

Universidade do Minho
Escola de Economia, Gestão e Ciência Política

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Equity Research Report
H&M

abril de 2026

Equity Research Report H&M
Luís Igreja
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Equity Research Report:
H&M

Master´s Project
Master´s in Finance

Supervised by:
Professor Nélson Areal

abril de 2026

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Finalising this master's thesis represents the conclusion of my path at Universidade do Minho.

First, I have to thank Professor Nélson Areal, who helped me while doing this thesis. Professor Nélson Areal was always engaged throughout this project, and, more importantly, his advice and support were critical to its completion.

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Finally, I want to express my appreciation to all of my friends and colleagues, both in work and in the Master's program, for accompanying me on this journey and, above all, for applauding each of my achievements.

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Resumo

O presente trabalho é um Equity Research Report, realizado no âmbito do Mestrado em Finanças da Universidade do Minho. Este relatório segue o Formato do CFA Institute para analisar a Hennes & Mauritz (H&M), um dos grupos líderes mundiais de moda.

A H&M é uma empresa global de moda sueca, que vende uma variedade de roupa, calçado, acessórios para mulher, criança e homem.

A avaliação foi realizada com três métodos distintos: o método dos fluxos de caixa descontados, avaliação relativa e método de ganhos anormais, projetando os indicadores financeiros da H&M até 2031.

No dia 8 de abril de 2026, uma ação da H&M valia 174 SEK. Comparativamente aos resultados da análise, a recomendação de investimento para as ações da H&M é SELL, com um preço alvo de 148 SEK, refletindo uma potencial downside de -14,9%.

Palavras-Chave: Avaliação de empresas, Equity Research, Fast Fashion, Retalho

Abstract

This document is an Equity Research Report, undertaken within the scope of the Master's in Finance at the University of Minho. This equity research project uses the Chartered Financial Analyst Institute's (CFA) Equity Report format to analyze Hennes & Mauritz (H&M).

H&M is a global fashion and design company, based in Stockholm, Sweden, that sells a wide range of women's, men's, and children's clothing, footwear, cosmetics, and accessories.

To conduct the valuation, three methods were used: the discounted cash flow method, relative valuation, and the abnormal earnings method, forecasting H&M´s financials for 5 years until 2031.

As of 8 April, H&M had a stock price of 174 Sveriges Krona (SEK). Compared with the results of the valuation (target price of 148 SEK at the end of 2026), a SELL recommendation is issued reflecting a downside of -14.9%.

Keywords: Equity Research, Fast Fashion, Investment Recommendation, Retail, Valuation

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List of Acronyms

AE- Abnormal Earnings
AI - Artificial Intelligence
CAGR- Compound Annual Growth Rate
CAPEX - Capital Expenditure
CEO - Chief Executive Officer
CFA - Chartered Financial Analyst
D&A - Depreciation & Amortization
D/E- Debt-to-Equity
DCF - Discounted Cash Flow
DPS - Dividend per Share
EBIT - Earnings Before Interest and Taxes
EBITDA - Earnings Before Interest, Taxes, Depreciation & Amortization
ERP- Equity Risk Premium
ESG - Environmental, Social and Governance
EU - European Union
EV - Enterprise Value
FCFF - Free Cash Flow to the Firm
GDP - Gross Domestic Product
IMF - International Monetary Fund
IPO - Initial Public Offering
NOPAT - Net Operating Profit After Tax
P/E - Price-to-Earnings
RFID - Radio Frequency Identification
ROIC- Return on Invested Capital
ROE - Return on Equity
SEK- Sveriges Krona
SG&A- Selling, General & Administrative
WACC - Weighted Average Cost of Capital
WC - Working Capital

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H&M: Early Signs Of a Turnaround?

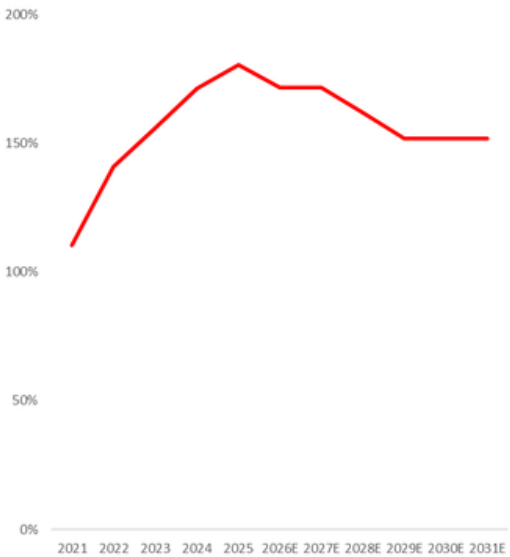
1. Investment Summary

Exhibit 1 - Research own forecast

Research Snapshot	
Investment Recommendation:	**SELL**
Target Price 31/12/2026	**148,00 SEK**
Upside (Downside)	**-14,9%**
Current Price 8/04/2026	**174.00 SEK**
Stock Exchange	Nasdaq Stockholm
Industry	Apparel & Accessories
GICS Sector	Consumer Discretionary
Ticker (Bloomberg)	HMB:SS
52w Price Range	SEK 120.00 - 194.30
Free Float	30%
Shares Outstanding (#M)	1 604,5
Market Cap (SEK B)	**279,2**
Dividend Yield (%)	3,61%

(Source: Own analysis)

Exhibit 2 - Evolution of H&M Debt-to-Equity Ratio in % (2021-2031)



(Source: Bloomberg and own forecast)

The coverage of H&M starts with a **SELL** recommendation and a price target of 148 SEK, with 14.9% downside from the 174 SEK as of 8 April 2026. This price target is grounded in a valuation using the Discounted Cash Flow (DCF) valuation method, which was complemented with an Abnormal Earnings (AE) and a relative valuation. The turnaround is in its initial stages, but at 174 SEK, investors are seeing a recovery that has not yet materialized.

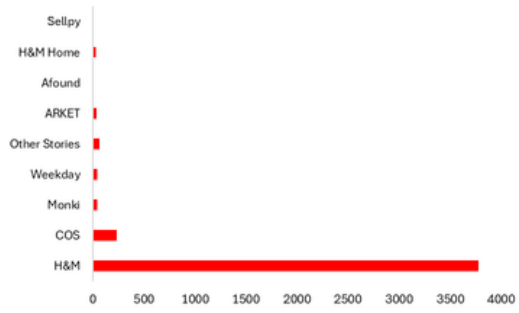
1) Some wins, but there is still work to do.
There are several operational improvements, but they aren´t strong enough to justify the current stock price. Gross margin has been improving to 53.36% in FY2025, with the current deployment of Radio Frequency Identification (RFID) expected to further increase margins. Also, management is betting on an omnichannel strategy, with store renovations and increasing online presence, which already account for 30% of H&M's total revenue, and is starting to bear some fruit. However, the dependency of the H&M brand and slowness in store renovation due to H&M's high debt and lower liquidity show that there is still work to do by management. Our model, which sees revenue growth increasing to 1.9% in 2031 and Earnings Before Interest, Taxes, Depreciation,and Amortization (EBITDA) margin expanding from the current 17% to 18% in 2031 from the current 17%, produces a price target of 148 SEK.

2) The High debt load and payout ratio hinder management's range of action.
H&M's debt-to-equity (D/E) ratio surpassed 180%, due to a dividend payout policy that forced the company to take on debt in the last few years, and is forecasted to continue to be above 90% in the forecast. This heavily constrains H&M's capex, which is necessary to invest in renovating stores and introducing AI in the supply chain and customer experience.

3) The threat from ultra-fast fashion apps is structural, and the market is underpricing the governance risks
The arrival of ultra-fast fashion apps, such as Shein, with a quick collection rotation, represents a structural threat to H&M's business, especially with the younger, more tech-savvy areas of the market. At the same time, governance issues have been plaguing H&M, with the founding family controlling 65.74% of the shares but 83% of the voting, constraining management's ability to defend H&M's market share, with the board not willing to take hard decisions that will allow the success of the turnaround, such as maintaining the payout ratio and store closures and renovations. Not only that, analysts have been flagging that the founding family is planning to take the company private, although the founding family has been denying those claims.

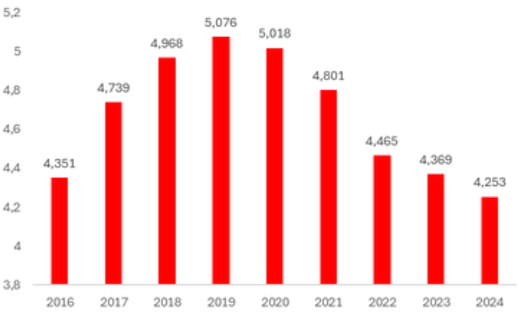
2. Business Description

Exhibit 3 - Number of Stores per Brands



(Source: H&M Annual Report 2024)

Exhibit 4 - Total Number of Stores (2016-2024)



(Source: H&M Annual Report 2024)

Exhibit 5 - Segment per Brand

Brand	Segment
H&M	Trendy and affordable fashion for men, women and children
COS	Minimalistic premium fashion for men and women
Weekday	Modern urban fashion with high streetwear influence
Monki	Affordable and criative style for teens and young adults
& Other Stories	High end fashion for men and women with a focus on design and lifestyle
Arket	Essential collections for women, men, children and home
H&M Home	Home décor
Afoud	Outlet platform
Sellpy	Digital platform for secondhand fashion

(Source: H&M Annual Report, 2024)

2.1 H&M Group

H&M (Hennes & Mauritz) is a global fashion and design company, based in Stockholm, Sweden, that sells a wide range of women's, men's, and children's clothing, footwear, cosmetics, and accessories. Founded by Erling Persson in 1947 as Hennes (hers in Swedish), a women's wear store in Vasteras. In 1968, Hennes purchased Mauritz Wildforss, a hunting and men´s clothes brand, forming Hennes & Mauritz. The company soon expanded its business internationally by opening its first store in Norway in 1981, with Denmark, the UK, and Switzerland soon following. This marked the beginning of H&M's international expansion, with the company present in 79 markets by 2024. H&M conducted its initial public offering (IPO) on the Stockholm Stock Exchange in 1974. H&M's share price had an all-time high closing price of 363.80 SEK.

The H&M Group has a multi-brand strategy, using different brands to cater to different market segments. Currently, the group has nine different brands. Most brands focus on clothing, with H&M being the main brand of the group by offering fashion for men, women, and children, which is reflected in the higher number of stores H&M has compared to the other brands of the group, as you can see in Exhibit 3. The other brands include H&M, H&M Home, COS, Weekday, Monki, ARKET, & Other Stories, Afound, and Sellpy (H&M, 2024). According to the H&M Group Report of 2024, the group offered its products through 4,250 physical stores across 79 markets (H&M, 2024) and had approximately 140,000 employees, reinforcing its strong global presence.

In the global apparel industry, H&M distinguishes itself from its peers by leveraging cost efficiency from a supply chain located in lower-cost countries and a multi-price-tier brand portfolio that targets value, mainstream, and accessible premium consumers, thus setting H&M apart from other industry peers.

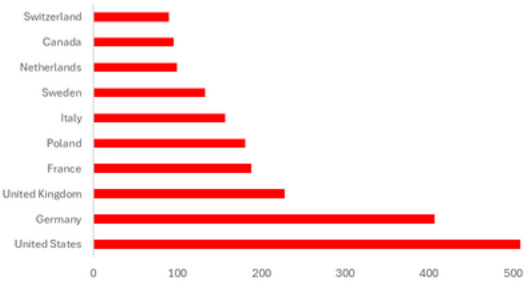
2.2 Business Model

H&M´s business model is centered on offering affordable and trendy clothing to its customers by linking a large physical retail network with a growing online presence. The company generates profit primarily by selling clothing. The company serves multiple business segments and demographics with its several brands, with each one being tailored to different segments. In order to promote the brand, H&M uses traditional advertising such as TV Ads and collaborations with famous brands and designers, such as Versace and Karl Lagerfeld.

In contrast to most of its vertically integrated competitors in the industry, H&M supply chain is more decentralized, relying heavily on third-party manufacturers located on lower-cost countries. H&M, compared to other traditional apparel retailers, operates more shops that are smaller in size, but more numerous, acting as a core part of its omnichannel strategy to offer a seamless integration between its e-commerce platform and physical stores. Its ability to quickly adapt to the evolution of customers' preferences, thanks to H&M's decentralized supply chain, allows it to respond quickly to changing customer needs and a significant competitive advantage compared to non-fast fashion apparel retailers.

2.3 Revenue Breakdown

Exhibit 6 - Number of stores of the H&M group worldwide as of 2024



(Source: Statista)

H&M has stores in more than 70 countries, with most of its stores managed directly by the company. Sales in FY2025 were 228285 SEK (-2.6% in local currency), showing the effect of closing less profitable stores.

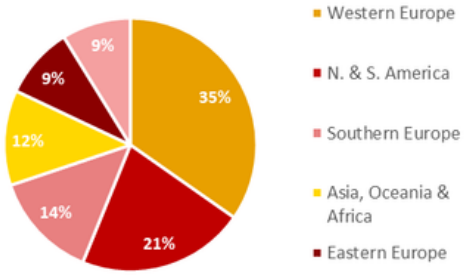
These sales were scattered across six key regions: Western Europe remains the main market, generating sales of 79195 SEK or 34.7% of total revenues. The Americas follow with 48999 SEK (21.5%), while Southern Europe and Asia, Oceania, and Africa contribute with 31281 SEK (13.7%) and 27729 SEK (12.1%), respectively. Finally, Eastern Europe and the Nordics represented 20934 SEK (9.2%) and 20,147 SEK (8.8%), as illustrated in Exhibit 7.

In addition, online sales keep increasing as a bigger proportion of overall sales, with their online sales representing more than 30% of overall sales(H&M Group Six Month Report, 2025).

3. Industry Overview

3.1 Macroeconomic Environment

Exhibit 7 - Revenues per region (2025)



(Source: H&M Annual Report 2025)

Regarding the global economy, H&M's key markets face a volatile economic environment in 2026 and beyond. When it comes to the H&M home market, the Nordics, the economic forecasts are mixed, with better gross domestic product (GDP) growth in 2026 prospects for Denmark (+2.3%), Finland (+2%), and Sweden (+2%), but with less growth projected for Norway (+1.6%) (Danske Bank, 2025). Overall, the H&M home region's GDP is expected to grow at 1.4% in 2026 and 2027, declining to 1.3% GDP growth in 2031.

For Western Europe, H&M's largest market, the economic problems experienced in the United Kingdom, France, and Germany will continue, although Southern and Eastern European economies will fare better. Western Europe is forecasted to grow at 1.4% in 2026-2027, declining to 1% in 2031. Southern Europe will outperform with a 1.5% GDP growth projected in 2031, while Eastern Europe will have a stable 2% GDP growth per year until 2031.

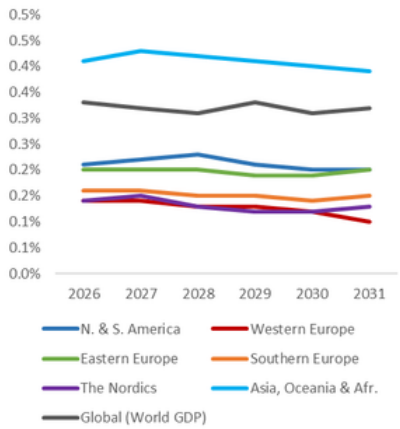
In the Americas, H&M's second-largest region, the economic outlook is for 1.6% GDP growth in the US, with Brazil, where H&M opened its first stores in the Autumn of 2025, expected to grow 1.9% in 2026 (Fitch, 2025). At the regional level, the Americas are forecasted to grow 2.1% per year in 2026-2027, with a slight decline to 2% in 2030-2031.

For Asia, Oceania, and Africa, we should highlight the economic forecasts for markets that could be further avenues for growth, such as India, China, and Japan.

In the case of India, where H&M already had 65 stores in 2024, a GDP growth of 6.9% for 2026 constitutes a significant growth opportunity for H&M (UBS, 2024). The Bank of Japan expects a GDP growth of 0.7% for the Japanese economy (Bank of Japan, 2025). At last, the Chinese economy is expected to have a GDP growth of 4.7% in 2026, with a rebound in consumption that will benefit consumer businesses, such as the H&M group (Fitch, 2025). Taken together, the region is expected to grow at 4.1% in 2026 and then gradually decline until it reaches 3.9% in 2031. This region has the highest projected GDP growth until 2031 of all H&M operating segments.

