Notes and/or the market value and/or the liquidity of the Notes in the secondary market.

In addition, the UK's decision to withdraw from the EU has also given rise to calls for the governments of other EU member states to consider withdrawal.

These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets, which could in turn depress economic activity and restrict H&M's access to capital. It is not possible to determine the impact that the UK's departure from the EU and/or any related matters may have on the stability of the Eurozone or the EU and, ultimately, on the business of the Group. As such, no assurance can be given that such matters would not adversely affect the Group, its business prospects, its financial condition, its results of operations, the ability of the Group to satisfy the relevant obligations under the Notes and/or the market value and/or the liquidity of the Notes in the secondary market."

3. The second paragraph of the Risk Factor headed "*The Group's business is subject to risks associated with global sourcing and manufacturing*" on page 8 of the Offering Circular is deleted in its entirety and replaced as follows:

"In addition, the emergence of COVID-19 has already had a significant impact on global economic growth through, *inter alia*, the disruption of supply chains, and is likely to continue to do so for as long as the pandemic continues. As at the date of this Offering Circular, the impact of the COVID-19 outbreak has had a material effect on the Group's business (see "*Description of H&M – Recent Developments – COVID-19 impact*"). During the spring of 2020, the Group adjusted its purchases and purchase plans in order to adapt to fact that around 80 per cent. of the Group's stores were closed from mid-March until the end of April 2020 when stores gradually were able to open. However, a powerful "second-wave" in the autumn and winter of 2020 has led to further store closures and impact on the purchasing plans of the Group, with up to approximately 36 per cent. of stores closing again and a large proportion of those remaining open subject to local opening restrictions and reduced foot fall. In the medium to long term, if the spread of COVID-19 is prolonged, or further diseases emerge that give rise to similar macroeconomic effects, the Group and/or the Group's suppliers may face disruption and/or increased costs as a result of supply shortages in raw materials."

4. The second paragraph of the Risk Factor headed "*The Group relies on information technology in its operations and is exposed to information and security risk*" on page 13 of the Offering Circular is deleted in its entirety and replaced as follows:

"Additionally, the rules and regulations regarding processing of personal data are becoming increasingly rigid. In a large number of European jurisdictions, the Group is affected by changes to the regulatory environment resulting from the new General Data Protection Regulation 2016/679 (**GDPR**), which entered into force on 25 May 2018, as the Group processes different types of personal data, such as information regarding contact persons at customers and suppliers as well as information regarding employees. Non-compliance with applicable data protection legislation could, for example, result in sanctions from the relevant authorities and damages having to be paid to affected persons. The level of fines for breach of data protection rules includes fines of up to the higher of four per cent. of a group's annual turnover and EUR 20,000,000, whichever is higher."

5. After the Risk Factor headed "*Risks applicable to all Notes – Notes which are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates.*" on page 15 of the Offering Circular the following new Risk Factors are added:

"Step Up Notes may not be a suitable investment for all investors seeking exposure to assets with sustainability characteristics

Although the interest rate relating to the Step Up Notes is subject to upward adjustment in certain circumstances specified in the Terms and Conditions of the Notes, such Step Up Notes may not satisfy an investor's requirements or any future legal or quasi legal standards for investment in assets with sustainability characteristics and no representation is made by the relevant Issuer, the Guarantor or the relevant Dealers as to the suitability of the Step Up Notes to fulfil environmental or sustainability criteria required by prospective investors. The Step Up Notes will not be marketed as green bonds since the relevant Issuer expects to use the relevant net proceeds for general corporate purposes and therefore the relevant Issuer does not intend to allocate

the net proceeds specifically to projects or business activities meeting environmental or sustainability criteria, or be subject to any other limitations associated with green bonds.

In addition, the interest rate adjustment in respect of the above-mentioned Step Up Notes depends on definitions of Recycled Materials, Scope 1 and Scope 2 GHG Emissions or Scope 3 GHG Emissions (each as defined in the Terms and Conditions of the Notes), as the case may be, that may be inconsistent with investor requirements or expectations or other definitions relevant to recycled materials and/or greenhouse gas emissions. H&M includes within Recycled Materials only “materials used in its commercial goods”.

Although H&M targets (i) increasing the proportion of recycled materials used in the production of its commercial goods and (ii) decreasing its direct and indirect greenhouse gas emissions, there can be no assurance of the extent to which it will be successful in doing so or that any future investments it makes in furtherance of these targets will meet investor expectations or any binding or non-binding legal standards regarding sustainability performance, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact. Adverse environmental or social impacts may occur during the design, construction and operation of any investments H&M makes in furtherance of this target or such investments may become controversial or criticised by activist groups or other stakeholders. Lastly, no Event of Default shall occur under the Step Up Notes, nor will the relevant Issuer or, in the case of Step Up Notes issued by H&M Finance B.V., the Guarantor be required to repurchase or redeem such Step Up Notes, if H&M fails to satisfy any or all of (i) the Recycled Materials Condition, (ii) the Scope 1 and Scope 2 GHG Emissions Condition or (iii) the Scope 3 GHG Emissions Condition.

Given the current and past difficulty in collecting and assessing the data required to calculate an accurate figure for Scope 3 GHG Emissions, the data used to set the 2017 baseline for Scope 3 GHG Emissions was collected during the calendar year 2016, and currently the reporting of Scope 3 GHG Emissions for a given year remains based on the previous calendar year. While the Issuers believe that the speed of collection and accuracy of the Scope 3 GHG Emissions will improve in years to come, and processes are being put in place to achieve this goal, there can be no assurance that this will be the case, and accordingly the reporting date for achieving the sustainability performance targets in relation to the Step Up Notes will for the foreseeable future be reported 120 days after the end of the calendar year following the year to which the Scope 3 GHG Emissions data reported relates.

No assurance or representation is given by either of the Issuers, the Guarantor or any Dealer as to the suitability or reliability for any purpose whatsoever of any opinion (including the Second Party Opinion), report, certification or validation of any third party in connection with the offering of the Step Up Notes or the sustainability performance targets set to fulfil any green, social, sustainability, sustainability linked and/or other criteria.

The Second Party Opinion providers and providers of similar opinions, certifications and validations are not currently subject to any specific regulatory or other regime or oversight. Any such opinion or certification is not, nor should be deemed to be, a recommendation by the Issuers, the Guarantor, any member of the Group, the Dealers, any Second Party Opinion providers, the Assurance Provider or any other person to buy, sell or hold Step Up Notes. Noteholders have no recourse against the Issuers, the Guarantor, any of the Dealers or the provider of any such opinion or certification for the contents of any such opinion or certification, which is only current as at the date it was initially issued. Prospective investors must determine for themselves the relevance of any such opinion, certification or validation and/or the information contained therein and/or the provider of such opinion, certification or validation for the purpose of any investment in the Step Up Notes. Any withdrawal of any such opinion or certification or any such opinion, certification or validation attesting that the Group is not complying in whole or in part with any matters for which such opinion, certification or validation is opining on or certifying on may have a material adverse effect on the value of the Step Up Notes and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose. Any such opinion, report or certification is not, nor shall it be deemed to be, incorporated in and/or form part of this Offering Circular.

The Step Up Notes include certain triggers linked to sustainability key performance indicators

The Step Up Notes include certain triggers linked to sustainability key performance indicators such as the proportion of recycled materials used in production and greenhouse gas emissions (see “*Step Up Notes may not*

be a suitable investment for all investors seeking exposure to assets with sustainability characteristics”) which must be complied with by H&M, in respect of Notes for which a Step Up Event applies. The failure to meet such sustainability performance targets for the relevant Observation Periods will result in increased interest amounts under such Step Up Notes, which would increase the Group’s total cost of funding and may result in a significant negative impact on the reputation of the Group, either of which could have a material adverse effect on the Group, its business prospects, its financial condition or its results of operations.

Under the Terms and Conditions of the Notes, a Step Up Event may occur if, amongst other things, the Group’s (i) proportion of recycled materials in its commercial goods (**Recycled Materials Percentage**, as more fully described in Condition 5.3) in respect of any Reference Year specified in the applicable Final Terms, does not increase by at least the relevant Recycled Materials Percentage Threshold specified in the applicable Final Terms, or (ii) greenhouse gas emissions (**Scope 1 and 2 GHG Emissions Percentage**, and **Scope 3 GHG Emissions Percentage**, each as more fully described in Condition 5.3) in respect of any Reference Year specified in the applicable Final Terms, do not reduce by at least the relevant Scope 1 and 2 GHG Emissions Percentage Threshold or Scope 3 GHG Emissions Percentage Threshold, as applicable, specified in the applicable Final Terms, in each case by comparison to the Scope 1 and 2 Baseline and the Scope 3 Baseline, respectively. The Terms and Conditions of the Notes permit H&M to recalculate the Scope 1 and 2 Baseline and the Scope 3 Baseline as described in H&M’s Sustainability-Linked Bond Framework to reflect, amongst other things, any significant or structural changes to the Group. Accordingly, while any such recalculation must be reported to the Science Based Targets initiative and included in the annual SLB Progress Report verified by an independent, qualified reviewer, any recalculation may increase or decrease the volume of greenhouse gas emissions comprising the relevant baseline, and therefore respectively increase the total volume of greenhouse gas emissions that may be produced by the Group while still being able to satisfy the Scope 1 and Scope 2 GHG Emissions Condition and/or the Scope 3 GHG Emissions Condition and avoid the occurrence of a Step Up Event, or decrease the total volume of reduction in greenhouse gases that needs to be achieved by the Group in order to satisfy such conditions and avoid the occurrence of a Step Up Event. Capitalised terms in this paragraph have the meanings given to them in the Terms and Conditions of the Notes.”

