

Reasoned statement by the board of H & M Hennes & Mauritz AB (publ) in accordance with Chapter 18 § 4 of the Swedish Companies Act

In connection with the proposal by the board that an extraordinary general meeting be held on 28 October 2021 to resolve on a dividend of SEK 6.50 per share, corresponding to SEK 10,758 m in total, the board hereby presents the following reasoned statement in accordance with Chapter 18 § 4 of the Swedish Companies Act.

The board finds that there is full coverage for H & M Hennes & Mauritz AB's (the parent company's) restricted equity after the proposed dividend. The board also finds the proposed dividend to be justifiable taking into consideration what is stated in Chapter 17 § 3 second and third paragraphs of the Swedish Companies Act. In this connection the board wishes to note the following.

Following the proposed dividend the parent company and the group will continue to have a good equity/assets ratio, and the board considers this ratio to be satisfactory taking into account the industry in which the company operates.

In the board's opinion, the proposed dividend will not affect the parent company's or the group's ability to meet its payment obligations, and the parent company and the group are well prepared to deal with any changes with regard to liquidity as well as unexpected events.

The board regards the parent company and the group as having the prerequisites to take future business risks and also to withstand any losses. The proposed dividend is not expected to negatively affect the parent company's and the group's ability to make further investments for which there is a business case in accordance with the board's plans.

In addition to what is stated above, the board has considered other known circumstances that may be of significance for the financial position of the parent company and the group. In this consideration no circumstances have emerged that might make the proposed dividend appear unwarranted.

The board of directors' ambition is for the H&M group to have sustainable and profitable growth, thereby allowing a good return for shareholders while ensuring that investments in the business can proceed with a strong financial profile and freedom of action.

In conjunction with the full-year report on 30 January 2020 the board proposed a dividend of SEK 9.75 per share, corresponding to SEK 16,137 m in total. This dividend proposal was withdrawn in March 2020, however, as market conditions had changed drastically due to the uncertainty brought about by the corona pandemic. There has therefore been no resolution on a dividend since spring 2019. Based on the impact of the pandemic the board has been continuously analysing the global situation, market conditions and the company's financial position to see whether a dividend is possible.

The company's financial position is strong and has been strengthened further during the year as a result of increased financial net cash, improved working capital and more efficient financing, due to – among other things – a good recovery, lower stock levels and continued positive effects from invoice management and payment processes. In the third quarter 2021 the company was able to report strong operating profit of SEK 6,272 m and cash flow from operating activities of SEK 37,210 m.

Non-restricted equity in the parent company and the group's retained earnings amounted to SEK 19,577 m and SEK 53,426 m respectively as at 30 November 2020. As no dividend has been paid since this date, the disposable funds according to Chapter 17 § 3 first paragraph of the Swedish Companies Act is the same amount, i.e. SEK 19,577 m. If the extraordinary general meeting approves the board's

proposal, around SEK 8,819 m of the non-restricted equity calculated as at 30 November 2020 will remain. In the board's assessment, after the proposed dividend the equity of the parent company and the group will be sufficient in relation to the nature and extent of the business and its risks.

Stockholm, 30 September 2021

The Board of Directors of H & M Hennes & Mauritz AB (publ)

Karl-Johan Persson
Chair of the board

Stina Bergfors
Board member

Anders Dahlvig
Board member

Danica Kragic Jensfelt
Board member

Margareta Welinder
Board member

Lena Patriksson Keller
Board member

Tim Gahnström
Board member

Christian Sievert
Board member

Erica Wiking Häger
Board member

Niklas Zennström
Board member