Worldwide, GDP growth is expected to be 3.3% in 2026, remaining stable between 3.1% and 3.3% in the 2027-2031 forecast period (IMF DATAMAPPER, 2026).

Exhibit 8 - Projected GDP growth per region (2026-2031)



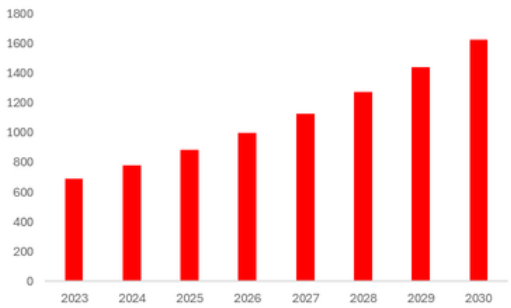
(Source: IMF DATAMAPPER, 2026)

Exhibit 9 - Industry EP Change by Value Segment



(Source: Amed et al.,2024)

Exhibit 10 - Fashion e-commerce market value worldwide



(Source: Amed et al., 2024)

Exhibit 11 - Generative AI use cases with the most potential in 2025, according to fashion executives



(Source: Amed et al.,2024)

3.2 Industry Key Trends

The fashion industry is experiencing a period of moderate growth, marked by shifting dynamics and increasing pressure on profit margins.

The world apparel market is expected to grow, according to Statista Market Insights at a Compound Annual Growth Rate (CAGR) of 2.52% per year through 2030, showing a mature industry in which firms dispute market share, volume growth is small, and there is an intensifying price competition. The growth in the industry is increasingly shifting to digital channels, with Statista projecting that the online apparel market will grow at a 4.86% CAGR until 2030 (Statista, 2025). It is within this mature and increasing digital industry that H&M faces pressure from traditional fast fashion players, premium casual wear brands, and new ultra-fast fashion arrivals.

Companies in this industry are facing issues with macroeconomic unpredictability, changing consumer behaviors, more stringent regulations, and an increasing push for digital transformation. These factors are expected to shape future trends, financial projections, and strategic decisions of the decision makers.

A significant challenge for brands in this industry is the increase in barriers and disruptions in supply chains, caused by shifting geopolitical headwinds (Amed et al., 2024). Furthermore, sustainability regulations are becoming tighter and difficult to handle.

While these policies may cause short-term financial difficulties, they can also provide long-term advantages for brands by improving brand positioning and gaining consumer trust. For example, new European laws mandate that apparel companies report excess stock and destroy unsold items by 2026 (Amed et al., 2024).

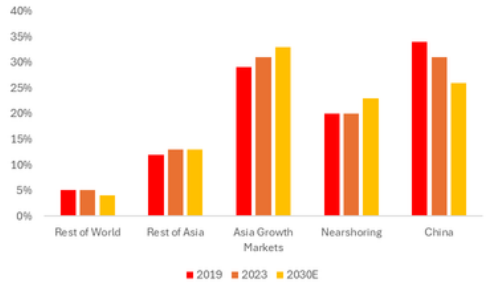
The next few years will be marked by a difficult economic outlook, as inflation and low growth are eroding consumer trust and their ability to engage in discretionary spending (Amed et al., 2024). The challenging economic conditions make consumers focus more on price, moving away from luxury goods. This shift will probably result in heightened price competition, causing pressure on the industry's financial health.

In this context, the arrival of ultra-fast fashion digital apps, such as Shein, has intensified competitive pressures, motivating firms to highlight the value of their offerings and brands, thus helping these firms retain customer loyalty.

However, the physical stores still have a relevant role, as consumers value the ability to touch and try on items and receive personal service. Over 75% of shoppers are ready to pay more for higher-quality customer service, and 81% lean towards shopping in stores that offer personalized services. This underscores the importance of integrating digital transformation with a physical retail presence; thus, brands should adopt an omnichannel strategy. (Kakroo, 2024).

The adoption of Artificial Intelligence (AI) is one of the most recent trends, offering a greater capacity for personalization in online shopping. In a survey by Google Shopping, 79% of customers say they would find it helpful for AI to understand their specific needs and recommend products, with 82% saying that they want AI to reduce their time spent researching what to buy (Amed et al., 2024). Besides helping with the customer journey, AI will have several use cases for the industry, as you can see in Exhibit 11.

Exhibit 12 - Diversification of apparel and textile sourcing (2019-2030)



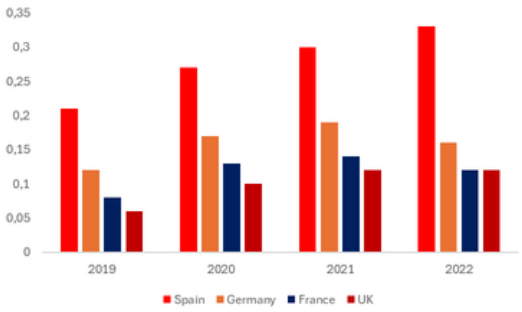
(Source:Amed et al.,2024)

Exhibit 13 - Porter´s Five Forces



(Source: Own Analysis)

Exhibit 14 - Share of Ultra-fast fashion brands by value in the fashion category



(Source: NIQ,2023)

In the last few years, there has been a clear trend for nearshoring to bring production closer to consumer markets and reduce logistics and geopolitical risks. Lastly, another trend that is shaping the industry supply chains is the relocation of manufacturing from China to other Asian countries, such as Vietnam, India, and Cambodia, prompted by lower labor costs (Amed et al, 2024).

3.3 Porter Five Forces

An insightful approach to analyzing an industry is through Porter's Five Forces model.

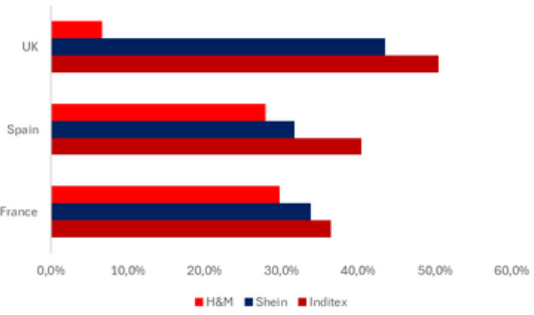
Threat of Substitutes | Weak (2)
Clothing is a necessity, ensuring steady demand for apparel. However, the growing second-hand apparel market can pose a threat, with McKinsey's State of Fashion 2026 forecasting that it will grow two to three times faster by 2027. The McKinsey State of Fashion 2025 shows that 85% and 77% of the US and China respondents, respectively, are increasingly using second-hand goods to explore aspirational brands for a future purchase, demonstrating that second-hand to first-hand products. Despite a growing second-hand market, no alternative product can replace clothing in full, thus keeping the possibility of substitution low.

Power of Suppliers | Weak (2)
The apparel sector uses a fragmented, geographically diverse supplier base, thus limiting its power. The diversification of apparel and textiles sourcing, as can be seen in Exhibit 12, shows this as the decline of Chinese sourcing and the growth in nearshoring and Asian growth markets, demonstrating that switching suppliers is feasible and widely practiced by firms in the industry, thus limiting suppliers' bargaining power.

Power of Buyers | High (5)
The bargaining power of consumers in the apparel industry is high, with zero switching costs, a wide array of alternatives, and an increasing price sensitivity by consumers. As stated in Euromonitor International´s Voice of Consumer, 71% of consumers are worried about the increased cost of living, and 19% say that a well-know brand name is a factor in apparel purchases in 2025, squeezing mid-market brands and amplifying the trending down tendency with McKinsey reporting in its State of Fashion of 2025 that over 70% of shoppers are planning to purchase from outlets or resale platforms even if their budget increased. Furthermore, online reviews and social media significantly affect brand reputation, further increasing the power of buyers.

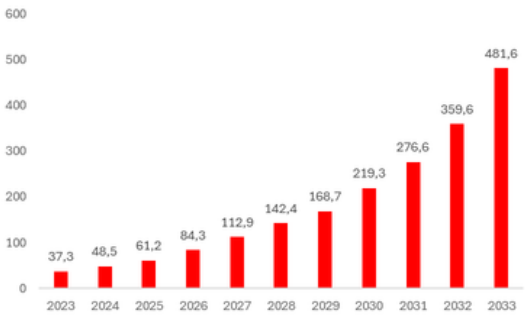
Rivalry Among Competitors | High (5)
The competition in the apparel sector is fierce. Firstly, the sector faces limited revenue growth and increasing competitive pressure as companies compete for market share (Euromonitor, 2026). Product differentiation in the mass-market segment is weak, with 80% of shoppers, according to Business of Fashion, responding that when prices increase, they will wait for promotions or buy a lower-cost alternative. Another aspect that makes the apparel sector competitive is the overcapacity, with a production of an estimated 2.5 billion and 5 billion items of surplus stock in 2023, which further erodes margins as brands need to sell these products at a discount (Amed et al., 2024). Lastly, a McKinsey survey found that 46% of apparel executives in 2026 think that the state of the industry will deteriorate, up from 39% in 2025(Amed et al., 2025).

Exhibit 15 - Market Share of Inditex, H&M and Shein in 2022



(Source: NIQ,2023)

Exhibit 16 - Market Share of Inditex, H&M and Shein in 2022



(Source: Marketresearch, 2024)

Threat of New Entrants | Medium (3)

A firm that enters the apparel industry faces several challenges in many dimensions, creating meaningful but not insurmountable barriers to entry. Incumbents benefit from significant economies of scale in sourcing, logistics, and marketing that new rivals cannot replicate, making it difficult for them to compete on price at launch.

Another issue that constrains new entrants is the arrival of new regulations, such as the EU Ecodesign for Sustainable Products Regulation, that increased compliance costs that affect more new entrants with less financial resources for inventory management. However, Bain, a consultancy, reported that the rise of e-commerce and social media lowered the threshold for entering the industry, although it is also noted in the report that fewer than 10% have scaled beyond a relevant revenue threshold (Bain & Company, 2024). Thus, the threat of new entrants is medium

3.4 Competitive Landscape

H&M is present on a multitude of different segments, facing competition from traditional fast fashion players, premium casualwear players, and ultra-fast fashion disruptors.

The traditional fast fashion segment competes on affordability, global reach, and on the latest trends to enter the market. While these brands have strong recognition and an extensive store network, many rely on outsourced production, which, as a result, makes them less agile in responding to changing consumer preferences.

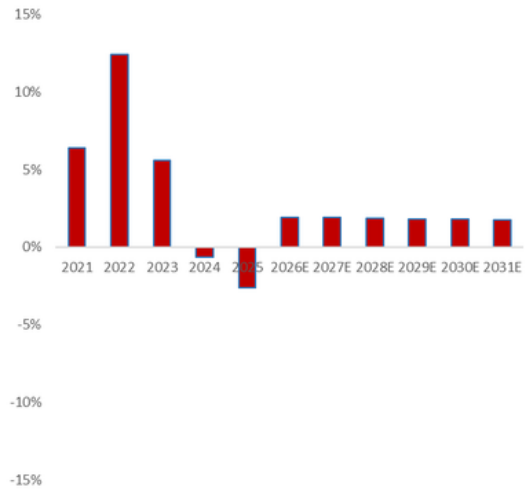
The ultra-fast fashion apps, led by Shein, changed the apparel industry. Shein can launch almost 10000 new items per day, compared to 4,400 items for H&M and 6,850 for Zara, with a much lower average price of 14$, being thus able to attract highly price-sensitive consumers (NIQ, 2023). However, questions related to labor practices and product quality create the opportunity for traditional fast fashion players, and H&M can position itself as a more regulated alternative with a wider physical presence.

In 2023, Temu surpassed Shein as the most downloaded free app in the United States, where H&M has its highest number of physical stores, by blending ultra-cheap products with a gamified shopping experience, reinforcing the pressure on physical retailers to intensify their digital footprints (NIQ, 2023).

In the lower end of the market, low-cost fashion focuses on high-volume sales and lacks digital presence, but provides accessible apparel. Although these businesses attract consumers, they lack the omnichannel infrastructure H&M has and may face challenges as consumer preferences change.

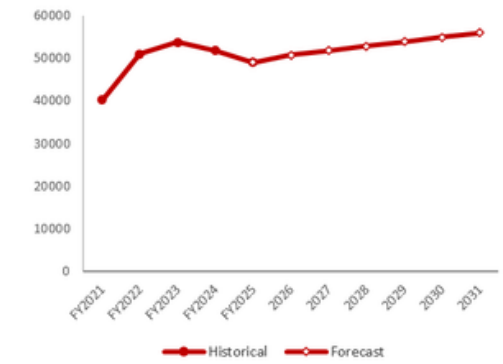
Unlike competitors that have in-house production, H&M's reliance on third-party suppliers' proximity sourcing strategy enables it to benefit from flexibility and scalability, since it can quickly adjust production sizes to changing market demands. In addition, an omnichannel strategy allows H&M to balance the digital shopping experience with a large network of physical stores. This hybrid model provides an excellent customer relationship, which improves accessibility and strengthens brand loyalty.

Exhibit 17 - Revenue Growth in the base case in % (2021-2031).



(Source: Own Analysis)

Exhibit 18 - Revenue evolution in North and South America in SEK (2021-2031)



(Source: Own Analysis)

Exhibit 19 - Revenue evolution in Western Europe in SEK (2021-2031)



(Source: Own Analysis)

4. Valuation Assumptions

4.1 Revenue

- **Strategic Growth Drivers**

The efficiency gains from store closures and automation, and the use of artificial intelligence in its supply chain and customer experience, will allow H&M's revenue to recover from 2026 onwards. Besides increased efficiency, H&M's expansion to emerging markets, such as Brazil, where it opened its first store in 2025, is a key avenue for growth, being supported by rising disposable incomes and strong consumer appetite for international affordable fashion. At the same time, H&M is betting on revamping its flagship stores in big global cities, such as Berlin and Tokyo, allowing H&M to improve its brand image and its customer experience and conversion rate.
Additionally, the renovation of existing stores, through more efficient layouts, better product presentation, and better stock management, will drive up customer experience and store visits, translating into better conversion rates and sales per square foot. Lastly, the performance of the womenswear line and partnerships with famous designers will represent another growth driver.

- **Bottom-up**

Rather than using a single revenue growth driver for H&M, it was decided to derive revenues from the ground up, using H&M's six operating segments: North America & South America, Western Europe, Eastern Europe, Southern Europe, The Nordics, and Asia, Oceania & Africa. To forecast the revenue, we derived an implied growth rate that is a weighted average of three inputs: IMF real GDP growth forecasts (50%), the Statista Global Apparel CAGR of 2.52% for 2025–2030 (35%), and historical revenue CAGR of H&M 2022–2025 (15%) for each one of the segments.
The decision to give more weight to GDP and industry CAGRs is deliberate, as H&M's CAGR over the last few years reflects the exit of its Russian operations (which represented 5% of total revenues in 2022) and the effect of store closures. Using GDP forecasts from the IMF and Statista Global Apparel CAGR allows us to anchor the model to industry and macroeconomic anchors, while keeping it grounded in H&M's commercial reality.
In order to better understand the drivers of the company's performance, projections were made individually for each of H&M's operating segments:

North and South America

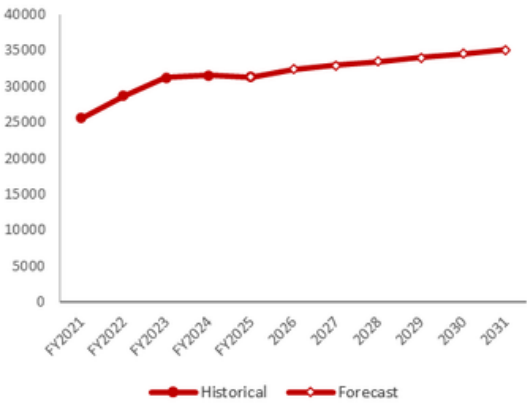
The Americas are H&M's second-largest geographic segment, representing 21.46% of sales. In 2023, revenues peaked at 53.785 SEK before declining to 48.999 SEK in 2025, because of a combination of store closures and a worse consumer sentiment in the United States, which is the group's biggest market in the region. Looking ahead, H&M's entry into Brazil, where the company opened its first store in 2025, taps into a market with strong disposable income growth and desires for international fashion. We project revenues growing from 50763 SEK in 2026 to 55887 SEK by 2031, with a CAGR of 2.2%.