6. In the second paragraph of the Risk Factor entitled *“The regulation and reform of “benchmarks” may adversely affect the value of Notes linked to or referencing such “benchmarks”* starting on page 15 of the Offering Circular, the wording *“(which, for these purposes, includes the United Kingdom)”* shall be deleted.
7. The Risk Factor headed *“Credit ratings assigned to the relevant Issuer, the Guarantor or any Notes may not reflect all the risks associated with an investment in those Notes”* shall be replaced in its entirety with the following wording:

“Credit ratings assigned to the relevant Issuer, the Guarantor or any Notes may not reflect all the risks associated with an investment in those Notes

H&M’s ability to access credit and bond markets on acceptable terms is in part dependent on its credit ratings. H&M’s long-term debt rating is currently “BBB” (stable outlook) by S&P. This rating may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In general, regulated investors in the EU and the UK are restricted under the EU CRA Regulation or UK CRA Regulation, respectively, from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU or the United Kingdom, respectively, and registered under the EU CRA Regulation or UK CRA Regulation, respectively (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by non-EU and non-UK credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered or UK registered credit rating agency or the relevant non-EU and non-UK rating agency is certified in accordance with the EU CRA Regulation or UK CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). If the status of the rating agency rating the Notes changes, regulated investors in the EU or the UK, as applicable, may no longer be able to use the rating for regulatory purposes and the Notes may have a different regulatory treatment. This may result in investors selling the Notes which may impact the value of the Notes and any secondary market. The list of registered and certified

rating agencies published by the European Securities and Markets Authority (ESMA) on its website in accordance with the EU CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Offering Circular.

8. The following Risk Factor shall be added at the end of the Risk Factors:

Enforceability of English law judgments in Sweden and the Netherlands

The UK left the EU on 31 January 2020 (**Brexit**). As a result, the Recast Brussels Regulation (Regulation (EU) No. 1215/2012 of the European Parliament and of the Council of 12 December 2012) has ceased to apply to the UK (and some English court judgments). The UK has applied to join the Lugano Convention in its own right which is still subject to approval from the EU. There is uncertainty concerning the enforcement of English court judgments that fall outside the Hague Convention, which would rely solely on the Recast Brussels Regulation (Regulation (EU) No. 1215/2012 of the European Parliament and of the Council of 12 December 2012) for enforcement. As a result, there may be a period of uncertainty concerning the enforcement of English court judgments in Sweden and the Netherlands, and some judgments entered against the relevant Issuer or the Guarantor in an English court may not be recognised or enforceable in Sweden or the Netherlands without a re-trial on its merits.

DOCUMENTS INCORPORATED BY REFERENCE

The information set out below supplements the section of the Offering Circular headed “*Documents Incorporated by Reference*” on page 20 of the Offering Circular, adding the following additional document to be incorporated by reference:

- “(d) the unaudited consolidated and non-consolidated financial statements for the twelve months ended 30 November 2020 of H&M, which are contained in the Full-year report 2020 and can be viewed online at:

<https://hmgroup.com/wp-content/uploads/2021/01/wkr0006.pdf>”

APPLICABLE FINAL TERMS

The section headed “*Applicable Final Terms*” on pages 25 to 37 of the Offering Circular is deleted in its entirety and replaced as follows:

“**[PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

[PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (**UK**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the **FSMA**) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the **UK PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

MiFID II Target market Legend for a professional investors and ECPs (consider if any of the Issuer / Guarantor / Managers are “MiFID II entities” and are “manufacturers” for the purposes of MiFID II)

[MIFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, **MiFID II**)] [**MiFID II**]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market.*] Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturer[‘s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[‘s/s’] target market assessment) and determining appropriate distribution channels.]

UK MiFIR Target market Legend for a professional investors and ECPs (consider if any of the Issuer / Guarantor / Managers are “UK MiFIR entities” and are “manufacturers” for the purposes of UK MiFIR)

[UK MIFIR product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (**COBS**), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the [European Union (Withdrawal) Act 2018][**EUWA**] (**UK MiFIR**); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturer[‘s/s’] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK MiFIR Product Governance Rules**) is responsible

for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[‘s/s’] target market assessment) and determining appropriate distribution channels.]¹

[Singapore Securities and Futures Act Product Classification – Solely for the purposes of its obligations pursuant to Sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (as modified or amended from time to time, the **SFA**), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Notes are ["prescribed capital markets products"/[capital markets products other than "prescribed capital markets products"] (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).]

[Date]

[H & M Hennes & Mauritz AB (publ) / H&M Finance B.V.]

Legal entity identifier (LEI): [52990005RR7R39FRDM42] / [25490079TX62U2IW2D78]

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
[Guaranteed by H & M Hennes & Mauritz AB (publ)]
under the EUR[2,000,000,000]
Euro Medium Term Note Programme**

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 17 July 2020 [and the supplement[s] to it dated [date] [and [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation (the **Offering Circular**). This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Offering Circular in order to obtain all the relevant information. The Offering Circular has been published on www.hm.com.

The expression **Prospectus Regulation** means Regulation (EU) 2017/1129.

[Include whichever of the following apply or specify as “Not Applicable”. Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or subparagraphs (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote directions for completing the Final Terms.]

[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]

- | | | | |
|----|-----|-----------------|---|
| 1. | (a) | Issuer: | [H & M Hennes & Mauritz AB (publ) / H&M Finance B.V.] |
| | (b) | Guarantor: | H & M Hennes & Mauritz AB (publ)
<i>(Delete in the case of Notes issued by H & M Hennes & Mauritz AB (publ))</i> |
| 2. | (a) | Series Number: | [] |
| | (b) | Tranche Number: | [] |

¹ The above paragraphs were added by way of the Supplement dated 12 February 2021.

- (c) Date on which the Notes will be consolidated and form a single Series: The Notes will be consolidated and form a single Series with [*identify earlier Tranches*] on [the Issue Date/the date that is 40 days after the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 26 below, which is expected to occur on or about [*date*]][Not Applicable]
3. Specified Currency or Currencies: []
4. Aggregate Nominal Amount:
- (a) Series: []
- (b) Tranche: []
5. Issue Price: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*if applicable*)]
6. (a) Specified Denominations: []
- (N.B. Notes must have a minimum denomination of €100,000 (or equivalent))*
- (Note – where Bearer multiple denominations above €100,000 or equivalent are being used the following sample wording should be followed:*
- “[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000].”*)
- (b) Calculation Amount (in relation to calculation of interest for Notes in global form see Conditions): []
- (If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
7. (a) Issue Date: []
- (b) Interest Commencement Date: [*specify*/Issue Date/Not Applicable]
- (N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*
8. Maturity Date: *Specify date or for Floating Rate Notes – Interest Payment Date falling in or nearest to [*specify month and year*]*
9. Interest Basis: [Subject as set out in Condition 5.3 and paragraph [17] below,] [] per cent. Fixed Rate]

- [[[] month
[LIBOR/EURIBOR/STIBOR/NIBOR]] +/- [[]
per cent. Floating Rate]
[Zero coupon]
(see paragraph [14]/[15]/[16]/[17] below)
10. Redemption Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [[] per cent. of their nominal amount
11. Change of Interest Basis: [*Specify the date when any fixed to floating rate change occurs or cross refer to paragraphs 14 and 15 below and identify there*][Not Applicable]
12. Put/Call Options: [Investor Put]
[Change of Control Put]
[Issuer Call]
[Issuer Maturity Par Call]
[Clean-Up Call]
[(see paragraph [19]/[20]/[21]/[22]/[23] below)]
[Not Applicable]
13. (a) Status of the Notes: Senior
- (b) [Status of the Guarantee: Senior]
- (c) [Date [Board] approval for issuance of Notes [and Guarantee] obtained: [[] [and [[]], respectively]]
(*N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantee*)

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. Fixed Rate Note Provisions² [Applicable/Not Applicable]
(*If not applicable, delete the remaining subparagraphs of this paragraph*)
- (a) Rate(s) of Interest: [[] per cent. per annum payable in arrear on each Interest Payment Date[, subject as set out in Condition 5.3 and paragraph [17] below]
- (b) Interest Payment Date(s): [[] in each year up to and including the Maturity Date
(*Amend appropriately in the case of irregular coupons*)
- (c) Fixed Coupon Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions): [Subject to adjustment as set out in Condition 5.3 and paragraph [17] below,][[] per Calculation Amount
- (d) Broken Amount(s) for Notes in definitive form (and in relation to [Subject to adjustment as set out in Condition 5.3 and paragraph [17] below,] [[[] per Calculation

² This paragraph 14 was amended by way of the Supplement dated 12 February 2021.

- Notes in global form see Amount, payable on the Interest Payment Date Conditions): falling [in/on] []][Not Applicable]
- (e) Day Count Fraction: [30/360] [Actual/Actual (ICMA)]
- (f) Determination Date(s): [[] in each year][Not Applicable]
(Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)
15. Floating Rate Note Provisions³ [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Specified Period(s)/Specified Interest Payment Dates: [] [, subject to adjustment in accordance with the Business Day Convention set out in (b) below/, not subject to adjustment, as the Business Day Convention in (b) below is specified to be Not Applicable]
- (b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention][Not Applicable]
- (c) Additional Business Centre(s): []
- (d) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]
- (e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): [] (the **Calculation Agent**)
- (f) Screen Rate Determination:
- Reference Rate: [] month
[LIBOR/EURIBOR/STIBOR/NIBOR]
 - Interest Determination Date(s): []
(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR, the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR, the second Stockholm business day prior to the start of each Interest Period if STIBOR and the second Oslo business day prior to the start of each Interest Period if NIBOR)

³ This paragraph 15 was amended by way of the Supplement dated 12 February 2021.