Exhibit 20 - Revenue evolution in Eastern Europe in SEK (2021-2031)



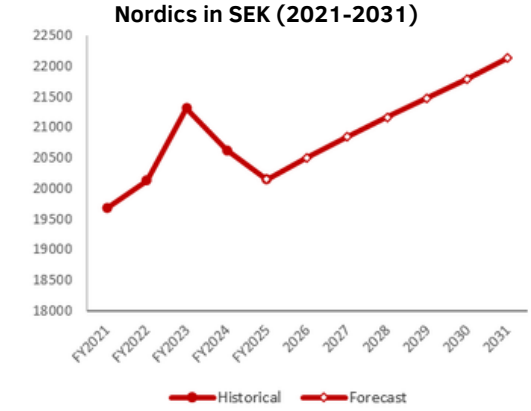
(Source: Own Analysis)

Exhibit 21 - Revenue evolution in Southern Europe in SEK (2021-2031)



(Source: Own Analysis)

Exhibit 22 - Revenue evolution in the Nordics in SEK (2021-2031)



(Source: Own Analysis)

- **Western Europe**

Western Europe is H&M's most important geographic segment, accounting for 35% of group revenues and having the strongest historical CAGR (+5.6%) of all regions. It is projected that revenue growth in this region will slow down, thus being consistent with the GDP growth slowdown in the region, marked by sluggish economic recovery in Germany after the pandemic and the fiscal problems in France and the UK. However, H&M's renovation of flagship stores in Berlin, Paris, and other major cities, combined with the omnichannel strategy, supports H&M's revenue growth in the region. Revenues are projected to rise from 81911 SEK in 2026 to 88255 SEK in 2031, with a CAGR of 1.8%.

- **Eastern Europe**

Eastern Europe is H&M's worst performer in terms of sales, and it is the only geographic segment where sales fell between 2021 and 2025. This region, which accounts for 9% of the group's revenue, has been heavily impacted by H&M's withdrawal from the Russian market following Russia´s invasion of Ukraine in 2022. The focus on markets such as Poland, Czechia, and Romania, the stronger GDP growth forecasts than in Western Europe, and H&M's bet on renovating existing stores, will enable revenues to reach 23236 SEK in 2031 with a CAGR of 1.8%.

- **Southern Europe**

Southern Europe, representing 13.70% of total sales in 2025, has been one H&M's best markets since the pandemic, helped by a good economic recovery in the region and H&M's strong presence of physical stores in the region. Looking ahead, IMF forecasts a GDP growth, on average, of 1.5% between 2026 and 2031, which, together with womenswear line revitalization, will allow revenues to grow from 32343 SEK in 2026 to 35070 SEK in 2031, a CAGR of 1.9%.

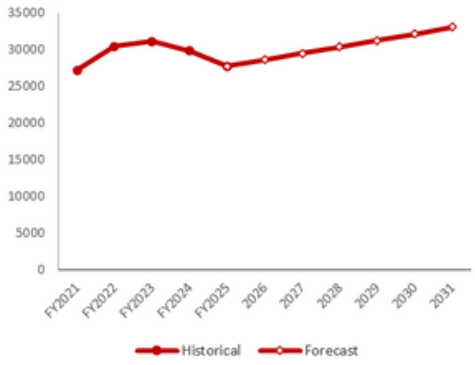
- **The Nordics**

The Nordics is H&M's native and most mature region, accounting for 8.83% of the group´s revenue. H&M's high number of stores in this region doesn´t leave room for volume-driven growth. Thus, H&M will focus on defending its market share against new ultrafast fashion rivals, while it continues to close unprofitable stores and renovate existing profitable ones with the goal of the physical stores being the center of an omnichannel strategy. Coupled with a slow GDP growth in the region, revenues will grow slowly with a CAGR of 1.6%.

- **Asia, Oceania & Africa**

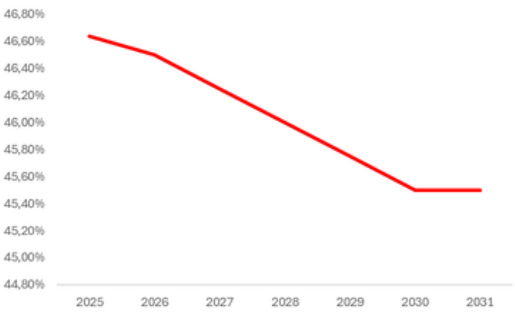
Accounting for 12% of H&M's total sales in 2025, is the region with the highest potential for revenue growth but with worse execution, as shown by the 0.5% revenue CAGR. This sluggish growth has been heavily impacted by the arrival of Shein and Temu, and a slower pace than expected of store renovation. Nevertheless, H&M bets on using AI to improve its customer experience, coupled with macroeconomic tailwinds in key markets that H&M is focused on, such as India and China, will allow revenues to grow from 28591 SEK in 2026 to 33035 SEK in 2031.

Exhibit 23 - Revenue evolution in Asia, Oceania & Africa in SEK (2021-2031)



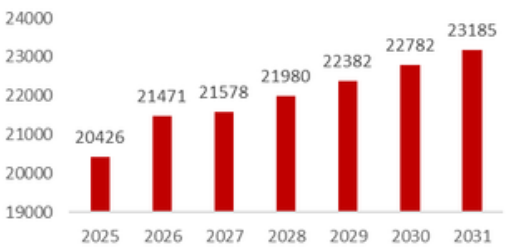
(Source: Own Analysis)

Exhibit 24 - Cost of Sales Margin Forecast - 2025 - 2031



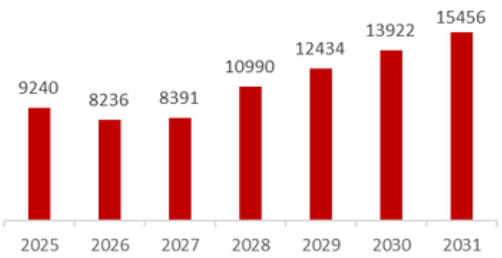
(Source: Own forecast)

Exhibit 25 - Depreciation and Amortization forecast, in billion SEK



(Source: Own forecast)

Exhibit 26 - CAPEX Forecast, in billion SEK (2025-2031)



(Source: Own forecast)

4.2 Cost of Sales

In relation to the cost of sales, it should be revealed that it encompasses raw materials, the costs of purchasing merchandise, and consumables. These mainly include costs connected to the production or acquisition of goods intended for sale or for further refinement. H&M's cost-of-sales margin is expected to stabilize at 45.50%, despite geopolitical tensions and the impact of US tariffs on H&M's bottom line. This is consistent with the industry key drivers, with a tepid macroeconomic outlook and an escalation of the geopolitical and trade tensions.

Nevertheless, this will be counterbalanced by a better management of H&M´s cost-of-sales margin, driven by the implementation of the RFID technology, enhanced inventory management, logistics automation, and AI productivity gains in H&M´s supply chain. Thus, from 2027 onwards, it is forecasted that the cost of sales margin will decline 50 basis points per year, until it stabilizes at 45.50% in 2030.

4.3 Depreciation & Amortization

H&M´s depreciation and amortization were forecasted using the five-year average depreciation and amortization rate. In the first two years, this average of 8.28% was used to calculate the values for the amortization and depreciation.

However, as H&M is expanding to new markets (especially in Latin America, with the opening of stores in Brazil), renovating flagship stores in global cities, and focusing on renovating existing stores with more advanced technology, the rate of depreciation and amortization will increase to 9%, reflecting this higher investment. Therefore, as shown in Exhibit 25, the total depreciation and amortization shows a tendency to small increases over the forecasted period.

4.4 Capital Expenditures

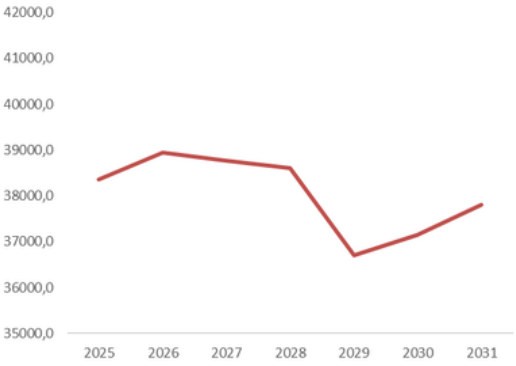
H&M´s capital expenditures (CAPEX) story has been a tale of ups and downs over the last several years. From 2019 until 2021, H&M's CAPEX had more than halved, driven by the effects of the global pandemic and management's decision to close unprofitable stores. However, from 2022 onwards, there was a turnaround in terms of CAPEX spending with investments in flagship stores, new store layouts, RFID, and other inventory management systems.

In the forecasted period, H&M CAPEX will follow a two-phase approach. In the first two years, CAPEX will remain constant at 3.5% of sales because of the investment in store renovations, RFID technology deployment, and investments in making the supply chain more efficient. As these efficiencies start to materialize on H&M's bottom line, management will relocate more capital towards a second wave of store renovations, AI investments in the supply chain, and using AI to enhance customer experience, growing CAPEX from 3.5% of sales in 2027 to 6% of sales in 2031.

4.5 Net Working Capital

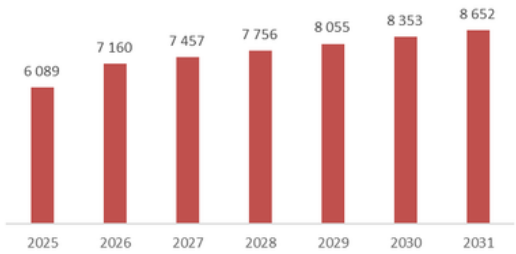
A main factor in the value generation of a business lies in its capacity to optimize its working capital management. The changes in this input vary according to inventories, accounts receivable, other current assets, in addition to accounts payable, as well as other current liabilities.

Exhibit 27 - Trade Payables Forecast, in billion SEK (2025-2031)



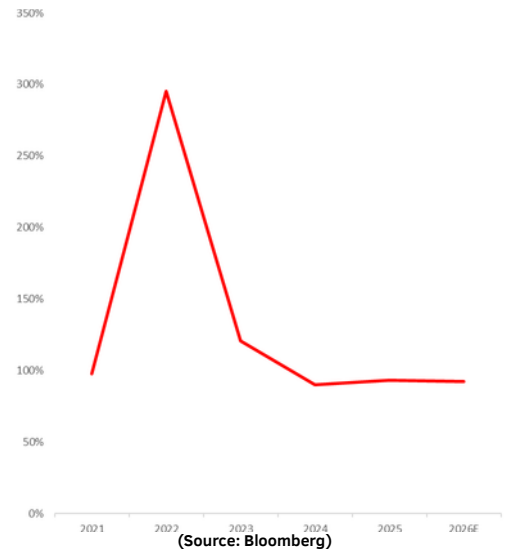
(Source: Own forecast)

Exhibit 28 - Operating WC Forecast, in billion € (2025-2031)



(Source: Own forecast)

Exhibit 29 - Payout Ratio Evolution (2021-2026)



(Source: Bloomberg)

The inventory turnover has risen from 3.01 to 3.10 between 2021 and 2025, supported by the implementation of RFID technology and better logistics management. Trade receivables are expected to stabilize due to an increase in direct sales. Other current assets are forecasted by using the last 3 years' average of 5.60%. Accounts payable were forecasted using the 5-year average, excluding 2020 of the turnover ratio as a percentage of the cost of sales. Other current liabilities were forecasted based on the last 3 years' average.

H&M maintains a positive working capital (WC) across all forecasted financial years, showing that it holds more current assets than current liabilities. This suggests a solid liquidity position and financial stability. Contrary to certain competitors in the industry that utilize negative working capital, receiving payments from customers before paying suppliers, H&M doesn´t rely on this financing mechanism.

4.6 Payout Ratio

The dividend story at H&M reflets the governance issues that have been plaguing H&M in the last few years. The founding family, Persson, sees H&M's dividend policy as a sacred commitment, with the company distributing more money to its shareholders than the money it generates, even if the company's market position has deteriorated in recent years.

However, the last two years, 2024 and 2025, have been different. For the first time in a few years, the board approved dividends with a payout ratio lower than the earnings 90.0% and 93.4%, in 2024 and 2025, respectively. The key question is whether this is a continuous change in the dividend policy of the founding family or just a concession to the heavy debt loads that H&M's balance sheet has.

Our view is that this is a continuous change based on management's remarks on investments such as store renovations, RFID deployment, and entering new markets such as Brazil. A payout ratio higher than 100% either requires raising new debt, which is unlikely due to H&M´s higher debt load and the liquidity stress that would create, or cutting investments that are critical to fend off new rivals such as Shein and established rivals such as Inditex and Fast Retailing, neither being consistent with H&M's objectives. In that sense, a payout ratio of 92% is used as the average of the last two years. However, it is important to acknowledge the risk of the Persson family reversing course on the reduction of the payout ratio, with even a slight rise to a 100% payout ratio pressuring H&M's balance sheet and put in question the management objective of a turnaround.

4.7 WACC Computation

To calculate the estimated cost of capital of H&M, the bottom-up beta approach using similar peers of the company was employed. To do so, the capital asset pricing model was applied, leading to a weighted average cost of capital (WACC) of 9.361%.

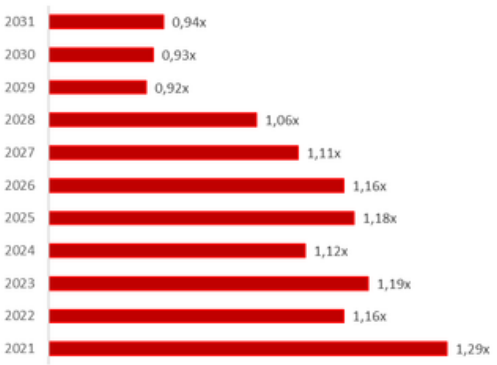
The estimates of the equity risk premium (ERP) and the risk-free rate were derived from the 10-year Swedish Government Bond (Trading Economics, 2025) and through a weighted average calculated using geographic revenue proportions, respectively. Thus, the levered beta of H&M was calculated using the average industry's unlevered beta, leveraging to the company structure, with a debt to equity ratio of 27.79%, and the marginal tax rate of 20.6%, reaching a value of 1.0755.

Exhibit 30 - Cost of Capital Inputs

Inputs	Values
Risk-Free Rate	2,62%
Tax Rate	20,6%
ERP	8,06%
Bu (industry)	0,88
BL	1,0755
Cost of Equity	11,285%
Cost of Debt	3,07%
WACC	**9,361%**

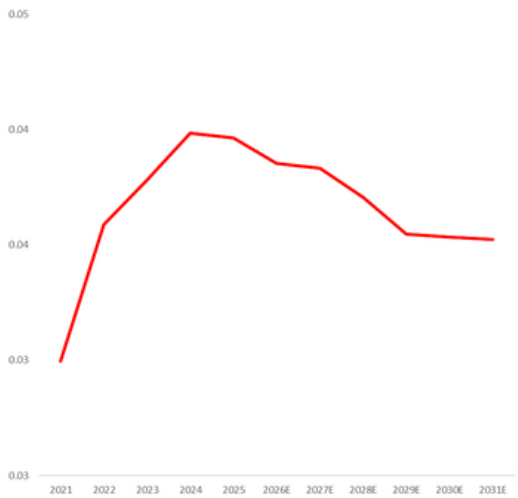
(Source: Own Analysis and Company Information)

Exhibit 31 - Evolution of the current ratio (2021-2031)



(Source: Bloomberg and own forecast)

Exhibit 32 - Evolution of H&M financial leverage (2021-2031)



(Source: Own Analysis and Company Information)

With this, a cost of equity of 9.361% was obtained. Using the cost of debt, the interest coverage ratio, and the spread and rating from Professor Damodaran's data, a synthetic rating of AAA was achieved. Subsequently, the risk-free rate was combined with the default spread to reach a cost of debt of 3.07%.

5. Financial Analysis

- **Liquidity Analysis**

H&M´s liquidity position has been deteriorating in recent years. Between 2019 and 2025, the current ratio has been declining from 1.30 in 2019 to 1.18 in 2025, slightly decreasing to 1.12 in 2024, indicating a decline in the ability of short-term assets to cover H&M´s short-term debts.
The quick ratio follows a different path than the current ratio, ranging between 0.51 and 0.68, which indicates that H&M can meet its obligations without depending on inventory sales. In turn, the cash ratio has been slowly declining from 0.26 in 2019 to 0.24 in 2024, although 2021 and 2023 were the exceptions.
Until 2031, the financial forecasts show a deteriorating outlook for H&M´s liquidity position, showing the impact of management investments for the group turnaround, coupled with a high payout ratio for shareholders. It´s forecasted that the current ratio would decline from 1.18 to 0.94 in 2031, showing that H&M's short-term liabilities will surpass its short-term assets in 2029. The quick ratio will decline from 0.60 in 2025 to 0.34 in 2031, showing growing strains on H&M´s capability to cover its short-term obligations while not liquidating its inventory. Lastly, the cash ratio will also deteriorate from 0.34 in 2025 to 0.05 in 2029 and then a small recovery to 0.07, demonstrating again the impact of a still high dividend policy and an increase in Capex to complete the turnaround.

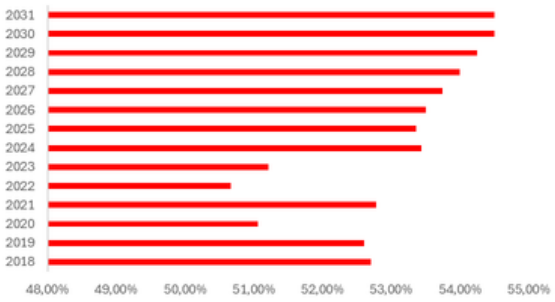
- **Solvency Analysis**

Regarding solvency, the pandemic marked a notable change in H&M´s capital structure. From 2019 to 2025, the Debt to total Assets increased from 14.57% to 45.54%, showing an increased reliance on external finance. In the forecast period, this indicator stabilized between 42.78% and 44.83%, suggesting that H&M is starting to stabilize its degree of leverage.
A similar story can be observed with the D/E ratio, which increased from 30.75% in 2019 to 180.56% in 2025 and should stabilize around 151.80% through 2031. This deterioration of H&M can be mainly attributed to the issuance of debt to fund dividend payments, as we can see in the evolution of the payout ratio, which is consistently above 100% between 2019 and 2023, except for 2020, where, due to the Covid-19 pandemic, no dividend payments were realized.
The Net Debt/EBITDA ratio shows the same picture, with an increase to 1.83 in 2027, followed by a decline to 1.60, as profits recover. Lastly, financial leverage followed the same path with a rise from 2.11 in 2019 to 3.96 in 2025, and it will slowly decline to 3.52 in 2031.

- **Profitability Analysis**

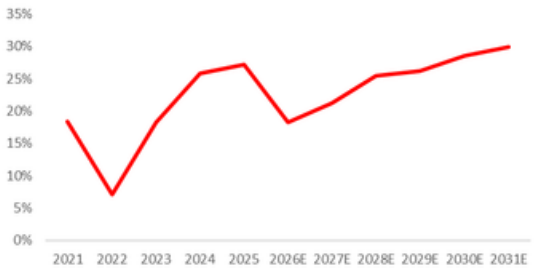
The gross margin has increased from 52.61% in 2019 to 53.36% in 2025, and it is expected to reach 54.50%. The EBITDA margin has been consistently above 12% since 2019, and it will increase in the forecast period, reaching 18% by 2031.

Exhibit 33 - Evolution of the gross margin in % (2018-2031)



(Source: Bloomberg and own forecast)

Exhibit 34 - Evolution of the ROE in % (2021-2031)



(Source: Bloomberg and own forecast)

Exhibit 35 - Evolution of the Net Margin in % (2021-2031)



(Source: Bloomberg and own forecast)

Net margin has been deteriorating with an average of the last 3 years (2022-2025) of 4.60%. However, in the forecasted period, it is expected to increase steadily until 6.01% in 2031, sustained by better inventory management and supply chain efficiency.
On returns, the return on assets has been declining, from 11.16% to 6.50% over the same period, with projections pointing to a small increase to 7.85% in 2031. The average equity return of H&M, excluding 2020, is 18.62%, with forecasts showing a decline in the first year, followed by a steady increase until 2031, reaching 29.98%.
A DuPont return on Equity (ROE) decomposition reveals that in 2025, the ROE of 27.2% was driven by a net profit margin of 5.12%, an asset turnover of 1.34, and an equity multiplier of 3.96. However, in 2031, the Dupont analysis shows that drivers have changed, reflecting a higher profit margin of 6.01% and a slight decline of the equity multiplier, showing a modest deleveraging of H&M's balance sheet.
Shareholders had a significant drop in dividends per share (DPS) in 2020 due to the COVID-19 pandemic, with DPS falling from 9.75 SEK to 0. After this decline, H&M resumed dividend payments to 6.49 SEK, lower than in 2019. In the forecast period, it is projected that DPS will decline to 4.90 SEK in 2026 and it will start slowly rising until it reaches 8.84 SEK in 2031.

6. Valuation

6.1 Valuation

In this section, H&M´s intrinsic value will be calculated based on three different and complementary valuation tools: the DCF method, the AE method, and the Relative Valuation method. Together, these three valuation tools provide a full understanding of the company's financial value, capturing the ability of H&M to generate future cash flows and its relative position to peers that operate in the same context.

- **DCF Valuation**

The DCF valuation methodology links an asset value with the present value of a company's future cash flows, discounted at a rate that captures the risk of these future cash flows.
To derive H&M´s intrinsic value, a free cash flow to the firm (FCFF) approach was used to project future cash flows between 2027 and 2031. These cash flows were discounted to the end of 2026 by applying a WACC of 9.36%, which was calculated using the beta bottom-up method. By using this method, a Debt-to-Value ratio of 24.1% and a levered beta of 1.089 were calculated, producing a cost of equity for H&M of 11.40%.
For each year in analysis, the FCFF was computed using this formula:

FCFF = Net Operating Profit After Tax (NOPAT) + D&A – CAPEX –(ΔWC)

The results were discounted to the final of 2026 using the WACC.
After that, the terminal value, the present value of cash flows after the forecasted period, was calculated by employing the Gordon Growth Model:

Terminal Value = NOPAT_terminal × (1 − Reinvestment Rate (RR)) × (1 + g) / (WACC − g)

Exhibit 36 - The Free Cash Flow to Firm in SEK

Terminal Value	202 061 SEK
Terminal Growth Rate	1,5%
Firm Value	306 118 SEK
Cash 2027	14 864 SEK
Total debt 2027	81 651 SEK
Non-controlling interest	50 SEK
Equity Value	239 280 SEK
Shares	1 612
Share Price	148,47 SEK

(Source: Own forecast)

Exhibit 37 - The Abnormal Earnings Method in SEK

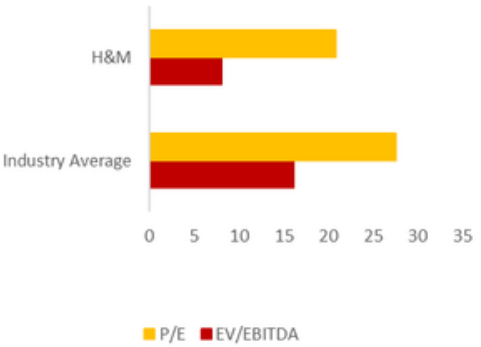
Value of the firm	241 463 SEK
Cash 2027	14 864 SEK
Total debt 2027	81 651 SEK
Non-controlling interest	50 SEK
Equity Value	174 625 SEK
Shares	1 612
Share price	108,35 SEK

(Source: Own forecast)

Exhibit 38 - Peers for the relative valuation

INDITEX GAP POLO RALPH LAUREN UNIQLO

Exhibit 39 - H&M and Industry average multiples



(Source: Own forecast)

However, we need to justify the two terminal value assumptions.
First of all, a terminal growth rate of 1.5% was assumed, reflecting that H&M is a retailer operating in a mature industry with a low CAGR noted previously in the competitive landscape, and it is our view that this CAGR is unlikely to be higher in the next few decades. Also, a terminal growth rate of 1.5% also accounts for the recent arrival of ultra-fast fashion rivals such as SHEIN and potential ultra-fast fashion rivals that may arise. Lastly, a lower terminal growth rate for H&M is also assumed due to governance issues that have plagued the company in recent years, such as an unsustainable dividend policy and the influence of the Persson family.
The ROIC of 2031 was assumed at 10%, being closer to the WACC. This value was chosen due to the company's historical ROIC, which averages between 11% and 12%, if we exclude 2020. While H&M possesses some competitive advantages, such as its omnichannel strategy and strong brand recognition, it has a lower cost structure than its competitors, which H&M has not yet been meaningfully capable of offsetting. In short, a 10% terminal ROIC still shows that H&M has some competitive advantages (ROIC > WACC) but reflects a firm that is in a mature and competitive industry.
The computed terminal is 202 061 SEK, and the total firm value is 306118 SEK. To calculate the share price, the equity value was calculated using the following formula:

Equity Value = Firm Value + Cash & Equivalents − Total Debt− Minority Interests

Using the 2027 values (Cash 14,864 SEK, Total Debt 81,651 SEK, Non-controlling interests 50 MSEK), an equity value of 239280 SEK was arrived at, with a **148 SEK** as the price target for the end of 2026.
To complement the FCFF valuation, an AE valuation was also carried out, with AE defined as:

AE = Net Income − (Cost of Equity × Book Equity Value of Equity)

showing the earnings that were generated in excess of the minimum return that the shareholders accept. The terminal growth rate is also 10% for the same reasons explained previously. By adding up the present value of abnormal earnings of the forecasted period to the terminal value and then adding cash and subtracting total debt and non-controlling interest and dividing by H&M shares, we arrived at a share price of 108 SEK.

- **Relative Valuation**

After completing the DCF valuation, the relative valuation was conducted. The relative valuation began by selecting peers, initially based on the companies used to calculate the WACC, and was then refined using market cap and similarity to H&M. Thus, the selected peers were Fast Retailing, GAP Inc., INDITEX, and Ralph Lauren, which have similar business models and operate internationally.
Thereafter, two valuation multiples were selected: (enterprise value to EBITDA)EV/EBITDA and price-to-earnings(P/E). The first ratio, EV/EBITDA, was chosen since it enables a performance comparison without debt, tax, and each firm's depreciation and amortization policies. H&M EV/EBITDA is 8.10, while the average of selected peers is 16.14. This gap suggests that investors are more cautious regarding H&M's prospects, potentially driven by disparities in growth projections, debt levels, and competitive positioning within the industry.
Price to earnings was selected, since it indicates how much investors are willing to pay for each euro of profit in comparison with competitors. H&M's P/E is 20.79, which is lower than the average of its peers of 27.50, showing that investors may be willing to pay more for each euro of profit of H&M's peers than for H&M.

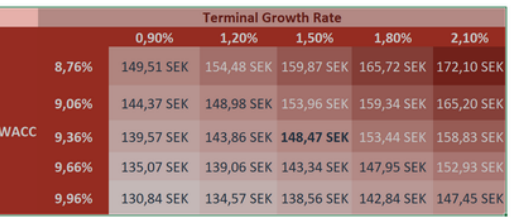
After computing each average with its respective metric, a share price was obtained for each multiple, and calculating the overall average, an implied share price of 249 SEK was calculated.

- **Valuation Methods Discussion**

The DCF is chosen as the primary valuation method because it is the valuation method that better captures H&M management efforts in trying to turn around the company. The relative valuation was not chosen as the main method, due to high average multiples in the industry, which show that the H&M peer group is trading at a premium compared to H&M and does not take into account H&M-specific issues, such as the power of the founding family and the investment in performing store renovations and deploying the RFID technology. Lastly, the AE method confirms the DCF valuation.
Thus, a share price of **148 SEK** is forecasted by the end of 2026.

6.2 Sensitivity Analysis and Monte Carlo

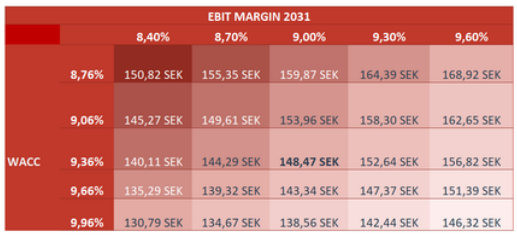
Exhibit 40 - Sensitivity Analysis Terminal Growth Rate/WACC



WACC \ Terminal Growth Rate	0,90%	1,20%	1,50%	1,80%	2,10%
8,76%	149,51 SEK	154,48 SEK	159,87 SEK	165,72 SEK	172,10 SEK
9,06%	144,37 SEK	148,98 SEK	153,96 SEK	159,34 SEK	165,20 SEK
9,36%	139,57 SEK	143,86 SEK	**148,47 SEK**	153,44 SEK	158,83 SEK
9,66%	135,07 SEK	139,06 SEK	143,34 SEK	147,95 SEK	152,93 SEK
9,96%	130,84 SEK	134,57 SEK	138,56 SEK	142,84 SEK	147,45 SEK

(Source: Own forecast)

Exhibit 41 - Sensitivity Analysis EBIT Margin/WACC



WACC \ EBIT MARGIN 2031	8,40%	8,70%	9,00%	9,30%	9,60%
8,76%	150,82 SEK	155,35 SEK	159,87 SEK	164,39 SEK	168,92 SEK
9,06%	145,27 SEK	149,61 SEK	153,96 SEK	158,30 SEK	162,65 SEK
9,36%	140,11 SEK	144,29 SEK	**148,47 SEK**	152,64 SEK	156,82 SEK
9,66%	135,29 SEK	139,32 SEK	143,34 SEK	147,37 SEK	151,39 SEK
9,96%	130,79 SEK	134,67 SEK	138,56 SEK	142,44 SEK	146,32 SEK

(Source: Own forecast)

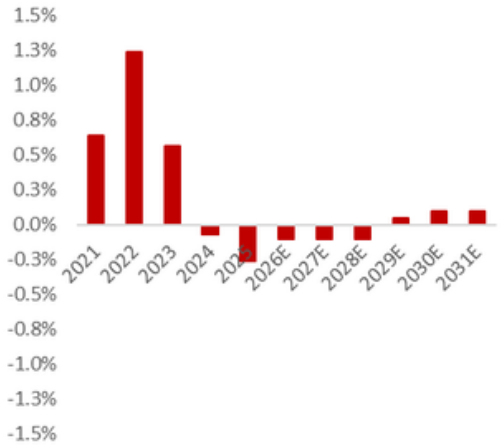
A sensitivity analysis was conducted to determine the impact of changing inputs on the price target, namely the WACC, terminal growth rate, terminal year earnings before interest and taxes (EBIT) margin, and average revenue CAGR of the forecasted years, using a 30-basis point interval. The implied share price extended from SEK 130.79 to 172.10 SEK, with the WACC and the terminal growth rate as the main drivers behind this extended target price range, with an average 30-basis-point reduction adding 5.50 SEK to the share price. The same increase in the terminal growth rate drives a 4.97 SEK average gain to the price target.
The terminal EBIT margin sensitivity analysis translates, on average, 30 basis points to an increase/decrease of 4.17 SEK in the price target, with, in the most optimistic scenario, the model yielding a price target of 168.92 SEK. The sensitivity analysis for the average CAGR of revenue growth in the forecasted period only changes the price target by, on average, 1.29 SEK.
To complement the sensitivity analysis, a Monte Carlo simulation was conducted with 10,000 iterations to illustrate the distribution of possible H&M price targets. Five independent variables were tested at the same time: WACC (mean 9.36%, σ 1.50%), Revenue Growth Shock (mean 0%, σ 2.00%), Terminal Growth Rate (mean 1.50%, σ 1.00%, which is capped to the rate of 10 year Swedish treasury bond that was used to calculate the WACC), Cost of Sales Margin Shock (mean 0%, σ 1.50%), and SG&A Margin Shock (mean 0%, σ 0.80%).
The Monte Carlo simulation shows that H&M's mean target price at the end of 2026 is 155 SEK, and the median is 148 SEK, with a standard deviation of 53 SEK. In the simulation, 31% of the simulations showed a price above 174 SEK (H&M closing share price in 8/04/2026).