- Relevant Screen Page: []
(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)
- (g) ISDA Determination:
- Floating Rate Option: []
 - Designated Maturity: []
 - Reset Date: []
(In the case of a LIBOR, EURIBOR, STIBOR or NIBOR based option, the first day of the Interest Period)
- (N.B. The fall-back provisions applicable to ISDA Determination under the 2006 ISDA Definitions are reliant upon the provision by reference banks of offered quotations for LIBOR and/or EURIBOR which, depending on market circumstances, may not be available at the relevant time)*
- (h) Linear Interpolation: [Not Applicable/Applicable - the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
- (i) Margin(s): [+/-] [] per cent. per annum[, subject as set out in Condition 5.3 and paragraph [17] below]
- (j) Minimum Rate of Interest: [] per cent. per annum
- (k) Maximum Rate of Interest: [] per cent. per annum
- (l) Day Count Fraction: [Actual/Actual (ISDA)][Actual/Actual]
[Actual/365 (Fixed)]
[Actual/365 (Sterling)]
[Actual/360]
[30/360][360/360][Bond Basis]
[30E/360][Eurobond Basis]
[30E/360 (ISDA)]
16. Zero Coupon Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Accrual Yield: [] per cent. per annum
 - (b) Reference Price: []
 - (c) Day Count Fraction in relation to Early Redemption Amounts: [30/360]
[Actual/360]
[Actual/365]

17. Step Up Option⁴ [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Reference Year(s): [] [and []]
- (b) Recycled Materials Event:
- Recycled Materials Event Step Up Margin: [] per cent. per annum *(This should be 40% of the total Step Up Margin)*
 - Recycled Materials Percentage Threshold: [] per cent. [in respect of [specify relevant Reference Year if more than one Reference Year is included]]
[[] per cent. in respect of []]
- (c) Scope 1 and 2 GHG Emissions Event:
- Scope 1 and 2 GHG Emissions Event Step-Up Margin: [] per cent. per annum *(This should be 20% of the total Step Up Margin)*
 - Scope 1 and 2 GHG Emissions Percentage Threshold: [] per cent. [in respect of [specify relevant Reference Year if more than one Reference Year is included]]
[[] per cent. in respect of []]
- (d) Scope 3 GHG Emissions Event:
- Scope 3 GHG Emissions Event Step-Up Margin: [] per cent. per annum *(This should be 40% of the total Step Up Margin)*
 - Scope 3 GHG Emissions Percentage Threshold: [] per cent. [in respect of [specify relevant Reference Year if more than one Reference Year is included]]
[[] per cent. in respect of []]

PROVISIONS RELATING TO REDEMPTION

18. Notice periods for Condition 7.2: Minimum period: [30] days
Maximum period: [60] days
19. Issuer Call: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)

⁴ This paragraph 17 was added by way of the Supplement dated 12 February 2021.

- (a) Optional Redemption Date(s): []
- (b) Optional Redemption Amount: [[] per Calculation Amount][Make-whole Amount]
- (A) Reference Bond: []
- (B) Redemption Margin: []
- (C) Quotation Time: []
- (c) If redeemable in part:
- (i) Minimum Redemption Amount: []
- (ii) Maximum Redemption Amount: []
- (d) Notice periods: Minimum period: [15] days
Maximum period: [30] days
(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent.)
20. Issuer Maturity Par Call: [Applicable/Not Applicable]
(If not applicable delete the remaining subparagraphs of this paragraph)
- (a) Maturity Par Call Period: From (and including) [] to (but excluding) the Maturity Date.
- (b) Notice periods: Minimum period: [] days
Maximum period: [] days
21. Investor Put: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Optional Redemption Date(s): []
- (b) Optional Redemption Amount: [] per Calculation Amount
- (c) Notice periods: Minimum period: [15] days
Maximum period: [30] days
(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15

clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent.)

22. Change of Control Put: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Change of Control Redemption Amount: [] per Calculation Amount
- (b) Notice periods: Minimum period: [] days
Maximum period: [] days
(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent.)
23. Clean-Up Call: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Clean-Up Call Amount: [] per Calculation Amount
- (b) Notice periods: Minimum period: [] days
Maximum period: [] days
(N.B. When setting notice periods, the relevant Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the relevant Issuer and the Principal Paying Agent.)
24. Final Redemption Amount: [] per Calculation Amount
25. Early Redemption Amount payable on redemption for taxation reasons or on event of default: [] per Calculation Amount
(N.B. If the Final Redemption Amount is 100 per cent. of the nominal value (i.e. par), the Early Redemption Amount is likely to be par (but consider). If, however, the Final Redemption Amount is other than 100 per cent. of the nominal value, consideration should be given as to what the Early Redemption Amount should be.)

GENERAL PROVISIONS APPLICABLE TO THE NOTES

26. Form of Notes:
- (a) Form:
- [Bearer Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes upon an Exchange Event]
- [Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]
- [Permanent Global Note exchangeable for Definitive Notes upon an Exchange Event]
- (N.B. The option for an issue of Notes to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: “[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000].” .)*
- [Registered Notes:
- [Registered Global Note registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg and exchangeable for definitive Registered Notes upon an Exchange Event]
- (b) [New Global Note/New Safekeeping Structure: [Yes][No]]
27. Additional Financial Centre(s): [Not Applicable/give details]
(Note that this paragraph relates to the date of payment and not the end dates of Interest Periods for the purposes of calculating the amount of interest, to which sub-paragraphs 15(c) relates)
28. Talons for future Coupons to be attached to Definitive Notes: [Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

THIRD PARTY INFORMATION

[[*Relevant third party information*] has been extracted from [*specify source*]. [Each of the] [The] Issuer [and the Guarantor] confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of [H & M Hennes & Mauritz AB
(publ) / H&M Finance B.V.]:

By:

Duly authorised

[Signed on behalf of [H & M Hennes & Mauritz AB
(publ)]:

By:

Duly authorised]

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

(i) Listing and Admission to trading [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Regulated Market of Euronext Dublin and listing on the official list of Euronext Dublin with effect from [].]

[Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Regulated Market of Euronext Dublin and listing on the official list of Euronext Dublin with effect from [].]

(Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.)

(ii) Estimate of total expenses related to admission to trading: []

2. RATINGS⁵

Ratings:

[The Notes to be issued [[have been]/[are expected to be]] rated/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally][The Notes to be issued will be unrated]:

[insert details]] by [insert the legal name of the relevant credit rating agency entity(ies) and associated defined terms].

[Each of [defined terms]][] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**)]

[Each of [defined terms]][] is established in the United Kingdom and is registered under Regulation (EC) No. 1060/2009 (as amended) as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the **UK CRA Regulation**)]

[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the

⁵ This paragraph 2 was amended by way of the Supplement dated 12 February 2021.

Programme generally or, where the issue has been specifically rated, that rating.)

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for the fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer [and the Guarantor] and [its/their] affiliates in the ordinary course of business - *Amend as appropriate if there are other interests*]

[(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Offering Circular under Article 23 of the EU Prospectus Regulation.)]

4. REASONS FOR THE OFFER AND ESTIMATED NET PROCEEDS

(i) Reasons for the offer: [See [“Use of Proceeds”] in the Offering Circular/*Give details*]

(See [“Use of Proceeds”] wording in Offering Circular – if reasons for offer different from what is disclosed in the Offering Circular, give details)

(ii) Estimated net proceeds: []

5. YIELD (Fixed Rate Notes only)

Indication of yield: []

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

6. OPERATIONAL INFORMATION

(i) ISIN: []

(ii) Common Code: []

(iii) CFI: [[See/[*include code*], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]

(iv) FISN [[See/[*include code*], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]

(v) Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]

- (vi) Delivery: Delivery [against/free of] payment
- (vii) Names and addresses of additional Paying Agent(s) (if any): []
- (viii) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper] [*include this text for Registered Notes which are to be held under the NSS*] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/
- [No. Whilst the designation is specified as “no” at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper][*include this text for Registered Notes*]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

7. DISTRIBUTION⁶

- (i) Method of distribution: [Syndicated/Non-syndicated]
- (ii) If syndicated, names of Managers: [Not Applicable/*give names*]
- (iii) Stabilisation Manager(s) (if any): [Not Applicable/*give name*]
- (iv) If non-syndicated, name of relevant Dealer: [Not Applicable/*give name*]
- (v) U.S. Selling Restrictions: [Reg. S Compliance Category 2; TEFRA D/TEFRA C/TEFRA not applicable]

⁶ This paragraph 7 was amended by way of the Supplement dated 12 February 2021.

- (v) Prohibition of Sales to EEA Retail Investors:⁷ [Applicable]/[Not Applicable]

(If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products, "Applicable" should be specified.)

- (vi) Prohibition of Sales to UK Retail Investors: [Applicable]/[Not Applicable]

(If the Notes clearly do not constitute "packaged" products, or the Notes do constitute "packaged" products and a key information document will be prepared in the UK, "Not Applicable" should be specified. If the Notes may constitute "packaged" products, "Applicable" should be specified.)

⁷ These sub-paragraphs (v) and (vi) were amended by way of the Supplement dated 12 February 2021.

TERMS AND CONDITIONS OF THE NOTES

The following condition shall be added as Condition 5.3 in the section “*Terms and Conditions of the Notes*” on pages 38 to 71 of the Offering Circular:

“5.3 Step Up Option

This Condition 5.3 applies to Notes in respect of which the applicable Final Terms indicates that the Step Up Option is applicable (**Step Up Notes**).

The Rate of Interest for Step Up Notes will be the Rate of Interest specified in, or determined in the manner specified in, the applicable Final Terms, provided that if a Step Up Event has occurred, then for any Interest Period commencing on or after the Interest Payment Date immediately following the first Notification Deadline after the Reference Year, the Initial Rate of Interest (in the case of Fixed Rate Notes) or the Initial Margin (in the case of Floating Rate Notes) shall be increased by the Step Up Margin (such increase, a **Step Up**).

For the avoidance of doubt, a Step Up may only occur once during the term of the Step Up Notes. The Rate of Interest (in the case of Fixed Rate Notes) or Margin (in the case of Floating Rate Notes) will not decrease to the Initial Rate of Interest or the Initial Margin, as applicable, regardless of any of the Recycled Materials Percentage, the Scope 1 and 2 GHG Emissions Percentage, the Scope 3 GHG Emissions Percentage for any other specified Reference Year following the occurrence of a Step Up.

The Issuer will cause the occurrence of a Step Up Event and the related increase in the Rate of Interest (in the case of Fixed Rate Notes) or Margin (in the case of Floating Rate Notes) to be notified to the Principal Paying Agent, and, in accordance with Condition 14, the Noteholders as soon as reasonably practicable after such occurrence and in no event later than the relevant Notification Deadline.