6.3 Scenario Analysis

- **Bear Scenario**

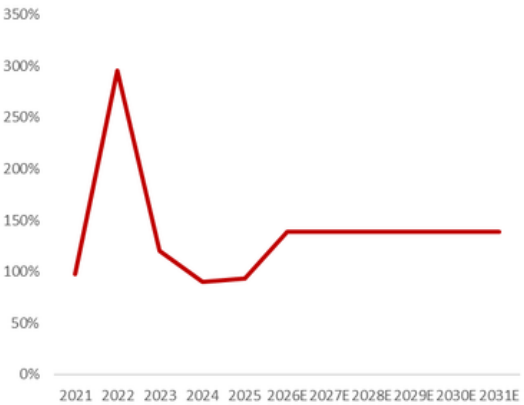
To assess the possibility of different results, a scenario analysis with a bear and a bull case scenario was computed, with different assumptions across revenue growth, cost margins, and terminal growth rate.

Exhibit 42- Revenue Growth in the bear case in % (2021-2031)



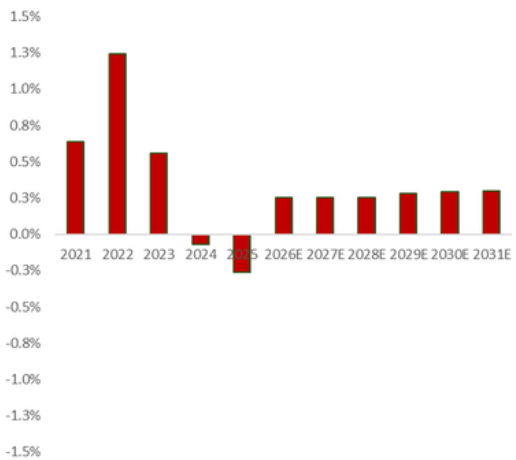
(Source: Own forecast)

Exhibit 43 - Payout Ratio in the bear case in % (2021-2031)



(Source: Own forecast)

Exhibit 44 - Revenue Growth in the bull case in % (2021-2031)



(Source: Own forecast)

In the bear scenario, the main thesis is that H&M's turnaround execution stalls, not only due to the governance issues that have been plaguing the company but also due to the competition of the ultra-fast fashion apps that continue to erode H&M's market share. Revenue is based on the historical CAGR of the last 3 years, and the governance issues with the Persson family that controls the board(83% of votes with 65.7% of the capital) keep slowing down the hard decisions, such as closing more stores faster and especially continuing to manage the payout ratio, which they have done in 2024 and 2025. On the cost side, the cost of sales margin remains stuck at 47.3%, which is the average of the 3 years, showing that the benefits of the RFID technology deployment and the use of AI in the supply chain do not produce any gains in reducing the cost of sales margin. Lastly and more importantly, due to the governance issues, in the bear case, the payout ratio will maintain its 5-year average of 139%, showing that the company continues with unsustainable payout ratios and that liquidity will continue to deteriorate, further dampening the possibilities of a turnaround. The bear scenario DCF produces an implied share price of 62 SEK, while the relative valuation produces an average share price, using the EV/EBITDA and P/E multiples, a price target for the end of 2026, of 222 SEK.

- **Bull Scenario**

On the contrary, the bull case is built on the assumption that H&M's turnaround is successful, and that allows the company to recover market share from the newer ultra-fast fashion rivals and from established competitors. The revenue growth in the bull scenario will start growing at the CAGR Statista projected for the apparel industry, and then slowly start to rise until it reaches revenue growth similar to the World GDP growth projected, due to more collection releases, better use of AI in customer experience, and better foot traffic. The sales margin will be driven by a better-than-expected deployment of the RFID Technology and AI-led supply chain management, allowing H&M to lower its inventory. Finally, the payout ratio will be lowered to 70%, showing that the Persson family is more aligned with the company's interests and thus allowing management to redeploy money to store renovations and repay the company's debt. The bull scenario DCF produces an implied share price of 220 SEK, while the relative valuation produces an average share price, using the EV/EBITDA and P/E multiples, a price target for the end of 2026, of 354 SEK.

7. Investment Risks

- **Financial Risks**

Foreign Exchange Risk (Impact: 2; Probability: 3): The most significant currencies for the H&M group's purchasing are the US dollar and the euro. Fluctuation in the exchange rate between the dollar and the euro is the single largest foreign-currency transaction exposure for H&M, thus significantly affecting purchasing costs. Another exposure to foreign exchange arises from translation effects that arise due to changes in exchange rates between the local currencies of the various foreign sales companies and the Swedish krona, compared with the same period the previous year. H&M manages its foreign currency risk using derivatives, primarily foreign currency forwards, to hedge fluctuations in cash flows related to the USD-EUR exchange rate. A potential appreciation of the US dollar against the euro can erode H&M's margins, dampening its liquidity.

Dividend Sustainability and Leverage Risk (Impact: 3; Probability: 2) The payout ratio has surpassed H&M´s net income, with the company financing this by issuing debt. In the bear and base case, this constrains management heavily, not allowing them to invest more in Capex to support the store renovation effort.

Trade Intervention (Impact: 2; Probability: 2): H&M purchasing can be affected by decisions at a country level on issues such as export/import subsidies, tariffs, textile quotas, and embargoes, impacting consumers and hurting H&M fundamentals. To mitigate this risk, H&M continues to proactively monitor and manage future developments in this area. This risk is partially reflected mainly in the cost of margin of the bear case, where a rejuvenescence of trade war by President Trump could imply higher costs for H&M's bottom line, as the US is one of H&M's main markets.

- **Operational Risks**

New Competition (Impact: 3; Probability: 3): The expansion of digital ultra-fashion brands such as Cider and Trendyol to other markets and the popularity of Shein and Temu can impact H&M's revenues and consequently its profitability. The impact of the arrival of new competitors is shown in the bear scenario as one of the drawdowns of H&M's revenue growth and eroding market share.

Turnaround Execution Risk (Impact: 3; Probability: 2): H&M's base case depends on deploying RFID technologies and renovating existing stores with a better layout that makes the supply chain more efficient and improves the stores' foot traffic. The bear scenario rests on the fact that the turnaround will fail to produce the desired results, mainly due to the governance issues.

Changing customer tastes (Impact: 2; Probability: 3): The increasing popularity of e-commerce makes this channel an increasingly important part of the customer experience, with customers looking for a smooth, simple, and inspiring experience in which stores and online channels interact and enhance each other. New collection that fails to attract consumers, especially the younger consumers who are predisposed to trying new ultra-fast fashion alternatives.

Information Technology Risks (Impact: 3; Probability: 2): The main IT risks that H&M's business faces include hacking attacks, phishing attempts, system disruptions, and system overloads, which can represent severe damage to H&M´s bottom line. A hacker attack during the Q4 holidays, when H&M generates a lot of revenue, could cause a loss of trust by the consumer, which will not be easily recovered in a short time period.

- **Governance Risks**

Governance (Impact: 3; Probability: 3): The founding family controls 65.7% of the company shares and 83% of the voting rights on the board through a dual class share structure, with Class A shares carrying 10 votes each, creating a conflict of interest on the board. The most significant example is the evolution of the payout ratio after the pandemic, being constantly above 100% of net income, supported by debt issuance, as shown in the rise of the debt-to-equity ratio from 30.75% in 2019 to 180.56% in 2025. In the bear case, the payout ratio will, as previously discussed, remain high and thus will constrain management action; in the bull case, a lower projected payout ratio will allow breathing room to the company's liquidity and allow it to start repay their debt.

- **Regulatory Risk**

New Regulations (Impact: 2; Probability: 2): New EU regulations, such as the Corporate Sustainability Reporting Directive (CSR), can increase compliance costs and represent barrier to entry to new competitors, which is captured in the bull case scenario as H&M already possesses the infrastructure to deal with these costs.

- **Sustainability Risks**

Growing Interest in Sustainable Products (Impact: 3; Probability: 1): The increasing consumer appetite for sustainable products can have a major effect on H&M Group's sales. Thus, H&M is focused on accelerating investments in scaling circular business models and optimizing its production to make it more sustainable.

Climate and Environment (Impact: 3; Probability: 1): H&M´s business can be affected by several Climate and Environmental risks, which include depletion of natural resources, biodiversity loss, rising sea levels, and increasing temperatures. To minimize this risk, H&M is betting on recycled and sustainably sourced materials and reaching net-zero emissions in 2040.

Exhibit 45 - ESG Scores of H&M and Peers

Company	ESG Score	Environmental	Social	Governance	Controversies
H&M Group	A-	B+	B+	B-	B+
Inditex	A-	A+	A+	C+	D+
Fast Retailing	A-	A-	A	A-	A+
Gap Inc	A-	A-	A	B+	C
Ralph Lauren	A-	B+	A	B	A

(Source: LSEG Refinitiv)

Exhibit 46 - H&M ESG Score Evolution (2019-2024)

Metric	2019	2020	2021	2022	2023	2024
ESG Combined Score	B+	B+	B+	A-	A-	A-
Environmental Pillar	B+	B+	B+	B+	A-	B+
Social Pillar	A-	A-	A-	A-	A-	B+
Governance Pillar	C+	C+	C+	C+	B-	B-
Controversies Score	A+	A+	A+	B+	B+	B+

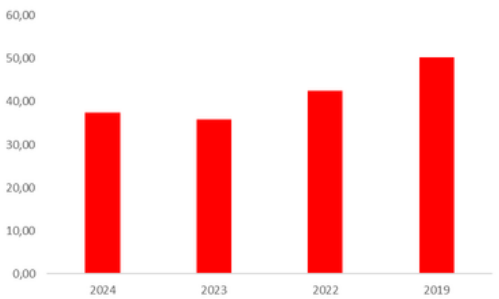
(Source: LSEG Refinitiv)

8. Environment Social and Governance

H&M and its five peers all have the same Environment, Social and Governance (ESG) score, although with different risk profiles. By looking at Exhibit 45, we can see that Inditex is the leader in Environmental (A+), but it has the lowest score in Controversies (D+) of the group. Fast Retailing has an A- overall score across all pillars and an A+ on Controversies. H&M has a solid Environmental (B+), a below-average Social (B+), and a low governance score, underscoring H&M's governance issues. Lastly, GAP was an overall A- Score, except for the controversies score, with its score being penalized by labor incidents.
H&M's ESG score is being driven by the Environmental pillar, which advanced to A- by FY2023 and declined to a B+ in FY2024 due to an increase of Scope 3 emissions by 6%. By analyzing the table, we can see that the social pillar has declined to -B, showing growing issues with workers' conditions in factories in the countries where H&M manufactures its pieces. Lastly, the improving Governance score shows that in the last two years, governance in H&M has been slowly improving, as shown by the reduction of the payout ratio to values below 100% in 2024 and 2025.

- **Environmental**

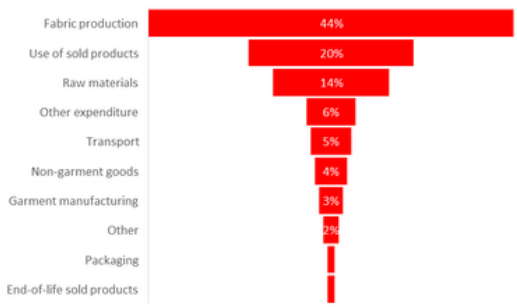
Exhibit 47 - H&M total emissions versus the 2019 baseline



(Source: Compamy data)

The environmental pillar focuses on decarbonizing its operations, boosting its supply chain sustainability, and promoting a circular fashion business model, intending to limit global temperature rise to 1.5°C. The group is committed to decreasing its greenhouse gas emissions by 56% by 2030 compared to 2019, aiming to reach net-zero emissions in 2040 through a reduction of 90% of its emissions and the remaining 10% through the use of permanent carbon removal.
To achieve these targets, H&M aims to transition its energy consumption from fossil-based sources to 100% renewable electricity and has already achieved 96% in 2024. At the same time, H&M is pursuing a 100% renewable energy policy in its garment supply chain by 2030 and is phasing out the use of coal by its suppliers by 2026. To help its suppliers reach net-zero emissions, H&M is promoting environmental financing mechanisms, such as the Future Supplier Initiative, intending to enable suppliers in developing countries to access financing for renewable energy installations and energy efficiency measures.

Exhibit 48 - H&M emissions in the supply chain in 2024



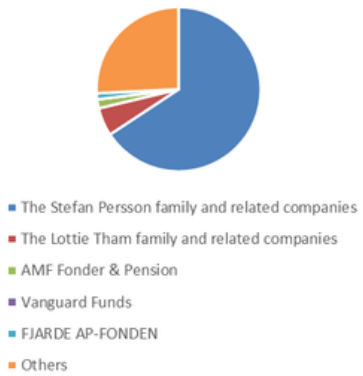
(Source: Compamy data)

Exhibit 49 - Comparison between minimum wage and the average wage of H&M supply chain employees in USD



(Source: Compamy data)

Exhibit 50 - H&M Main Shareholders



(Source: Compamy data)

Lastly, H&M also plans to boost the circularity in the fashion industry by enhancing the share of recycled and sustainable raw materials in its supply chain and by continuing to invest in Sellpy, H&M Group's second-hand platform, promoting reuse and extending the life of clothes.

- **Social**

The social pillar of an ESG analysis encompasses the policies and practices a company employs to manage its impact on stakeholders. This pillar includes social values such as diversity, inclusion, human rights, and fair labor conditions, which are cornerstones of H&M's business strategy.

H&M has workers from more than 180 nationalities, bringing a rich mix of cultures and perspectives and making H&M better prepared to face the complexity of the current business and macro landscape. In 2024, 73% of H&M employees were women, and in leadership roles, 65% of these positions were occupied by women, demonstrating a strong commitment to promoting gender equality and inclusion. This promotion of gender equality and inclusion extends beyond H&M employees to the supply chain, with most workers in the H&M supply chain being female.

H&M promotes dialogue and alignment with local laws to ensure fair wages and labor conditions in its supply chain, with average wages in its supply chain consistently above the statutory minimum wages in production countries, such as Vietnam and Bangladesh.

Beyond its internal operations, H&M promotes social well-being through partnerships with Women Win´s ONSIDE Fund, which advances gender equality and inclusion for women around the world.

- **Governance**

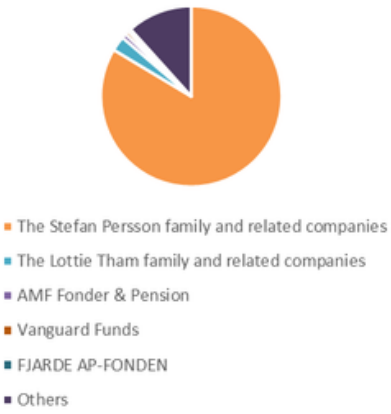
The governance pillar of ESG is a set of practices, rules, and procedures that guide the functioning of a company and ensure that the best interests of all stakeholders are taken into consideration. It encompasses several elements, such as how the business is organized, how transparent the inner operations of the business are, and social responsibility in decision-making.

In terms of shares, the total number of shares is 1,604,491,375. There are two classes of shares: Class A shares, which have 10 votes per share (194,400,000), and Class B shares, which have one vote per share (1,410,091,375). The main shareholders of H&M are the Stefan Persson Family, which hold 65.74% of the shares but 83% of the voting rights. The founding family has been consistently buying up shares since 2016, fuelling rumors that the company may withdraw from public markets (Business Fashion, 2025) and Fortune, a business magazine, adding that taking H&M private would be an emotional decision rather than a financial one as the family already has a controlling majority in the board and long managed the group without taking into consideration the interest of other shareholders.

In relation to the board of directors, H&M follows a one-tier structure, with directors having either non-executive, employee, or executive directorship types. The board consists of eight ordinary members elected by the annual shareholders' general meeting, as well as three employee representatives and three deputy employee representatives.

The Chair of the Board is Karl-Johan Persson, who is a member of the founding family. The board is composed of members with a broad set of skills. Helena Saxon, who is also chair of the Audit Committee, has expertise in investments and finance due to her experience in Investor AB, a Swedish investment firm. Danica Kragic Jensfelt brings to the board AI skills that are crucial to helping steer H&M through the AI revolution.

Exhibit 51 - Voting Rights of H&M Shareholders



(Source: Compamy data)

Lastly, Lena Patrikson Keller provides crucial insights into brand strategy, design, and marketing, which are critical for H&M to compete with new ultra-fast fashion competition.

The board is nominated by the Nomination Committee, which is composed of 5 members, the Chairman of the board, and four other members who are chosen by the four largest H&M shareholders, of which the majority are related to the founding family Persson. Although the Board has several members with deep expertise in fashion and expertise in AI, and dealing with new competitive threats, the concentration of power in the Persson family creates a risk for minority shareholders and may hinder the capability of H&M management to execute the company's planned turnaround.

The management team is composed of seven men and five women. Regarding the management team, attention will be drawn to 2 key people, with a detailed description of the members of the management team in the appendix.

Daniel Ervér, Chief Executive Officer (CEO) since 2024, has been with H&M since 2005 and has a deep commercial and operational knowledge of how the H&M business works. He was responsible for H&M´s womenswear and menswear. The CEO is chosen by the board and is responsible for the recruitment of senior executives, buying and logistics matters, pricing strategy, sales and profitability, marketing, sustainability, expansion, development of the store network and of online sales, and IT development (H&M Annual Report, 2025)

David von Heijne, who leads a newly created role as Chief Supply Chain Officer (CSCO), is responsible for H&M's supply chain and for the deployment of RFID technology, which is crucial to complete the turnaround.

Overall, the management team is capable of completing the turnaround of the company, and it is a positive sign that the creation of the Chief Supply Chain Role as the supply chain is central to dealing with the new ultra-fast fashion competitors.

In terms of remuneration policy, it is composed mainly of fixed compensation with a small variable remuneration tied to internal indicators. The variable compensation is connected to H&M´s sales, operating profit, sustainability, and values to achieve the company's goals and encourage behaviour that is in the company's long term interest.

9. Appendix

Appendix 1 - Consolidated Balance Sheet

	2018	2019	2020	2021	2022	2023	2024	2025
Cash and Cash Equivalents	11 590 SEK	12 312 SEK	16 540 SEK	27 471 SEK	21 761 SEK	27 040 SEK	16 026 SEK	20 908 SEK
Inventories	37 721 SEK	37 823 SEK	38 209 SEK	37 306 SEK	42 495 SEK	37 358 SEK	40 348 SEK	35 427 SEK
Accounts Receivable	6 329 SEK	5 879 SEK	3 086 SEK	3 059 SEK	3 014 SEK	3 301 SEK	5 631 SEK	6 411 SEK
Other Current Assets	5 936 SEK	6 258 SEK	7 523 SEK	11 150 SEK	12 307 SEK	13 472 SEK	12 408 SEK	9 749 SEK
Total Current Assets	**61 576 SEK**	**62 272 SEK**	**65 358 SEK**	**78 986 SEK**	**79 577 SEK**	**81 171 SEK**	**74 413 SEK**	**72 495 SEK**
Net Property, Plant and Equipment	42 439 SEK	40 892 SEK	91 174 SEK	79 662 SEK	82 736 SEK	81 536 SEK	86 220 SEK	82 534 SEK
Other Intangible Assets	9 618 SEK	11 448 SEK	10 432 SEK	9 556 SEK	9 156 SEK	9 725 SEK	8 730 SEK	7 747 SEK
L Goodwill	64 SEK	64 SEK	64 SEK	64 SEK	64 SEK	1 013 SEK	1 013 SEK	1 013 SEK
L Intangible Assets - Excluding Goodwill	9 554 SEK	11 384 SEK	10 368 SEK	9 492 SEK	9 092 SEK	8 712 SEK	7 717 SEK	6 734 SEK
Long-Term Financial Investments and Receivables	855 SEK	912 SEK	907 SEK	860 SEK	939 SEK	1 204 SEK	859 SEK	775 SEK
Investments in Associates	30 SEK	210 SEK	247 SEK	686 SEK	503 SEK	209 SEK	259 SEK	126 SEK
Deferred Tax Assets	3 794 SEK	4 322 SEK	5 714 SEK	5 626 SEK	6 537 SEK	5 707 SEK	5 390 SEK	4 677 SEK
Other Non-Current Assets	478 SEK	429 SEK	539 SEK	4 405 SEK	2 654 SEK	2 363 SEK	3 029 SEK	1 919 SEK
Total Non Current Assets	**57 214 SEK**	**58 213 SEK**	**109 013 SEK**	**100 795 SEK**	**102 525 SEK**	**100 744 SEK**	**104 487 SEK**	**97 778 SEK**
Total Assets	**118 790 SEK**	**120 485 SEK**	**174 371 SEK**	**179 781 SEK**	**182 102 SEK**	**181 915 SEK**	**178 900 SEK**	**170 273 SEK**
Current Debt	9 153 SEK	6 904 SEK	13 275 SEK	11 698 SEK	12 575 SEK	12 159 SEK	12 476 SEK	14 314 SEK
Trade Payables & Accruals	29 967 SEK	33 557 SEK	29 392 SEK	42 453 SEK	46 140 SEK	43 760 SEK	44 568 SEK	38 350 SEK
Income Tax Payable	1 163 SEK	2 752 SEK	1 708 SEK	1 441 SEK	1 843 SEK	1 377 SEK	2 257 SEK	1 791 SEK
Other Current Liabilities	3 936 SEK	4 623 SEK	11 882 SEK	5 577 SEK	7 777 SEK	10 631 SEK	7 349 SEK	7 148 SEK
Current Liabilities	**44 219 SEK**	**47 836 SEK**	**56 257 SEK**	**61 169 SEK**	**68 335 SEK**	**67 927 SEK**	**66 650 SEK**	**61 603 SEK**
Non Current Debt	10 492 SEK	10 647 SEK	58 891 SEK	54 557 SEK	58 925 SEK	62 813 SEK	64 478 SEK	63 233 SEK
Deferred Tax Liabilities	5 088 SEK	4 423 SEK	3 988 SEK	3 601 SEK	3 273 SEK	2 507 SEK	2 242 SEK	1 953 SEK
Other Non-Current Liabilities	445 SEK	510 SEK	612 SEK	436 SEK	812 SEK	516 SEK	633 SEK	537 SEK
Non-Current Liabilities	**16 025 SEK**	**15 580 SEK**	**63 491 SEK**	**58 594 SEK**	**63 010 SEK**	**65 836 SEK**	**67 353 SEK**	**65 723 SEK**
Total Liabilities	**60 244 SEK**	**63 416 SEK**	**119 748 SEK**	**119 763 SEK**	**131 345 SEK**	**133 763 SEK**	**134 003 SEK**	**127 326 SEK**
Share Capital	207 SEK	207 SEK	207 SEK	207 SEK	207 SEK	207 SEK	207 SEK	207 SEK
Retained Earning	55 017 SEK	52 270 SEK	53 426 SEK	57 466 SEK	44 694 SEK	41 613 SEK	38 176 SEK	39 417 SEK
Other Shareholders' Equity	3 322 SEK	4 592 SEK	990 SEK	2 345 SEK	5 856 SEK	6 196 SEK	6 445 SEK	3 297 SEK
Non-Controlling Interest	0 SEK	0 SEK	0 SEK	0 SEK	0 SEK	82 SEK	69 SEK	26 SEK
Total Equity	**58 546 SEK**	**57 069 SEK**	**54 623 SEK**	**60 018 SEK**	**50 757 SEK**	**48 098 SEK**	**44 897 SEK**	**42 947 SEK**
Total Liabilities and Shareholders' Equity	**118 790 SEK**	**120 485 SEK**	**174 371 SEK**	**179 781 SEK**	**182 102 SEK**	**181 861 SEK**	**178 900 SEK**	**170 273 SEK**

Appendix 2 - Consolidated Standardized Cash Flow Statement

	2018	2019	2020	2021	2022	2023	2024	2025
Operating activities								
Profit after financial items	15 639 SEK	17 391 SEK	2 052 SEK	14 300 SEK	6 270 SEK	13 598 SEK	16 026 SEK	16 314 SEK
Adjustments for:								
Non-Operating Losses (Gains)	39 SEK	11 SEK	22 SEK	-13 SEK	768 SEK	-1 294 SEK	767 SEK	299 SEK
Non-Current Operating Accruals	9 671 SEK	11 051 SEK	25 953 SEK	22 320 SEK	22 579 SEK	22 955 SEK	22 252 SEK	21 140 SEK
Taxes Paid	-3 098 SEK	-3 700 SEK	-3 719 SEK	-4 974 SEK	-3 499 SEK	-5 565 SEK	-1 717 SEK	-3 890 SEK
Changes in Working Capital	-964 SEK	4 233 SEK	1 592 SEK	12 986 SEK	-1 588 SEK	4 843 SEK	-4 989 SEK	-2 631 SEK
Operational Cash Flow	**21 287 SEK**	**28 986 SEK**	**25 900 SEK**	**44 619 SEK**	**24 530 SEK**	**34 537 SEK**	**32 339 SEK**	**31 232 SEK**
Investing Activities								
Additions to Fixed Assets	-9 552 SEK	-7 384 SEK	-3 606 SEK	-2 727 SEK	-4 527 SEK	-7 986 SEK	-10 060 SEK	-9 240 SEK
Increase/Decrease in Other Long Term Assets	-3 207 SEK	-2 909 SEK	-1 448 SEK	-559 SEK	-1 457 SEK	-967 SEK	-1 369 SEK	-1 366 SEK
Other Investing Cash Flow	-393 SEK	-235 SEK	-190 SEK	-792 SEK	-829 SEK	-666 SEK	-145 SEK	-9 SEK
Net Cash Flow from Investing Activities	**-13 152 SEK**	**-10 528 SEK**	**-5 244 SEK**	**-4 078 SEK**	**-6 813 SEK**	**-9 619 SEK**	**-11 574 SEK**	**-10 615 SEK**
Check	*-13 152 SEK*	*-10 528 SEK*	*-5 244 SEK*	*-4 078 SEK*	*-6 813 SEK*	*-9 619 SEK*	*-11 574 SEK*	*-10 615 SEK*
Financing activities								
Net Debt (Repayment) or Issuance	9 578 SEK	-2 006 SEK	-985 SEK	-7 148 SEK	680 SEK	5 904 SEK	-3 214 SEK	7 149 SEK
Dividend (Payments)	-16 137 SEK	-16 137 SEK	0 SEK	-10 758 SEK	-10 687 SEK	-10 577 SEK	-10 456 SEK	-10 906 SEK
Net Share (Repurchase) or Issuance	0 SEK	0 SEK	0 SEK	0 SEK	-3 000 SEK	-1 075 SEK	-2 928 SEK	-254 SEK
Other Financing Cash Flow	-126 SEK	-149 SEK	-14 174 SEK	-12 279 SEK	-12 139 SEK	-12 867 SEK	-12 607 SEK	-12 297 SEK
Net Cash Flow from Financing Activities	**-6 685 SEK**	**-18 292 SEK**	**-15 159 SEK**	**-30 185 SEK**	**-25 146 SEK**	**-18 615 SEK**	**-29 205 SEK**	**-16 308 SEK**
Check	*-6 685 SEK*	*-18 292 SEK*	*-15 159 SEK*	*-30 185 SEK*	*-25 146 SEK*	*-18 615 SEK*	*-29 205 SEK*	*-16 308 SEK*
Cash and Cash Equivalents at the Beginning of the Year	9 718 SEK	11 590 SEK	12 312 SEK	16 540 SEK	27 471 SEK	21 761 SEK	27 040 SEK	18 565 SEK
Foreign Exchange Effects	422 SEK	556 SEK	-1 269 SEK	575 SEK	1 719 SEK	-1 024 SEK	-35 SEK	-629 SEK
Net increase / (decrease) in Cash and Cash Equivalents	1 450 SEK	166 SEK	5 497 SEK	10 356 SEK	-7 429 SEK	6 303 SEK	-8 440 SEK	4 309 SEK

Appendix 3 - Consolidated Income Statement

Standardized Income Statement	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	210 400 SEK	232 755 SEK	187 031 SEK	198 967 SEK	223 553 SEK	236 035 SEK	234 478 SEK	228 285 SEK
Cost of Sales	99 513 SEK	110 302 SEK	91 539 SEK	93 961 SEK	110 276 SEK	115 139 SEK	109 179 SEK	106 464 SEK
Gross Profit	**110 887 SEK**	**122 453 SEK**	**95 492 SEK**	**105 006 SEK**	**113 277 SEK**	**120 896 SEK**	**125 299 SEK**	**121 821 SEK**
SG&A (FUNCTION)	85 723 SEK	94 056 SEK	66 440 SEK	69 048 SEK	85 238 SEK	86 486 SEK	87 970 SEK	82 754 SEK
EBITDA	**25 164 SEK**	**28 397 SEK**	**29 052 SEK**	**35 958 SEK**	**28 039 SEK**	**34 410 SEK**	**37 329 SEK**	**39 067 SEK**
Depreciation and Amortization	9 671 SEK	11 051 SEK	25 953 SEK	20 703 SEK	21 085 SEK	20 256 SEK	19 362 SEK	20 426 SEK
Operating profit (EBIT)	**15 493 SEK**	**17 346 SEK**	**3 099 SEK**	**15 255 SEK**	**6 954 SEK**	**14 154 SEK**	**17 967 SEK**	**18 641 SEK**
Financing Income/(Expense)	146 SEK	45 SEK	-1 047 SEK	-955 SEK	-953 SEK	-1 527 SEK	-1 863 SEK	-2 193 SEK
Income and Loss from Affiliates	0 SEK	0 SEK	0 SEK	0 SEK	269 SEK	971 SEK	-78 SEK	-134 SEK
Profit before Tax	**15 639 SEK**	**17 391 SEK**	**2 052 SEK**	**14 300 SEK**	**6 270 SEK**	**13 598 SEK**	**16 026 SEK**	**16 314 SEK**
Tax Expense	2 987 SEK	3 948 SEK	809 SEK	3 290 SEK	2 650 SEK	4 294 SEK	3 859 SEK	4 117 SEK
Non Recurring Reveneu/Expense	0 SEK	0 SEK	0 SEK	0 SEK	0 SEK	-588 SEK	-583 SEK	-588 SEK
Profit/Loss to Ordinary Shareholders	12 652 SEK	13 443 SEK	1 243 SEK	11 010 SEK	3 620 SEK	8 716 SEK	11 621 SEK	11 682 SEK
Net Profit from Continuing Operations	**12 652 SEK**	**13 443 SEK**	**1 243 SEK**	**11 010 SEK**	**3 620 SEK**	**8 745 SEK**	**11 584 SEK**	**11 609 SEK**
Minority Interest	0 SEK	0 SEK	0 SEK	0 SEK	0 SEK	-29 SEK	-37 SEK	-73 SEK
Net Profit Attributable to Shareholders	**12 652 SEK**	**13 443 SEK**	**1 243 SEK**	**11 010 SEK**	**3 620 SEK**	**8 774 SEK**	**11 621 SEK**	**11 682 SEK**