In this Condition:

Assurance Provider means (i) in respect of the Recycled Materials Condition and the Scope 1 and 2 GHG Emissions Condition, Deloitte AB; or (ii) in respect of the Scope 3 GHG Emissions Condition, an independent, qualified assurance provider with relevant expertise, as outlined in the Guidelines for Green, Social and Sustainability Bonds External Reviews Principles June 2020 (as amended from time to time, the **Voluntary Guidelines**), to be appointed by H&M, or, in the event that either of such assurance providers resigns or is otherwise replaced, such other independent, qualified provider(s) with relevant expertise, as outlined in the Voluntary Guidelines, appointed by H&M;

Assurance Report has the meaning given to it in the definition of Reporting Requirements below;

GHG Protocol Standard means the document titled “The Greenhouse Gas Protocol, A Corporate Accounting and Reporting Standard (Revised Edition)” published by the World Business Council for Sustainable Development and the World Resources Institute (as amended and updated as at the Issue Date of the first Tranche of the relevant Step Up Notes);

Group means H&M and its subsidiaries;

Initial Rate of Interest means, in respect of Fixed Rate Notes, the initial Rate of Interest specified in the applicable Final Terms;

Initial Margin means, in respect of Floating Rate Notes, the initial Margin specified in the applicable Final Terms;

Notification Deadline means, in relation to any Reporting Year, the date falling 120 days after 31 December in such Reporting Year;

Observation Period means the Recycled Materials Observation Period, Scope 1 and 2 GHG Emissions Observation Period and/or Scope 3 GHG Emissions Observation Period, applicable;

Recycled Materials means materials used in the Group's commercial goods that have been reprocessed from reclaimed materials by means of a manufacturing process and made into new materials;

Recycled Materials Condition means the condition that:

- (i) the SLB Progress Report and the Assurance Report relating to the Recycled Materials Observation Period for each Reporting Year have been published by H&M in accordance with the applicable Reporting Requirements by no later than the relevant Notification Deadline; and
- (ii) the Recycled Materials Percentage in respect of the Recycled Materials Observation Period for any Reference Year, as shown in the relevant SLB Progress Report referred to in paragraph (i) above, was equal to or greater than the Recycled Materials Percentage Threshold in respect of such Reference Year,

and if the requirements of paragraph(s) (i) and/or (ii) are not met, H&M shall be deemed to have failed to satisfy the Recycled Materials Condition in respect of the relevant Reporting Year or Reference Year, as applicable;

Recycled Materials Event occurs if H&M fails to satisfy the Recycled Materials Condition in respect of any Reporting Year or Reference Year, as applicable;

Recycled Materials Event Step-Up Margin means the margin specified in the applicable Final Terms as being the Recycled Materials Event Step-Up Margin;

Recycled Materials Observation Period means for any Reporting Year (including, for the avoidance of doubt, any Reference Year), the period commencing on the Saturday on or nearest to 1 December in the previous calendar year, and ending on the Friday on or nearest to 30 November in such calendar year;

Recycled Materials Percentage means, in respect of any Recycled Materials Observation Period, the proportion that Recycled Materials represents of Total Materials for such Recycled Materials Observation Period (expressed as a percentage and rounded to the nearest whole number, with 0.5 rounded upwards), as calculated in good faith by H&M, confirmed by the Assurance Provider and reported by H&M in the relevant SLB Progress Report;

Recycled Materials Percentage Threshold means the threshold (expressed as a percentage) specified in the applicable Final Terms as being the Recycled Materials Percentage Threshold in respect of the relevant Reference Year(s);

Reference Year means the calendar year(s) specified in the applicable Final Terms as being the Reference Year(s);

Reporting Requirements means in respect of each Observation Period for any Reporting Year, the requirement that H&M publish on its website, and in accordance with applicable laws, (i) (A) the Recycled Materials Percentage for the relevant Recycled Materials Observation Period; (B) the then current Scope 1 and 2 Baseline, the Scope 1 and 2 GHG Emissions and the Scope 1 and 2 GHG Emissions Percentage for the relevant Scope 1 and 2 GHG Emissions Observation Period; (C) the then current Scope 3 Baseline, the Scope 3 GHG Emissions and the Scope 3 GHG Emissions Percentage for the relevant Scope 3 GHG Emissions Observation Period, as well as in each case, the relevant calculation methodology, all as indicated in its sustainability-linked bond progress report, (the **SLB Progress Report**) (ii) an assurance report issued by the Assurance Provider (the **Assurance Report**) in respect of its Recycled Materials Percentage, Scope 1 and 2 GHG Emissions, Scope 1 and 2 GHG Emissions Percentage, Scope 3 GHG Emissions and Scope 3 GHG Emissions Percentage provided in

the SLB Progress Report; and (iii) in the event of any recalculation of the Scope 1 and 2 Baseline or the Scope 3 Baseline, an assurance report issued by the Assurance Provider confirming H&M's recalculation of (A) the Scope 1 and 2 Baseline (the **Scope 1 and 2 Baseline Assurance Report**) and/or (B) the Scope 3 Baseline (the **Scope 3 Baseline Assurance Report**) and in either case, confirming that there has been a significant change in H&M Group's structure during the relevant Observation Period (that is, a change driving an increase or decrease in Scope 1 and 2 GHG Emissions or Scope 3 GHG Emissions, as the case may be, of 5 per cent. or more), which warrants recalculation of the relevant baseline. The SLB Progress Report, the Assurance Report and (if applicable) the Scope 1 and 2 Baseline Assurance Report and the Scope 3 Baseline Assurance Report relating to any Observation Period will be published no later than the date falling 120 days after (i) in the case of a Recycled Materials Observation Period or a Scope 1 and 2 GHG Emissions Observation Period, 31 December in the calendar year in which such Observation Period ends; or (ii) in the case of a Scope 3 GHG Emissions Observation Period, 31 December in the calendar year immediately following the calendar year in which such Scope 3 GHG Emissions Observation Period ends;

Reporting Year means, for any Series of Step Up Notes, each calendar year, commencing with the calendar year in which such Notes are issued, up to and including the latest Reference Year for such Notes;

Scope 1 and 2 Baseline means, in thousands of metric tons of carbon dioxide equivalent (**kt CO₂e**), the sum of Scope 1 Emissions and Scope 2 Emissions (calculated using the market-based method) for the period 1 September 2016 to 31 August 2017, as initially reported in H&M's Annual Report and Financial Statements 2017 and, if applicable, recalculated in good faith by H&M to reflect any significant or structural changes to the Group in the relevant Scope 1 and 2 GHG Emissions Observation Period, confirmed by the Assurance Provider in a Scope 1 and 2 Baseline Assurance Report and published by H&M in the latest SLB Progress Report in accordance with the applicable Reporting Requirements;

Scope 1 and 2 Baseline Assurance Report has the meaning given to it in the definition of Reporting Requirements above;

Scope 1 and 2 GHG Emissions means in kt CO₂e, the sum of:

- (i) direct greenhouse gas emissions from sources owned or controlled by the Group as defined by the GHG Protocol Standard (the **Scope 1 Emissions**); and
- (ii) indirect greenhouse gas emissions from electricity and heat purchased or acquired by the Group and used in its operations, as defined by the GHG Protocol Standard (the **Scope 2 Emissions**),

in each case as calculated in good faith by H&M in respect of a Scope 1 and 2 GHG Emissions Observation Period, confirmed by the Assurance Provider and reported by H&M in the relevant SLB Progress Report;

Scope 1 and 2 GHG Emissions Condition means the condition that:

- (i) the SLB Progress Report and the Assurance Report relating to the Scope 1 and 2 GHG Emissions Observation Period for each Reporting Year and (if applicable) the related Scope 1 and 2 Baseline Assurance Report have been published by H&M in accordance with the applicable Reporting Requirements by no later than the relevant Notification Deadline; and
- (ii) the Scope 1 and 2 GHG Emissions Percentage in respect of the Scope 1 and 2 GHG Emissions Observation Period for any Reference Year, as shown in the relevant SLB Progress Report referred to in paragraph (i) above, was equal to or greater than the Scope 1 and 2 GHG Emissions Percentage Threshold in respect of such Reference Year,

and if the requirements of paragraph(s) (i) and/or (ii) are not met, H&M shall be deemed to have failed to satisfy the Scope 1 and 2 GHG Emissions Condition in respect of the relevant Reporting Year or Reference Year, as applicable;

Scope 1 and 2 GHG Emissions Event occurs if H&M fails to satisfy the Scope 1 and 2 GHG Emissions Condition in respect of any Reporting Year or Reference Year, as applicable;

Scope 1 and 2 GHG Emissions Event Step-Up Margin means the margin specified in the applicable Final Terms as being the Scope 1 and 2 GHG Emissions Event Step-Up Margin;

Scope 1 and 2 GHG Emissions Observation Period means for any Reporting Year (including, for the avoidance of doubt, any Reference Year), the period commencing on 1 September in the previous calendar year and ending on 31 August in such calendar year;

Scope 1 and 2 GHG Emissions Percentage means, in respect of any Scope 1 and 2 GHG Emissions Observation Period, the percentage (rounded to the nearest whole number, with 0.5 rounded upwards) by which Scope 1 and 2 GHG Emissions for such Scope 1 and 2 GHG Emissions Observation Period are reduced in comparison to the Scope 1 and 2 Baseline, as calculated in good faith by H&M, confirmed by the Assurance Provider and reported by H&M in the relevant SLB Progress Report;

Scope 1 and 2 GHG Emissions Percentage Threshold means the threshold (expressed as a percentage) specified in the applicable Final Terms as being the Scope 1 and 2 GHG Emissions Percentage Threshold in respect of the relevant Reference Year(s).