Appendix 4 - Forecasted Income Statement

Standardized Income Statement	2026	2027	2028	2029	2030	2031
Revenue	235 305 SEK	239 752 SEK	244 219 SEK	248 685 SEK	253 136 SEK	257 607 SEK
Cost of Sales	109 417 SEK	110 885 SEK	112 341 SEK	113 773 SEK	115 177 SEK	117 211 SEK
Gross Profit	**125 888 SEK**	**128 866 SEK**	**131 878 SEK**	**134 912 SEK**	**137 959 SEK**	**140 396 SEK**
SG&A (FUNCTION)	91 769 SEK	92 304 SEK	91 582 SEK	93 257 SEK	93 660 SEK	94 027 SEK
EBITDA	**34 119 SEK**	**36 562 SEK**	**40 296 SEK**	**41 655 SEK**	**44 299 SEK**	**46 369 SEK**
Depreciation and Amortization	21 471 SEK	21 578 SEK	21 980 SEK	22 382 SEK	22 782 SEK	23 185 SEK
Operating profit (EBIT)	**12 648 SEK**	**14 984 SEK**	**18 316 SEK**	**19 273 SEK**	**21 517 SEK**	**23 185 SEK**
Financing Income/(Expense)	2 040 SEK	2 436 SEK	3 003 SEK	3 186 SEK	3 586 SEK	3 864 SEK
Income and Loss from Affiliates	253 SEK	253 SEK	253 SEK	253 SEK	253 SEK	253 SEK
Profit before Tax	**10 355 SEK**	**12 295 SEK**	**15 061 SEK**	**15 834 SEK**	**17 677 SEK**	**19 068 SEK**
Tax Expense	-2 133 SEK	-2 533 SEK	-3 103 SEK	-3 262 SEK	-3 642 SEK	-3 928 SEK
Non Recurring Revenue/Expense	-352 SEK	-352 SEK	-352 SEK	-352 SEK	-352 SEK	-352 SEK
Profit/Loss to Ordinary Shareholders	8 574 SEK	10 114 SEK	12 310 SEK	12 924 SEK	14 388 SEK	15 491 SEK
Minority Interest	-46 SEK	-46 SEK	-46 SEK	-46 SEK	-46 SEK	-46 SEK
Net Profit Attributable to Shareholders	**8 620 SEK**	**10 160 SEK**	**12 356 SEK**	**12 971 SEK**	**14 434 SEK**	**15 538 SEK**

Appendix 5- Forecasted Balance Sheet

Standardized Balance Sheet	2026	2027	2028	2029	2030	2031
Cash and Cash Equivalents	18 490 SEK	14 864 SEK	11 555 SEK	3 150 SEK	3 611 SEK	4 369 SEK
Inventories	38 938 SEK	38 771 SEK	38 605 SEK	36 701 SEK	37 154 SEK	37 810 SEK
Accounts Receivable	3 769 SEK	3 840 SEK	3 911 SEK	3 983 SEK	4 054 SEK	4 126 SEK
Other Current Assets	11 977 SEK	12 203 SEK	12 431 SEK	12 658 SEK	12 885 SEK	13 112 SEK
Total Current Assets	**73 174 SEK**	**69 678 SEK**	**66 502 SEK**	**56 492 SEK**	**57 704 SEK**	**59 417 SEK**
Net Property, Plant and Equipment	87 063 SEK	91 106 SEK	91 260 SEK	96 987 SEK	98 723 SEK	100 467 SEK
Other Intangible Assets	10 190 SEK	11 394 SEK	11 588 SEK	11 781 SEK	11 974 SEK	12 167 SEK
∟ Goodwill	1 013 SEK	1 013 SEK	1 013 SEK	1 013 SEK	1 013 SEK	1 013 SEK
∟ Intangible Assets - Excluding Goodwill	9 177 SEK	10 381 SEK	10 575 SEK	10 768 SEK	10 961 SEK	11 154 SEK
Long-Term Financial Investments and Receivables	1 219 SEK	1 242 SEK	1 266 SEK	1 289 SEK	1 312 SEK	1 335 SEK
Investments in Associates	324 SEK	324 SEK	324 SEK	324 SEK	324 SEK	324 SEK
Deferred Tax Assets	5 795 SEK	5 795 SEK	5 795 SEK	5 795 SEK	5 795 SEK	5 795 SEK
Other Non-Current Assets	2 598 SEK	2 598 SEK	2 598 SEK	2 598 SEK	2 598 SEK	2 598 SEK
Total Non Current Assets	**107 189 SEK**	**112 459 SEK**	**112 830 SEK**	**118 774 SEK**	**120 725 SEK**	**122 686 SEK**
Total Assets	**180 363 SEK**	**182 137 SEK**	**179 332 SEK**	**175 265 SEK**	**178 429 SEK**	**182 103 SEK**
Current Debt	13 482 SEK	13 687 SEK	13 930 SEK	14 225 SEK	14 535 SEK	14 881 SEK
Trade Payables & Accruals	38 938 SEK	38 771 SEK	38 605 SEK	36 701 SEK	37 154 SEK	37 810 SEK
Income Tax Payable	1 826 SEK	1 826 SEK	1 826 SEK	1 826 SEK	1 826 SEK	1 826 SEK
Other Current Liabilities	8 586 SEK	8 586 SEK	8 586 SEK	8 586 SEK	8 586 SEK	8 586 SEK
Current Liabilities	**62 831 SEK**	**62 870 SEK**	**62 946 SEK**	**61 338 SEK**	**62 101 SEK**	**63 102 SEK**
Non Current Debt	66 943 SEK	67 964 SEK	64 332 SEK	60 756 SEK	62 080 SEK	63 554 SEK
Deferred Tax Liabilities	3 122 SEK	3 122 SEK	3 122 SEK	3 122 SEK	3 122 SEK	3 122 SEK
Other Non-Current Liabilities	654 SEK	654 SEK	654 SEK	654 SEK	654 SEK	654 SEK
Non-Current Liabilities	**70 719 SEK**	**71 740 SEK**	**68 108 SEK**	**64 532 SEK**	**65 856 SEK**	**67 330 SEK**
Total Liabilities	**133 550 SEK**	**134 610 SEK**	**131 054 SEK**	**125 870 SEK**	**127 957 SEK**	**130 432 SEK**
Share Capital	207 SEK	207 SEK	207 SEK	207 SEK	207 SEK	207 SEK
Retained Earning	40 390 SEK	41 104 SEK	41 947 SEK	42 972 SEK	44 049 SEK	45 247 SEK
Other Shareholders' Equity	6 166 SEK	6 166 SEK	6 166 SEK	6 166 SEK	6 166 SEK	6 166 SEK
Non-Controlling Interest	50 SEK	50 SEK	50 SEK	50 SEK	50 SEK	50 SEK
Total Equity	**46 813 SEK**	**47 527 SEK**	**48 370 SEK**	**49 395 SEK**	**50 472 SEK**	**51 670 SEK**
Total Liabilities and Shareholders' Equity	**180 363 SEK**	**182 137 SEK**	**179 424 SEK**	**175 265 SEK**	**178 429 SEK**	**182 103 SEK**

Appendix 6 - Forecasted Cash Flow Statement

Standardized Cash Flow	2026	2027	2028	2029	2030	2031
Operating activities						
Net Income	10 355 SEK	12 295 SEK	15 061 SEK	15 834 SEK	17 677 SEK	19 068 SEK
Adjustments for:						
Non-Operating Losses (Gains)	50 SEK	50 SEK	50 SEK	50 SEK	50 SEK	50 SEK
Non-Current Operating Accruals	21 471 SEK	21 578 SEK	21 980 SEK	22 382 SEK	22 782 SEK	23 185 SEK
Taxes Paid	-3 890 SEK	-3 890 SEK	-3 890 SEK	-3 890 SEK	-3 890 SEK	-3 890 SEK
Changes in Working Capital	-9 516 SEK	1 896 SEK	-300 SEK	1 439 SEK	-2 654 SEK	-503 SEK
Operational Cash Flow	**18 470 SEK**	**31 929 SEK**	**32 900 SEK**	**35 815 SEK**	**33 965 SEK**	**37 909 SEK**
Investing Activities						
Additions to Fixed Assets	-8 236 SEK	-8 391 SEK	-10 990 SEK	-12 434 SEK	-13 922 SEK	-15 456 SEK
Increase/Decrease in Other Long Term Assets	-2 443 SEK	-1 204 SEK	-193 SEK	-193 SEK	-193 SEK	-194 SEK
Other Investing Cash Flow	-642 SEK	-23 SEK	-23 SEK	-23 SEK	-23 SEK	-23 SEK
Net Cash Flow from Investing Activities	**-11 321 SEK**	**-9 619 SEK**	**-11 206 SEK**	**-12 651 SEK**	**-14 138 SEK**	**-15 673 SEK**
Check						
Financing activities						
Net Debt (Repayment) or Issuance	2 877 SEK	1 227 SEK	-3 390 SEK	-3 280 SEK	1 634 SEK	1 819 SEK
Dividend (Payments)	-7 902 SEK	-9 314 SEK	-11 327 SEK	-11 890 SEK	-13 232 SEK	-14 243 SEK
Net Share (Repurchase) or Issuance	0 SEK	-3 000 SEK	-500 SEK	-6 500 SEK	-1 750 SEK	-4 034 SEK
Other Financing Cash Flow	-10 381 SEK	-12 538 SEK	-12 538 SEK	-18 253 SEK	-14 142 SEK	-14 245 SEK
Net Cash Flow from Financing Activities	**-15 406 SEK**	**-23 625 SEK**	**-27 754 SEK**	**-39 924 SEK**	**-27 489 SEK**	**-30 703 SEK**
Check						
Cash and Cash Equivalents at the Beginning of the Year	20 908 SEK	18 490 SEK	17 396 SEK	11 555 SEK	3 150 SEK	3 611 SEK
Foreign Exchange Effects	220 SEK	220 SEK	220 SEK	220 SEK	220 SEK	220 SEK
Net increase / (decrease) in Cash and Cash Equivalents	-8 036 SEK	-1 095 SEK	-5 841 SEK	-16 539 SEK	-7 442 SEK	-8 247 SEK
Cash and Cash Equivalents at Year-end	**18 490 SEK**	**17 396 SEK**	**11 555 SEK**	**3 150 SEK**	**3 611 SEK**	**4 369 SEK**

Appendix 7 - Key Financial Ratios

H&M Financial Ratios											
Ratio	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026E	FY2027E	FY2028E	FY2029E	FY2030E	FY2031E
Valuation Ratios											
PER	26,8x	51,8x	33,0x	20,8x	0,0x	N/A	N/A	N/A	N/A	N/A	N/A
P/Sales	1,5x	0,8x	1,2x	1,0x	0,0x	N/A	N/A	N/A	N/A	N/A	N/A
P/BV	4,9x	3,7x	6,0x	5,4x	0,0x	N/A	N/A	N/A	N/A	N/A	N/A
EV/EBITDA	9,3x	8,5x	9,8x	8,1x	0,0x	N/A	N/A	N/A	N/A	N/A	N/A
Margins & Profitability											
Gross Margin	52,8%	50,7%	51,2%	53,4%	53,4%	53,5%	53,8%	54,0%	54,3%	54,5%	54,5%
EBITDA Margin	18,1%	12,5%	14,6%	15,9%	17,1%	14,5%	15,3%	16,5%	16,8%	17,5%	18,0%
EBIT Margin	7,7%	3,1%	6,0%	7,7%	8,2%	5,4%	6,3%	7,5%	7,7%	8,5%	9,0%
Net Margin	5,5%	1,6%	3,7%	5,0%	5,1%	3,6%	4,2%	5,0%	5,2%	5,7%	6,0%
ROE	18,3%	7,1%	18,2%	25,9%	27,2%	18,3%	21,3%	25,4%	26,2%	28,5%	30,0%
ROA	6,1%	2,0%	4,8%	6,5%	6,9%	4,8%	5,6%	6,9%	7,4%	8,1%	8,5%
ROIC	11,9%	4,1%	10,2%	12,3%	13,5%	9,4%	10,5%	12,8%	12,7%	14,0%	14,8%
Leverage & Liquidity											
Current Ratio	1,29	1,16	1,19	1,12	1,18	1,16	1,11	1,06	0,92	0,93	0,94
Quick Ratio	0,68	0,54	0,65	0,51	0,60	0,54	0,49	0,38	0,32	0,33	0,34
Debt/Equity	1,10	1,41	1,56	1,71	1,81	1,72	1,72	1,62	1,52	1,52	1,52
Net Debt/EBITDA	1,08	1,77	1,39	1,63	1,45	1,82	1,83	1,66	1,72	1,65	1,60
Interest Coverage	13,2	6,2	6,6	6,5	7,0	N/A	N/A	N/A	N/A	N/A	N/A
Efficiency											
Asset Turnover	1,1	1,2	1,3	1,3	1,3	1,3	1,3	1,4	1,4	1,4	1,4
Inventory Turnover	2,5	2,6	3,1	2,7	3,0	2,8	2,9	2,9	3,1	3,1	3,1
Days Inventory	144,9	140,7	118,4	134,9	121,5	129,9	127,6	125,4	117,7	117,7	117,7
Days Receivable	5,6	4,9	5,1	8,8	10,3	5,8	5,8	5,8	5,8	5,8	5,8
Days Payable	77,9	75,3	67,7	69,4	61,3	60,4	59,0	57,7	53,9	53,6	53,6
Per Share Data											
EPS (SEK)	6,65	2,19	5,39	7,21	7,25	5,32	6,28	7,64	8,02	8,93	9,61
DPS (SEK)	6,50	6,48	6,49	6,49	6,77	4,90	5,78	7,03	7,38	8,21	8,84
Book Value/Share (SEK)	36,26	30,76	29,52	27,86	26,65	29,05	29,49	30,01	30,65	31,32	32,06
Payout Ratio	97,7%	295,2%	120,5%	90,0%	93,4%	92,2%	92,1%	92,0%	92,0%	92,0%	91,9%

Appendix 8 - DCF and Abnormal Earnings

Free Cash to the Firm

	2019	2021	2022	2023	2024	2025	2026	2027E	2028E	2029E	2030E	2031E
NOPAT	13 478 SEK	11 745 SEK	4 170 SEK	9 819 SEK	13 035 SEK	13 423 SEK	10 194 SEK	12 049 SEK	14 694 SEK	15 454 SEK	17 235 SEK	18 560 SEK
D&A	11 051 SEK	20 703 SEK	21 085 SEK	20 256 SEK	19 362 SEK	20 426 SEK	21 471 SEK	21 578 SEK	21 980 SEK	22 382 SEK	22 782 SEK	23 185 SEK
Gross Cash Flow	**24 529 SEK**	**32 448 SEK**	**25 255 SEK**	**30 075 SEK**	**32 397 SEK**	**33 849 SEK**	**31 665 SEK**	**33 626 SEK**	**36 674 SEK**	**37 835 SEK**	**40 017 SEK**	**41 744 SEK**
CAPEX	7 384 SEK	3 606 SEK	2 727 SEK	4 527 SEK	7 986 SEK	10 060 SEK	9 240 SEK	8 236 SEK	8 391 SEK	10 990 SEK	12 434 SEK	13 922 SEK
Δ WC		12 986 SEK	-1 588 SEK	4 843 SEK	-4 989 SEK	-2 631 SEK	-9 516 SEK	1 896 SEK	-300 SEK	1 439 SEK	-2 654 SEK	-503 SEK
Investing Cash Flow	7 384 SEK	16 592 SEK	1 139 SEK	9 370 SEK	2 997 SEK	7 429 SEK	-276 SEK	10 132 SEK	8 091 SEK	12 429 SEK	9 780 SEK	13 420 SEK
FCFF	**17 145 SEK**	**15 856 SEK**	**24 116 SEK**	**20 705 SEK**	**29 400 SEK**	**26 420 SEK**	**31 941 SEK**	**23 495 SEK**	**28 583 SEK**	**25 406 SEK**	**30 237 SEK**	**28 325 SEK**
								21 484 SEK	23 900 SEK	19 425 SEK	21 140 SEK	18 108 SEK

Terminal Value	**202 061 SEK**
Terminal Growth Rate	1,5%
Firm Value	306 118 SEK
Cash 2027	14 864 SEK
Total debt 2027	81 651 SEK
Non-controlling interest	50 SEK
Equity Value	**239 280 SEK**
Shares	1 612
Share Price	**148,47 SEK**

Abnormal Earnings Method												
Cost of Equity	11,29%											
	2019	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Net Income	17 391 SEK	2 052 SEK	14 300 SEK	6 270 SEK	13 598 SEK	16 026 SEK	16 314 SEK	10 355 SEK	12 295 SEK	15 061 SEK	15 834 SEK	17 677 SEK
BV of equity	57 069 SEK	54 623 SEK	60 018 SEK	50 757 SEK	48 098 SEK	44 897 SEK	42 947 SEK	46 813 SEK	47 527 SEK	48 370 SEK	49 395 SEK	50 472 SEK
Abnormal Earnings		-4 112 SEK	7 527 SEK	542 SEK	8 170 SEK	10 959 SEK	11 467 SEK	5 072 SEK	6 932 SEK	9 602 SEK	10 260 SEK	11 982 SEK
PV AE								4 558 SEK	6 229 SEK	8 628 SEK	9 220 SEK	10 767 SEK