For the avoidance of doubt, any significant or structural change to the Group will not result in any adjustment to the Scope 1 and 2 GHG Emissions Percentage Threshold(s), but may result in the recalculation of the Scope 1 and 2 Baseline;

Scope 3 Baseline means, in kt CO₂e, the Scope 3 GHG Emissions (calculated using an external consultant) for the period 1 January 2016 to 31 December 2016, as initially reported in H&M's Sustainability Report 2017 and, if applicable, recalculated in good faith by H&M to reflect any significant or structural changes to the Group in the relevant Scope 3 GHG Emissions Observation Period, confirmed by the Assurance Provider in a Scope 3 Baseline Assurance Report and published by H&M in the latest SLB Progress Report in accordance with the applicable Reporting Requirements;

Scope 3 Baseline Assurance Report has the meaning given to it in the definition of Reporting Requirements above;

Scope 3 GHG Emissions means in kt CO₂e, indirect greenhouse gas emissions related to fabric production, garment manufacturing, raw materials and upstream transport of the Group, as defined by the GHG Protocol Standard, as calculated in good faith by H&M in respect of a Scope 3 GHG Emissions Observation Period, confirmed by the Assurance Provider and reported by H&M in the relevant SLB Progress Report;

Scope 3 GHG Emissions Condition means the condition that:

- (i) the SLB Progress Report and the Assurance Report relating to the Scope 3 GHG Emissions Observation Period for each Reporting Year and (if applicable) the related Scope 3 Baseline Assurance Report have been published by H&M in accordance with the applicable Reporting Requirements by no later than the relevant Notification Deadline; and
- (ii) the Scope 3 GHG Emissions Percentage in respect of the Scope 3 GHG Emissions Observation Period for any Reference Year, as shown in the relevant SLB Progress Report referred to in paragraph (i) above, was equal to or greater than the Scope 3 GHG Emissions Percentage Threshold in respect of such Reference Year,

and if the requirements of paragraph(s) (i) and/or (ii) are not met, H&M shall be deemed to have failed to satisfy the Scope 3 GHG Emissions Condition in respect of the relevant Reporting Year or Reference Year, as applicable;

Scope 3 GHG Emissions Event occurs if H&M fails to satisfy the Scope 3 GHG Emissions Condition in respect of any Reporting Year or Reference Year, as applicable;

Scope 3 GHG Emissions Event Step-Up Margin means the margin specified in the applicable Final Terms as being the Scope 3 GHG Emissions Event Step-Up Margin;

Scope 3 GHG Emissions Observation Period means for any Reporting Year (including, for the avoidance of doubt, any Reference Year), the period commencing on 1 January in the previous calendar year and ending on 31 December in the previous calendar year;

Scope 3 GHG Emissions Percentage means, in respect of any Scope 3 GHG Emissions Observation Period, the percentage (rounded to the nearest whole number, with 0.5 rounded upwards) by which Scope 3 GHG Emissions for such Scope 3 GHG Emissions Observation Period are reduced in comparison to the Scope 3 Baseline, as calculated in good faith by H&M, confirmed by the Assurance Provider and reported by H&M in the relevant SLB Progress Report;

Scope 3 GHG Emissions Percentage Threshold means the threshold (expressed as a percentage) specified in the applicable Final Terms as being the Scope 3 GHG Emissions Percentage Threshold in respect of the relevant Reference Year(s).

For the avoidance of doubt, any significant or structural change to the Group will not result in any adjustment to the Scope 3 GHG Emissions Percentage Threshold(s), but may result in the recalculation of the Scope 3 Baseline;

SLB Progress Report has the meaning given to it in the definition of Reporting Requirements above;

Step Up Event occurs if one or more of a Recycled Materials Event, a Scope 1 and 2 GHG Emissions Event or a Scope 3 GHG Emissions Event occurs;

Step Up Margin means the aggregate of:

- (i) where a Recycled Materials Event has occurred, the Recycled Materials Event Step-Up Margin;
- (ii) where a Scope 1 and 2 GHG Emissions Event has occurred, the Scope 1 and 2 GHG Emissions Event Step-Up Margin; and
- (iii) where a Scope 3 GHG Emissions Event has occurred, the Scope 3 GHG Emissions Event Step-Up Margin; and

Total Materials means all of the materials used in the Group's commercial goods."

The wording starting on the third last line of the first paragraph of condition 7.3 on page 58 of the Offering Circular reading "(assuming a 360-day year consisting of twelve 30-day months or, in the case of an incomplete month, the number of days elapsed)" shall be deleted and replaced by the wording "(based on the Day Count Fraction specified in the applicable Final Terms)".

DESCRIPTION OF H&M

The third paragraph of the section “*Description of H&M – Overview*” and the paragraphs that follow it on page 74 of the Offering Circular are deleted in their entirety and replaced as follows:

“For the financial year ended 30 November 2020⁸, the Group generated net sales (excluding VAT) of SEK 187,031 million, compared to SEK 232,755 million for the financial year ended 30 November 2019, and an operating profit of SEK 3,099 million (SEK 17,346 million in 2019), with a corresponding operating margin of 1.7 per cent. in 2020 compared to 7.5 per cent. in 2019. The Group is one of the largest own-branded fashion retailers in the world by turnover and global presence and had approximately 153,000 employees as at 30 November 2020 compared to 179,000 employees as at 30 November 2019.

The impact of the COVID-19 outbreak has negatively affected sales and results of the Group since February 2020, initially affecting China but subsequently spreading to affect all of the markets in which it is present. The safety of employees and customers has been the Group’s highest priority since the outbreak. As a result of decisions by local authorities and/or local market conditions, around 80 per cent. of the Group’s stores were closed in the second quarter of 2020. While from the end of April 2020 the Group started to gradually re-open its stores in a number of markets, a second wave of infections took hold in the autumn of 2020 leading to further store closings and local restrictions, with approximately 35 per cent. of stores closed in January 2021.

As at the date of this Offering Circular, H&M has been assigned a rating of “BBB” (stable outlook) by S&P.”

The sections “*Description of H&M – Principal Sales Channels*”, “– *Principal Markets*” and “– *Retail Distribution*” on pages 79 and 80 of the Offering Circular are deleted in their entirety and replaced as follows:

Principal sale channels

Although online sales are growing rapidly and increased by 39 per cent. and 24 per cent. in the 12 months ended 30 November 2020 and 2019, respectively, physical stores still represented the larger portion of sales in 2020. For the 12 months ended 30 November 2020, the share of online sales as a percentage of total sales was 28 per cent., compared with 16 per cent. for the twelve months ended 30 November 2019. All of the Group’s more than 5,000 stores are leased with leases consisting of flexible contracts with short maturities. The proportion of the Group’s investments made on physical stores is decreasing because of changing customer behaviour, but the integration of physical stores and online sales continues. Examples of digital investments in a more seamless shopping experience include the changeover to a new online platform and increased integration throughout the supply chain with the purpose to serve physical and online stores in a fast, flexible and efficient way and to make the entire offering available to customers regardless of sales channel. Omni-channel features include for example purchases and online returns in stores, click-and-collect, mobile payments and use of mobiles in stores for increased services. Prior to 2017, the vast majority of the Group’s investments were store related. In 2018, the majority of the investments were, for the first time, digital and related to online sales. In 2019 and 2020, the share of digital related investments continued to increase. As at the end of November 2020, H&M traded through its own websites in 52 markets, whereas COS, Weekday, Monki, & Other Stories and ARKET offer global selling which enables customers in around 70 additional markets to shop for their products online. The exact number of markets per brand that have this service varies.

⁸ Note that all figures provided as at, and for the twelve months ended, 30 November 2020 are unaudited figures.

Principal Markets

The following table shows the principal markets the Group has a presence in, in descending order by net sales (excluding VAT) in million SEK, and the number of stores in the relevant market, in each case as of 30 November 2020 and 2019:

COUNTRY	As of 30 November			
	2020	2020	2019	2019
	NET SALES (EXL. VAT)	NUMBER OF STORES	NET SALES (EXL. VAT)	NUMBER OF STORES
Germany	29,684	457	33,540	466
USA	20,802	582	29,976	593
UK	11,486	289	14,897	305
China	9,748	505	12,059	520
France	9,166	228	12,196	235
Sweden	8,015	168	8,993	177
Russia	6,226	155	6,852	147
Italy	6,079	174	8,401	181
Netherlands	5,758	135	6,813	138
Switzerland	5,550	98	5,676	99
Spain	5,535	166	7,930	167
Poland	5,095	192	6,336	190
Denmark	4,626	105	5,157	112
Norway	4,532	125	5,085	127
Austria	4,368	87	5,302	87
Japan	4,333	115	4,987	105
Canada	4,181	96	5,094	95
Belgium	3,331	93	4,214	98
Mexico	2,584	55	3,685	52
Finland	2,158	65	2,530	68
Romania	2,116	57	2,642	57
South Korea	2,091	55	2,213	53
Australia	2,036	49	2,539	49
Turkey	1,925	59	2,797	66
India	1,568	49	2,007	47

The last paragraph under the section “*Description of H&M – Investments in Existing Business – Investment in digital infrastructure*” on page 82 of the Offering Circular is deleted in its entirety and replaced as follows:

“Due to the outbreak of COVID-19, in 2020 total capital expenditure was reduced significantly to SEK 5.2 billion compared to an original budget for 2020 of SEK 8.5 billion and capital expenditure of just over SEK 10 billion for 2019. The Group believes that the impact of the COVID-19 outbreak and its effect on consumer behaviour will increase the digitalisation of society as well as focus on sustainability, which will speed up the transformation already taking place in the retail sector. With its heavy investments, unique brands and company culture as well as its transformation initiative, the Group believes it is well positioned to further accelerate the transformation of the industry.”

The table under the section “*Description of H&M – Financial Policy*” on page 83 of the Offering Circular is deleted in its entirety and replaced as follows:

“The maturity profile of the Group’s interest-bearing liabilities as at 30 November 2020 is shown in the following graph (in SEK millions):

Year	Loans from credit institutions	Commercial paper	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	15,032	1,300	30,055”

The last paragraph under the section “*Description of H&M – Seasonality*” on page 83 of the Offering Circular is deleted in its entirety and replaced as follows:

“The impact of the COVID-19 outbreak on traditional seasonality has been significant. For the twelve months ended 30 November 2020, the Group profit decreased significantly to SEK 1,243 million from SEK 13,443 million for the twelve months ended 30 November 2019, as the measures implemented to mitigate the effects of COVID-19 on the business were not able to compensate for the substantial drop in sales.”