Value of the firm	241 463 SEK
Cash 2027	14 864 SEK
Total debt 2027	81 651 SEK
Non-controlling interest	50 SEK
Equity Value	174 625 SEK
Shares	1 612
Share price	108,35 SEK

Appendix 9 - Relative Valuation

STOCK	P/E	EV TO EBITDA
Fast Retailing Co Ltd	42,93x	22,51x
The GAP Inc	12,82x	8,32x
Ralph Lauren	25,15x	18,36x
Inditex	29,12x	15,38x
Average	27,50x	16,14x
Net Income	10 160,34 SEK	
EBITDA	36 562,11 SEK	
Implied EV	279 449,01 SEK	590 202,95 SEK
Debt		81 651,46 SEK
(+)Cash		14 864,13 SEK
Implied Equity Market Value	279 449,01 SEK	523 415,62 SEK
Shares	1 611,70 SEK	
Price per Share (SEK)	173,39 SEK	324,76 SEK
Average Share Price	249,07 SEK	

Appendix 10 - Unlevered Beta Calculation

Equities	Current Market Cap in SEK	Enterprise Value in SEK	Short and Long term Debt in SE	Levered Beta	D/V	E/V	D/E	β Unlevered
Next	18596828,98	20,5438626	2,051456676	0,6309905	0,099857399	0,900143	0,110935088	0,582523757
Asics	1914589534	1906,554974	75,05664	1,526453	0,039367677	0,960632	0,040981004	1,484784323
Boohoo Group	232343,8904	0,328022775	0,152325854	1,166884	0,464375846	0,535624	0,86698078	0,707101465
Buckle	290996537,7	296,252305	30,7013483	0,836071372	0,103632437	0,896368	0,115613774	0,766099743
Fast Retailing	9645404828	9042,576668	441,80416	1,006816	0,048858216	0,951142	0,051367963	0,972602959
Gap	788916715,9	1086,272716	515,1975	1,13506937	0,47428007	0,52572	0,902153492	0,662736344
Victoria's Secret	199449559,3	455,0251593	253,8818	1,826080322	0,557951126	0,442049	1,262193298	0,914351018
Lululemon	1808276806	1865,388355	148,2819331	0,878254056	0,079491186	0,920509	0,086355704	0,822165124
Ralph Lauren	1795911583	1886,464013	251,06821	1,097425342	0,133089319	0,866911	0,153521374	0,978723866
Hanesbrands	210867444	433,444056	231,1485574	1,228749514	0,533283486	0,466717	1,142628279	0,645800596
PVH Corp	373747020,5	753,6475405	319,6577	0,804289818	0,424147473	0,575853	0,736555721	0,508439525
Adidas	3487881600	4010,4666	630,6412	1,080913	0,157248835	0,842751	0,186589875	0,956041619
Puma	326329503,3	581,2293233	190,18776	0,9749869	0,327216388	0,672784	0,486362008	0,727356054
On Holding	1318510843	1029,436435	32,86913	1,413025141	0,031929247	0,968071	0,032982348	1,377142246
Inditex	15823763200	15334690	618,254	1,11	4,03173E-05	0,99996	4,0319E-05	1,109966435
Total	38003474349			1,114400556	0,231651268	0,768349	0,411684068	0,881055672

Appendix 11 - Equity Risk Premium and Inputs for WACC Calculation

Region	Revenues in SEK	% of Sales	ERP	Weighted ERP
Oceania, Africa and Asia	20 627,00 SEK	8,80%	10,71%	0,94%
Americas	79 550,00 SEK	33,93%	10,25%	3,48%
Nordics	21 181,00 SEK	9,03%	5,43%	0,49%
Eastern Europe	31 507,00 SEK	13,44%	9,37%	1,26%
Western Europe	51 798,00 SEK	22,09%	5,43%	1,20%
Southern Europe	29 815,00 SEK	12,72%	5,43%	0,69%
Total	234 478,00 SEK	100,00%		**8,06%**

Market Information	
Risk Free Rate	**2,62%**
ERP	**8,06%**

H&M	
Share price (SEK) as of 6/04/2026	174,15 SEK
No. Shares outstanding (k)	1 602 438,40
Marginal Tax Rate**	**20,6%**

Debt Risk	
Credit Rating	Aaa/AAA
Interest Coverage I	11,56
Default Spread	0,45%
Cost of Debt	**3,07%**

Capital Structure			
Total Debt	77 547,00 SEK	D/V	21,75%
Market Cap	279 064,65 SEK	E/V	78,25%
Total	356 611,65 SEK	D/E	27,79%

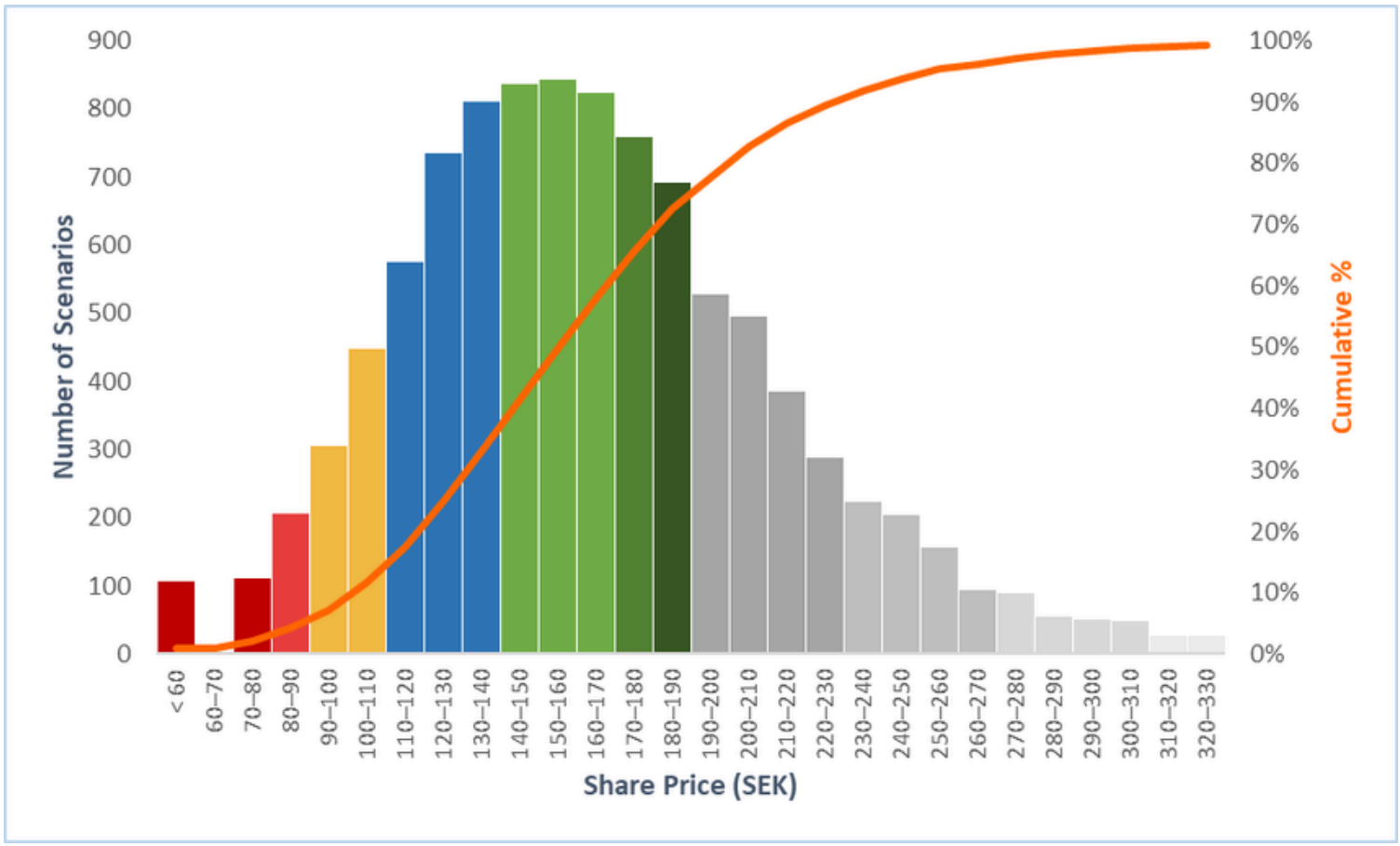
Appendix 12 - BETA and WACC Calculation

Betas	
β unlevered (industry)	0,88106
β levered (Equity beta)	1,07545
β debt	0,05585

Cost of Capital	WACC1	WACC2	WACC3
Cost of equity Levered (	11,285%	10,783%	10,725%
Cost of equity unlevere	9,719%	9,307%	
Cost of Debt	3,07%	3,07%	3,07%
WACC	9,361%	8,968%	8,923%

WACC1	based on beta bottom-up strategy using the peer approach
WACC2	calculated by the average of the 37 companies, according to Damodaran
WACC3	approach using historical data to obtain a regression

Appendix 13 - Monte Carlo Simulation Results



Appendix 14 - Management Team

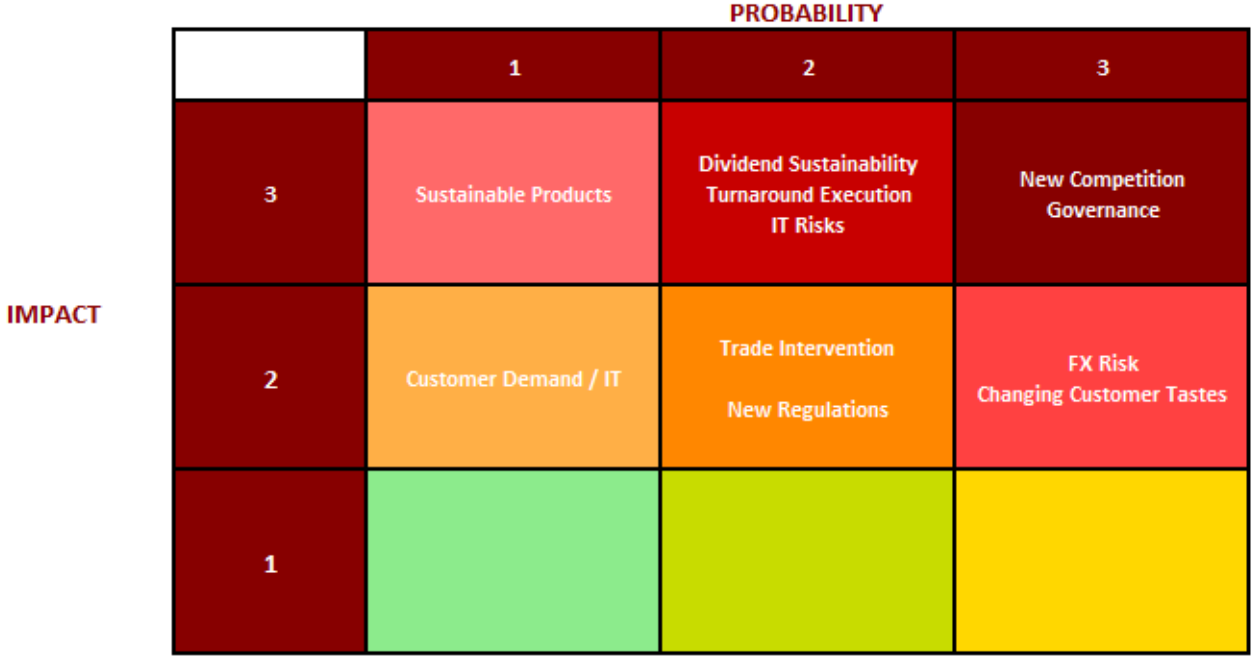
H&M Group — Management Team (FY2025)							
Name	Role / Title	Type	Area of Expertise	Academic Background	H&M Since	Shares	Key Previous Experience
Daniel Ervér	CEO	Executive	Retail Operations, Brand Management, Strategy	MSc Business Administration	2006	93646	H&M Brand CEO (2020–2024)
Adam Karlsson	CFO	Executive	Finance, Controlling, Global Operations	MSc Economics & Business	2003	45052	Head of Controlling H&M Brand
Åsa Agebäck	Chief Human Resources Officer	Executive	Human Resources, People & Organisation	MSc Human Resource Management	2018	2000	Leadership roles at EQT, Nordea, Ericsson
Mehmet Arisoy	Chief Sales Officer	Executive	Retail Sales, Regional Management	Qualifications in Retail & Sales	2005	6350	Country Manager Europe
John Ehrnst	Chief Marketing Officer (acting)	Executive	Brand Strategy, Marketing, Sales	MSc Economics & Business	2006	5,15	CEO Americas at Daniel Wellington
Anna Attemark	CEO of Portfolio Brands	Executive	Brand Management, Business Development, Retail	MSc Economics & Business	1994	14105	CEO Odd Mollyk
Leyla Ertur Genc	Chief Sustainability Officer	Executive	Sustainability, Supply Chain, Production	BSc Business Administration	2000	2330	Co-chair Fashion Pact Operations Committee
Henrik Kroon	Chief Commercial Development Officer	Executive	Commercial Development, Customer Experience	BSc Business Administration	2010	5382	GM H&M MOVE
Johan Lundgren	Chief Strategy & Innovation Officer	Executive	Strategy, Innovation, Business Development	MSc Industrial & Financial Management	2008	15000	COO at Fortnox
Ellen Svanström	Chief Digital Information Officer	Executive	Technology, Digital Transformation, Group Strategy	MSc Business Administration	2016	2280	CEO Extenda
David von Heijne	Chief Supply Chain Officer	Executive	Supply Chain, Product Operations, Controlling	BSc Economics & Finance	2011	5420	Head of Controlling Buying Office

Appendix 15 - Members of the board

H&M Group — Board of Directors (FY2025)

Name	Role / Title	Type	Area of Expertise	Academic Background	Board Member Since	Previous Experience
Karl-Johan Persson	Chairman of the board	Non-Executive	Retail Operations, Strategy, Entrepreneurship	BA Business Administration from the European Business School in London	2020	CEO H&M Group (2009–2020)
Klas Balkow	Board Member	Non-Executive	Retail, Strategy & Operations	Diploma in Engineering and SSE Executive Education	2025	Former CEO of Axfood, Clas Ohlson and Aximage; Senior Positions at
Anders Dahlvig	Board Member	Non-Executive	Retail, International Expansion, Strategy	MSc Business Administration from Lund University and MA from the University of California, Santa	2010	CEO & President, IKEA (1999–2009)
Danica Kragic Jensfelt	Board Member	Non-Executive	AI, Robotics, Computer Vision, Digitalisation	PhD in Robotics from KTH Royal Institute of Technology	2019	Professor of Computer Science, KTH (2008–present); Board: SAAB
Lena Patriksson Keller	Board Member	Non-Executive	Brand Strategy, Design, Marketing, Communications	Design & Marketing at Parsons School of Design in New York and at the American University in	2014	CEO and later Executive Chair in Patriksson Group AB
Helena Saxon	Board Member and Chair of the Audit Committee	Non-Executive	Finance, Investment Management, Corporate Governance	MSc Economics and Business from the Stockholm School of Economics and Corporate Governance	2024	CFO of Investor AB (2015–2024)
Christian Sievert	Board Member and member of the Audit	Non-Executive	Private Equity, Finance, Investment Management	MSc Economics and Business from the Stockholm School of Economics	2010	CEO AB Max Sievert (2014–present)
Christina Synnergren	Board Member	Non-Executive	Fashion & Luxury Consulting, Retail Strategy, Governance	MSc Economics & Business from Stockholm School of Economics	2023	Senior Partner & MD, Boston Consulting Group (Fashion &
Keith Barker	Employee Representative	*Employee Representativ*			Union appointment	IT Architect, H&M Group
Tim Gahnström	Employee Representative	*Employee Representativ*			Union appointment	Solution Architect, H&M Group
Agneta Gustafsson	Employee Representative	*Employee Representativ*			Union appointment	Pattern Maker / Sales Advisor, H&M

Appendix 16 - Risk Matrix



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