The first paragraph of the section “*Description of H&M – Employees*” starting on page 83 of the Offering Circular is deleted in its entirety and replaced as follows:

“As at 30 November 2020, the Group employed approximately 153,000 persons, which includes a combination of part- and full-time employees. It also hires seasonal employees, primarily during the peak holiday selling season. Experienced and dedicated employees are essential to the Group’s business, and therefore there are advancement opportunities as well as various incentives and benefits which ensure that the Group stays competitive by retaining skilled employees.”

The section “*Description of H&M – Legal Proceedings*” on page 85 of the Offering Circular is deleted in its entirety and replaced as follows:

“LEGAL PROCEEDINGS

The Group is involved from time to time in various lawsuits in the ordinary course of business. The Group actively participates in the defence of any lawsuit in which it is a defendant and calculates its exposure to litigation on an ongoing basis. The Group maintains liability insurance policies which cover, subject to certain deductibles, both product liability and general commercial liability, in amounts that the Group’s management believes are adequate to cover its potential liability relating to its present risk exposure from legal proceedings.

In 2019, the Group chose to notify the German data protection authorities in relation to a breach of the data privacy regulations set out in GDPR. The investigation by the German authorities was settled in May 2020 and the Group accepted a fine of €35.2 million.”

The section “*Description of H&M – Recent Developments*” on pages 85 and 86 of the Offering Circular is deleted in its entirety and replaced as follows:

“RECENT DEVELOPMENTS

COVID-19 impact

Since the COVID-19 outbreak becoming a pandemic in March 2020, the Group has taken rapid and decisive action in all parts of the business to mitigate the effects of COVID-19. The safety of employees and customers has been the Group’s highest priority. The Group has cooperated fully with the authorities in each of its markets to ensure local requirements are complied with. In spring and summer 2020, the Group was gradually able to reopen stores in line with the easing of restrictions in each country. As at 9 July 2020, 240 stores remained temporarily closed, representing 5 per cent. of the Group’s stores, although a large number of the Group’s stores remained subject to local restrictions and opening hours were limited. The pace of the Group’s sales recovery varied greatly between markets until the second wave of infections began to increase rapidly in the autumn of 2020 leading to further closures of stores. In early January 2021, about 35 per cent. of the Group’s stores were temporarily closed.

Accordingly, the impact of COVID-19, including but not limited to store closures as discussed above, has had a significant adverse effect on the financial position and business of the Group and required urgent measures to be undertaken to mitigate the effect as follows:

- The Group’s net sales amounted to SEK 187,031 million for the twelve months ended 30 November 2020 compared to SEK 232,755 million for the twelve months ended 30 November 2019. In local currencies, net sales decreased by 18 per cent. 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 per cent. of the Group’s stores were closed during this period.

- 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 million for the twelve months ended 30 November 2020 compared to SEK 122,453 million for the twelve months ended 30 November 2019. This corresponds to a gross margin of 50.0 per cent. for 2020 (compared to 52.6 per cent. for 2019).
- Profit after financial items amounted to SEK 2,052 million for the twelve months ended 30 November 2020 compared to SEK 17,391 million for the twelve months ended 30 November 2019, a decrease of SEK 15,339 million or 88.2 per cent. Excluding IFRS 16, profit after financial items amounted to SEK 1,691 million for the twelve months ended 30 November 2020.
- The Group's profit after tax amounted to SEK 1,243 million for the twelve months ended 30 November 2020 compared to SEK 13,443 million for the twelve months ended 30 November 2019, a decrease of SEK 12,200 million or 90.8 per cent., and corresponding to SEK 0.75 per share in 2020 (compared to SEK 8.12 per share in 2019).
- The Group's liquidity remains strong: as at 30 November 2020, cash and cash equivalents amounted to SEK 16,540 million, compared to SEK 12,312 million as at 30 November 2019. 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 million as at 30 November 2020 compared to SEK 24,169 million as at 30 November 2019. The ratio of net debt to EBITDA was 0.0:1 for 2020 (compared to 0.2:1 for 2019).
- 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. about 35 per cent. of the Group's total of approximately 5,000 stores, net sales decreased by 23 per cent. in local currencies in the period 1 December 2020 to 27 January 2021 compared with the same period the previous year.
- 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.”

SELECTED FINANCIAL INFORMATION

The section headed “*Selected Financial Information*” on page 92 of the Offering Circular is deleted in its entirety and replaced as follows:

“The following tables present selected consolidated financial information of H&M and its consolidated subsidiaries (the **Group**) as at and for the twelve month periods ended 30 November 2019 and 2020. The selected consolidated financial information as at and for the twelve months ended 30 November 2020 presented below has been derived from the unaudited consolidated financial statements of the Group as at and for the twelve month period ended 30 November 2020, and the selected consolidated financial information as at and for the twelve months ended 30 November 2019 presented below has been derived from the audited consolidated financial statements of the Group as at and for the twelve month period ended 30 November 2019, in each case prepared in accordance with IFRS.

IFRS 16

Following the implementation of IFRS 16 on 1 January 2019, the 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 Group’s remaining payments for all leases were therefore included as a lease liability. The discount rate used for the calculation corresponds to the 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 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 Group received government assistance in various markets, mainly in respect of rents and staffing.

The 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.

Group income statement

	For the 12 months ended 30 November	
	2020 <i>(unaudited)</i>	2019 <i>(audited)</i>
	<i>(SEK million)</i>	
Net sales	187,031	232,755
Cost of goods sold	-93,487	-110,302
GROSS PROFIT	93,544	122,453
Selling expenses	-81,425	-96,279
Administrative expenses	-9,020	-8,828
OPERATING PROFIT	3,099	17,346
Interest income (incl finance lease)	252	376
Interest expense and similar items (incl finance lease)	-1,299	-331
PROFIT AFTER FINANCIAL ITEMS	2,052	17,391
Tax	-809	-3,948
PROFIT FOR THE YEAR	1,243	13,443

Group balance sheet

	As of 30 November	
	2020 <i>(unaudited)</i>	2019 <i>(audited)</i>
	<i>(SEK million)</i>	
ASSETS		
FIXED ASSETS		
Intangible fixed assets		
Leasehold and similar rights	191	411
Capitalised expenditure	10,177	10,973
Goodwill	64	64
	10,432	11,448
Buildings and land	745	813
Equipment, tools, fixture and fittings	30,894	40,079
Right of use assets	59,535	-
	91,174	40,892
Financial fixed assets		
Participations in associated companies	247	210
Other shares and participating rights	539	429
	786	639
Other fixed assets		
Long-term receivables	907	912
Deferred tax receivables	5,714	4,322
	6,621	5,234
TOTAL FIXED ASSETS	109,013	58,213
CURRENT ASSETS		
Stock-in-trade	38,209	37,823
Current receivables		
Accounts receivable	3,086	5,879
Tax receivables	1,686	1,555
Other receivables	2,397	1,736
Prepaid expenses	3,440	2,967
Cash and cash equivalents	16,540	12,312
TOTAL CURRENT ASSETS	65,358	62,272
TOTAL ASSETS	174,371	120,485
EQUITY AND LIABILITIES		
EQUITY		
Share capital	207	207
Reserves	990	4,592
Retained earnings	53,426	52,270
TOTAL EQUITY	54,623	57,069
Long-term liabilities		
Provisions for pensions*	612	510
Deferred tax liabilities	3,988	4,423
Liabilities to credit institutions*	8,433	10,413
Other interest-bearing liabilities*	50,458	234
	63,491	15,580
Current liabilities		
Accounts payable	9,511	7,838
Tax liabilities	1,708	2,752
Liabilities to credit institutions**	7,899	6,904
Interest-bearing liabilities**	13,275	147
Other liabilities	3,983	4,476
Accrued expenses and prepaid income	19,881	25,719
	56,257	47,836
TOTAL LIABILITIES	119,748	63,416
TOTAL EQUITY AND LIABILITIES	174,371	120,485

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

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

Five year summary

Financial Year	For the 12 months ended 30 November					
	2020 <i>(unaudited)</i>	2020* <i>(unaudited)</i>	2019* <i>(audited)</i>	2018* <i>(audited)</i>	2017* <i>(audited)</i>	2016* <i>(audited)</i>
Net Sales, SEK millions	187,031	187,031	232,755	210,400	200,004	192,267
Change in net sales from previous year in SEK, %	-20	-20	+11	+5	+4	+6
Change in net sales previous year in local currencies, %	-18	-18	+6	+3	+3	+7
Operating profit, SEK m	3,099	1,788	17,346	15,493	20,569	23,823
Operating margin, %	1.7	1.0	7.5	7.4	10.3	12.4
Depreciation for the year, SEK m	25,953	12,084	11,051	9,671	8,488	7,605
Profit after financial items, SEK m	2,052	1,691	17,391	15,639	20,809	24,039
Profit after tax, SEK m	1,243	965	13,443	12,652	16,184	18,636
Cash and cash equivalents and short-term investments, SEK m	16,540	16,540	12,312	11,590	9,718	9,446
Stock-in-trade, SEK m	38,209	38,209	37,823	37,721	33,712	31,732
Equity, SEK m	54,623	54,401	57,069	58,546	59,713	61,236
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**	0.75	0.58	8.12	7.64	9.78	11.26
Equity per share, SEK**	33.00	32.87	34.48	35.37	36.08	37.00
Operating cash flow per share, SEK**	15.65	7.08	17.51	12.86	13.04	14.36
Dividend per share, SEK	***	***	-	9.75	9.75	9.75
Return on equity, %	2.2	1.7	23.3	21.4	26.8	31.2
Return on capital employed, %	3.2	2.8	23.0	21.2	31.0	39.2
Share of risk-bearing capital, %	33.6	50.9	51.0	53.6	61.0	67.1
Equity/assets ratio, %	31.3	47.5	47.4	49.3	56.0	62.1
Total number of stores	5,018	5,018	5,076	4,968	4,739	4,351
Average number of employees	110,325	110,325	126,376	123,283	120,191	114,586

* Excluding IFRS 16.

** Before and after dilution.

*** To be decided on at a later date.

Non-IFRS key ratios

	For the 12 months ended 30 November				
	2020	2019	2018	2017	2016
	<i>(SEK million, except as stated)</i>				
Net Debt					
Pension liability	612	510	445	445	527
Interest-bearing liabilities finance leases	63,733	380	458	475	272
Liabilities to credit institutions	16,332	17,317	19,323	9,745	2,068
Cash and cash equivalents	-16,540	-12,312	-11,590	-9,718	-9,446
Net Debt	64,137	5,895	8,636	947	-6,579
Net debt excluding IFRS 16					
Pension liability	612	510	445	445	527
Interest-bearing liabilities finance leases	63,733	380	458	475	272
IFRS 16 effect	-63,733	0	0	0	0
Interest-bearing liabilities finance leases excl. IFRS 16	0	380	458	475	272
Liabilities to credit institutions	16,332	17,317	19,323	9,745	2,068
Cash and cash equivalents	-16,540	-12,312	-11,590	-9,718	-9,446
Net debt excluding IFRS 16	404	5,895	8,636	947	-6,579
EBITDA					
Operating profit	3,099	17,346	15,493	20,569	23,823
Depreciations and amortisation	25,953	11,051	9,671	8,488	7,605
EBITDA	29,052	28,397	25,164	29,057	31,428
EBITDA excluding IFRS 16					
Operating profit	3,099	17,346	15,493	20,569	23,823
IFRS 16 effect	-1,311	0	0	0	0
Operating profit excl. IFRS 16	1,788	17,346	15,493	20,569	23,823
Depreciations and amortisation	25,953	11,051	9,671	8,488	7,605
IFRS 16 effect	-13,869	0	0	0	0
Depreciations and amortisation excl. IFRS 16	12,084	11,051	9,671	8,488	7,605
EBITDA excluding IFRS 16	13,872	28,397	25,164	29,057	31,428
EBITDA margin					
EBITDA	29,052	28,397	25,164	29,057	31,428
Net sales	187,031	232,755	210,400	200,004	192,267
EBITDA margin	15.5%	12.2%	12.0%	14.5%	16.3%
EBITDA margin excluding IFRS 16					
EBITDA excluding IFRS 16	13,872	28,397	25,164	29,057	31,428
Net sales	187,031	232,755	210,400	200,004	192,267
EBITDA margin excluding IFRS 16	7.4%	12.2%	12.0%	14.5%	16.3%
Net debt / EBITDA					
Net debt	64,227	5,895	8,636	947	-6,579
EBITDA	29,052	28,397	25,164	29,057	31,428
Net debt / EBITDA	2.2	0.2	0.3	0.0	-0.2
Net debt / EBITDA excluding IFRS 16					
Net debt excluding IFRS 16	404	5,895	8,636	947	-6,579
EBITDA excluding IFRS 16	13,872	28,397	25,164	29,057	31,428
Net debt / EBITDA excluding IFRS 16	0.0	0.2	0.3	0.0	-0.2

**For the 12 months ended
30 November**

	2020	2019	2018	2017	2016
<i>(SEK million, except as stated)</i>					
Interest coverage					
EBITDA	29,052	28,397	25,164	29,057	31,428
Interest paid	349	308	107	40	8
Interest coverage	83	92	235	726	3,929
Interest coverage excluding IFRS 16					
EBITDA excluding IFRS 16	13,872	28,397	25,164	29,057	31,428
Interest paid	349	308	107	40	8
Interest coverage excluding IFRS 16	40	92	235	726	3,929
Free Cash Flow					
Cash Flow from operating activities	25,900	28,986	21,287	21,587	23,775
Cash Flow from investing activities	-5,244	-10,528	-13,152	-12,496	-13,498
Free Cash Flow	20,656	18,458	8,135	9,091	10,277
Free Cash Flow excluding IFRS 16					
Cash Flow from operating activities	25,900	28,986	21,287	21,587	23,775
IFRS 16 effect	-14,174	0	0	0	0
Cash Flow from investing activities excl. IFRS 16	11,726	28,986	21,287	21,587	23,775
Cash Flow from investing activities	-5,244	-10,528	-13,152	-12,496	-13,498
Free Cash Flow excluding IFRS 16	6,482	18,458	8,135	9,091	10,277
Return on equity					
Profit for the year	1,243	13,443	12,652	16,184	18,636
Average shareholders' equity	55,846	57,808	59,130	60,475	59,643
Return on equity	2.2%	23.3%	21.4%	26.8%	31.2%
Return on equity excluding IFRS 16					
Profit for the year	1,243	13,443	12,652	16,184	18,636
IFRS 16 effect	-278	0	0	0	0
Profit for the year excl. IFRS 16	965	13,443	12,652	16,184	18,636
Average shareholders' equity	55,846	57,808	59,130	60,475	59,643
IFRS 16 effect	-111	0	0	0	0
Average shareholders' equity excl. IFRS 16	55,735	57,808	59,130	60,475	59,643
Return on equity excluding IFRS 16	1.7%	23.3%	21.4%	26.8%	31.2%
Return on capital employed					
Profit after financial items	2,052	17,391	15,639	20,809	24,039
Interest expense	1,299	331	146	41	8
Average shareholders' equity	55,846	57,808	59,130	60,475	59,643
Average interest-bearing liabilities	49,442	19,217	15,446	6,766	1,658
Return on capital employed	3.2%	23.0%	21.2%	31.0%	39.2%
Return on capital employed excluding IFRS 16					
Profit after financial items	2,052	17,391	15,639	20,809	24,039
IFRS 16 effect	-361	0	0	0	0
Profit after financial items excluding IFRS 16	1,691	17,391	15,639	20,809	24,039
Interest expense	1,299	331	146	41	8
IFRS 16 effect	-950	0	0	0	0
Interest expense excluding IFRS 16	349	331	146	41	8
Average shareholders' equity	55,846	57,808	59,130	60,475	59,643
IFRS 16 effect	-111	0	0	0	0
Average shareholders' equity excluding IFRS 16	55,735	57,808	59,130	60,475	59,643
Average interest-bearing liabilities	49,442	19,217	15,446	6,766	1,658
IFRS 16 effect	-31,867	0	0	0	0
Average interest-bearing liabilities excluding IFRS 16	17,576	19,217	15,446	6,766	1,658
Return on capital employed excluding IFRS 16	2.8%	23.0%	21.2%	31.0%	39.2%

**For the 12 months ended
30 November**

	2020	2019	2018	2017	2016
<i>(SEK million, except as stated)</i>					
Share of risk-bearing capital					
Shareholders' equity	54,623	57,069	58,546	59,713	61,236
Deferred tax liability	3,988	4,423	5,088	5,331	4,898
Balance sheet total	174,371	120,485	118,790	106,562	98,579
Share of risk-bearing capital	33.6%	51.0%	53.6%	61.0%	67.1%
Share of risk-bearing capital excluding IFRS 16					
Shareholders' equity	54,623	57,069	58,546	59,713	61,236
IFRS 16 effect	-222	0	0	0	0
Shareholders' equity excl. IFRS 16	54,401	57,069	58,546	59,713	61,236
Deferred tax liability	3,988	4,423	5,088	5,331	4,898
IFRS 16 effect	-83	0	0	0	0
Deferred tax liability excl. IFRS 16	3,905	4,423	5,088	5,331	4,898
Balance sheet total	174,371	120,485	118,790	106,562	98,579
IFRS 16 effect	-59,799	0	0	0	0
Balance sheet total excl. IFRS 16	114,572	120,485	118,790	106,562	98,579
Share of risk-bearing capital excluding IFRS 16	50.9%	51.0%	53.6%	61.0%	67.1%
Cash Conversion					
Cash flow from operating activities	25,900	28,986	21,287	21,587	23,775
EBITDA	29,052	28,397	25,164	29,057	31,428
Cash Conversion	89.2%	102.1%	84.6%	74.3%	75.6%
Cash Conversion excluding IFRS 16					
Cash flow from operating activities	25,900	28,986	21,287	21,587	23,775
IFRS 16 effect	-14,174	0	0	0	0
Cash flow from operating activities excl. IFRS 16	11,726	28,986	21,287	21,587	23,775
EBITDA excl. IFRS 16	13,872	28,397	25,164	29,057	31,428
Cash Conversion excluding IFRS 16	84.5%	102.1%	84.6%	74.3%	75.6%
Operating Working Capital					
Accounts Receivable	3,086	5,879	6,329	5,297	4,881
Stock-In-Trade	38,209	37,823	37,721	33,712	31,732
Accounts Payable	-9,511	-7,838	-6,800	-7,215	-7,262
Operating Working Capital	31,784	35,864	37,250	31,794	29,351
Total Working Capital					
Operating Working Capital	31,784	35,864	37,250	31,794	29,351
Tax receivables	1,686	1,555	1,448	2,375	0
Other receivables	2,397	1,736	1,607	1,874	2,533
Prepaid expenses	3,440	2,967	2,881	2,770	2,071
Tax liabilities	-1,708	-2,752	-1,163	-918	-434
Other liabilities	-3,983	-4,476	-3,800	-3,672	-5,036
Accrued expenses and prepaid income	-19,881	-25,719	-23,167	-19,048	-16,846
Total Working Capital	13,735	9,175	15,056	15,175	11,639
Total Working Capital excluding IFRS 16					
Operating Working Capital	31,784	35,864	37,250	31,794	29,351
Tax receivables	1,686	1,555	1,448	2,375	0
Other receivables	2,397	1,736	1,607	1,874	2,533
Prepaid expenses	3,440	2,967	2,881	2,770	2,071
IFRS 16 effect	-385	0	0	0	0
Prepaid expenses excl IFRS 16	3,055	2,967	2,881	2,770	2,071
Tax liabilities	-1,708	-2,752	-1,163	-918	-434
Other liabilities	-3,983	-4,476	-3,800	-3,672	-5,036
Accrued expenses and prepaid income	-19,881	-25,719	-23,167	-19,048	-16,846
IFRS 16 effect	-4,239	0	0	0	0
Accrued expenses and prepaid income excl IFRS 16	-24,120	-25,719	-23,167	-19,048	-16,846
Total Working Capital excluding IFRS 16	9,111	9,175	15,056	15,175	11,639

	As at 30 November 2020
	(SEK million)
Interest-bearing long-term liabilities excluding IFRS 16	
Interest-bearing long-term liabilities	59,503
IFRS 16 effect	-50,458
Interest-bearing long-term liabilities excluding IFRS 16	9,045
Interest-bearing current liabilities excluding IFRS 16	
Interest-bearing current liabilities	21,174
IFRS 16 effect	-13,275
Interest-bearing current liabilities excluding IFRS 16	7,899

Please see “Alternative Performance Measures – Description of Alternative Performance Measures” below for a further description of certain of the financial measures set out in the table above.

ALTERNATIVE PERFORMANCE MEASURES

The section “*Alternative Performance Measures*” on page 97 of the Offering Circular is deleted in its entirety and replaced by the following:

Definitions

Net Debt	<p>Interest-bearing liabilities including pension liabilities less cash and cash equivalents as well as short-term investments.</p> <p>Reason for use: To show the net value of interest-bearing assets and interest-bearing liabilities.</p>
Net Debt Excluding IFRS 16	<p>Interest-bearing liabilities including pension liabilities less cash and cash equivalents as well as short-term investments, calculated excluding IFRS 16 effects.</p> <p>Reason for use: To show the net value of interest-bearing assets and interest-bearing liabilities.</p>
EBITDA	<p>EBITDA (Earnings Before Interest Depreciation and Amortisation). Operating profit, before interest, taxes, depreciation and impairments.</p> <p>Reason for use: A measure that complements operating profit, since it shows the cash surplus from operations.</p>
EBITDA Excluding IFRS 16	<p>EBITDA (Earnings Before Interest Depreciation and Amortisation). Operating profit, before interest, taxes, depreciation and impairments, calculated excluding IFRS 16 effects.</p> <p>Reason for use: A measure that complements operating profit, since it shows the cash surplus from operations.</p>
EBITDA margin	<p>EBITDA divided by net sales.</p> <p>Reason for use: This measure shows how the EBITDA measure performs in relation to net sales.</p>
EBITDA margin Excluding IFRS 16	<p>EBITDA divided by net sales, calculated excluding IFRS 16 effects.</p> <p>Reason for use: This measure shows how the EBITDA measure performs in relation to net sales.</p>
Net Debt/ EBITDA	<p>Net debt divided by EBITDA.</p> <p>Reason for use: This measure displays how the Group’s indebtedness relates to the EBITDA measure. Net debt / EBITDA is always presented with EBITDA calculated on a rolling four quarter basis.</p>
Net Debt/EBITDA Excluding IFRS 16	<p>Net debt divided by EBITDA, calculated excluding IFRS 16 effects.</p> <p>Reason for use: This measure displays how the Group’s indebtedness relates to the EBITDA measure. Net debt / EBITDA is always presented with EBITDA calculated on a rolling four quarter basis.</p>
Interest Coverage	<p>EBITDA divided by interest paid for the Group.</p> <p>Reason for use: This measure is indicative of the Group’s financial health as it shows how well it can carry its interest expense.</p>

Interest Coverage Excluding IFRS 16	<p>EBITDA divided by interest paid for the Group, calculated excluding IFRS 16 effects.</p> <p>Reason for use: This measure is indicative of the Group's financial health as it shows how well it can carry its interest expense.</p>
Free Cash Flow	<p>Cash flow from operating activities minus investments.</p> <p>Reason for use: This measure indicates relevant cash flow that the Group generates after strategical investments but before financing activities including potential dividend.</p>
Free Cash Flow Excluding IFRS 16	<p>Cash flow from operating activities minus investments, calculated excluding IFRS 16 effects.</p> <p>Reason for use: This measure indicates relevant cash flow that the Group generates after strategical investments but before financing activities including potential dividend.</p>
Return on Equity	<p>Profit for the year in relation to average equity.</p> <p>Reason for use: Return on equity is used as a measure of how investments are used to generate increased revenue.</p>
Return on Equity Excluding IFRS 16	<p>Profit for the year in relation to average equity, calculated excluding IFRS 16 effects.</p> <p>Reason for use: Return on equity is used as a measure of how investments are used to generate increased revenue.</p>
Return on capital employed	<p>Profit after financial items plus interest expense in relation to average equity plus average interest-bearing liabilities.</p> <p>Reason for use: A measure of profitability after taking into consideration the amount of capital employed. A higher return on capital employed indicates that the capital is being used more effectively.</p>
Return on capital employed Excluding IFRS 16	<p>Profit after financial items plus interest expense in relation to average equity plus average interest-bearing liabilities, calculated excluding IFRS 16 effects.</p> <p>Reason for use: A measure of profitability after taking into consideration the amount of capital employed. A higher return on capital employed indicates that the capital is being used more effectively.</p>
Share of risk-bearing capital	<p>Equity plus deferred tax liability in relation to the balance sheet total.</p> <p>Reason for use: Shows financial potential and independence to develop the business.</p>
Share of risk-bearing capital Excluding IFRS 16	<p>Equity plus deferred tax liability in relation to the balance sheet total, calculated excluding IFRS 16 effects.</p> <p>Reason for use: Shows financial potential and independence to develop the business.</p>
Cash Conversion	<p>Cash flow from operating activities in relation to EBITDA.</p> <p>Reason for use: A measure of how much operating cash flow a company generates in relation to its accounting profit.</p>
Cash Conversion Excluding IFRS 16	<p>Cash flow from operating activities in relation to EBITDA, calculated excluding IFRS 16 effects.</p> <p>Reason for use: A measure of how much operating cash flow a company generates in relation to its accounting profit.</p>

Operating working Capital	<p>Accounts Receivable plus Stock-In-Trade minus Accounts Payable.</p> <p>Reason for use: Assess a company's liquidity and operational efficiency as it looks at current trade related current assets and liabilities required to operate the business.</p>
Total Working Capital	<p>Operating Working Capital plus Tax receivables, Other receivables and Prepaid expenses minus Tax liabilities, Other liabilities and Accrued expenses and prepaid income.</p> <p>Reason for use: Assess a company's liquidity and operational efficiency as it looks at current assets and liabilities required to operate the business.</p>
Total Working Capital Excluding IFRS 16	<p>Operating Working Capital plus Tax receivables, Other receivables and Prepaid expenses minus Tax liabilities, Other liabilities and Accrued expenses and prepaid income, calculated excluding IFRS 16 effects.</p> <p>Reason for use: Assess a company's liquidity and operational efficiency as it looks at current assets and liabilities required to operate the business.</p>

SUBSCRIPTION AND SALE

The sections headed “*Subscription and Sale – Prohibition of sales to EEA and UK Retail Investors*” and “*– United Kingdom*” starting on pages 101 and 102, respectively, of the Offering Circular are deleted in their entirety and replaced as follows, respectively:

Prohibition of sales to EEA Retail Investors

Unless the Final Terms in respect of any Notes specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Final Terms in relation thereto to any retail investor in the EEA. For the purposes of this provision:

- (a) the expression **retail investor** means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
 - (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in the Prospectus Regulation; and
- (b) the expression an **offer** includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the Final Terms in respect of any Notes specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, in relation to each Member State of the EEA (each a **Relevant State**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Final Terms in relation thereto to the public in that Relevant State except that it may make an offer of such Notes to the public in that Relevant State:

- (A) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (B) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the relevant Issuer for any such offer; or
- (C) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in (A) to (C) above shall require the relevant Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision:

- the expression **an offer of Notes to the public** in relation to any Notes in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes; and
- the expression Prospectus Regulation means Regulation (EU) 2017/1129.

United Kingdom

Prohibition of sales to UK Retail Investors

Unless the Final Terms in respect of any Notes specifies “Prohibition of Sales to UK Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme

will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Final Terms in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

- (a) the expression **retail investor** means a person who is one (or more) of the following:
- (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
 - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
 - (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation; and
- (b) the expression an **offer** includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the Final Terms in respect of any Notes specifies “Prohibition of Sales to UK Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Final Terms in relation thereto to the public in the United Kingdom except that it may make an offer of such Notes to the public in the United Kingdom:

- (A) at any time to any legal entity which is a qualified investor as defined in the UK Prospectus Regulation;
- (B) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the UK Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (C) at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Notes referred to in (A) to (C) above shall require the relevant Issuer or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision:

- the expression **an offer of Notes to the public** in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes; and
- the expression **UK Prospectus Regulation** means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

Other regulatory restrictions

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the

purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the relevant Issuer;

- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the relevant Issuer or the Guarantor; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

GENERAL INFORMATION

The sections headed “*General Information – Significant or Material Change* “ and “*– Auditors*” on page 107 of the Offering Circular are deleted in their entirety and replaced as follows, respectively:

“**Significant or Material Change**

Other than as disclosed in the section “*Description of H&M – Recent Developments*” there has been no significant change in the financial performance or position of H&M or the Group since 30 November 2020.

Other than as disclosed in the sections “*Description of H&M – Recent Developments*” and “*Selected Financial Information*”, there has been no material adverse change in the prospects of H&M or the Group since 30 November 2019.

There has been no significant change in the financial performance or position of H&M Finance since the date of its incorporation and no material adverse change in the prospects of H&M Finance since the date of its incorporation.”

“**Auditors**

Ernst & Young AB (**EY**), who are authorised and regulated by the Supervisory Board of Public Accountants (*Revisorsnämnden*), audited H&M’s accounts, without qualification, in accordance with IFRS for each of the two financial years ended on 30 November 2019 and 30 November 2018, and will audit H&M’s accounts in accordance with IFRS for the financial year ended 30 November 2020.

With effect from H&M’s annual general meeting to be held on 6 May 2021, EY will be replaced as auditors of H&M in line with ordinary course rotation of auditors.

H&M Finance is not required under Dutch company law to prepare audited financial statements and accordingly has not appointed auditors.”