VGR

// H1 FY2026

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VGR MARKET INTELLIGENCE

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01

Executive Summary

H&M reported first-half net sales of SEK 104,435m (112,047), down 6.8% in Swedish krona and 1% in local currencies. Gross margin was 53.8% (52.3). Operating profit rose 4.3% to SEK 7,425m (7,117), a margin of 7.1% (6.4), after SEK 679m of second-quarter restructuring costs; before them it was SEK 8,104m, 7.8% of sales. Profit for the period was SEK 4,667m (4,541) and cash flow from operating activities SEK 14,616m (12,729). The company expects June sales in local currencies on par with June 2025.

Net sales fell SEK 7,612m, 6.8%; currency translation of about SEK 6.5bn is 85.3% of the fall, and in local currencies sales fell 1% with 3.1% fewer stores

The company gives the local-currency change in whole points: −1% for the half. On that rate the local-currency decline is about SEK 1,120m and translation about SEK 6,492m, 5.8 points of the 6.8% fall. Because −1% covers −1.5% to −0.5%, translation is bounded at SEK 5,931m to SEK 7,052m, 77.9% to 92.6% of the reported fall. The first quarter, derived as the half less the second quarter, fell 10.3% in SEK and the second quarter 3.3%. Every region fell in SEK. In local currencies Southern Europe grew 4% and the Nordics were flat; Western Europe and the Americas each fell 2%. The estate closed the half with 4,038 stores against 4,166, and portfolio brands fell 4% in local currencies, including the closure of Monki. The company does not publish like-for-like sales or an online amount, so the local-currency decline cannot be split between space and trading. The nine-month report of 24 September 2026 settles the direction: third-quarter local-currency growth against June's "on par".

Operating profit before one-time costs rose SEK 987m, the same amount by which depreciation fell; EBITDA before those costs was SEK 17,807m in both halves

Depreciation, amortisation and write-downs fell to SEK 9,703m from SEK 10,690m (note 4). Operating profit plus that line gives EBITDA of SEK 17,128m against SEK 17,807m, a difference of SEK 679m, equal to the restructuring charge. The gross margin gained 150bp, worth SEK 1,570m at this year's sales, while lower sales at last year's margin cost SEK 3,981m. Selling expenses fell SEK 3,079m, of which SEK 879m is lower depreciation in that line; administrative expenses rose SEK 410m. By segment, North and South America added SEK 893m, 90.5% of the SEK 987m rise before one-time costs, and its margin went to 6.8% from 2.5%. The second quarter also carried SEK 565m of provisions for transition costs that the company's measure does not exclude. The company attributes the improvement to "a stronger gross margin and good cost control" (p.8) and does not name depreciation.

Dividends and buybacks of SEK 12,408m were 265.9% of profit for the half; equity fell 21.0% to SEK 33,924m and equity/assets to 20.5%

The dividend of SEK 11,344m was recognised in the half, of which SEK 5,672m was paid by 31 May, with buybacks of SEK 1,064m. Equity/assets has fallen in each of the four years since the first half of 2022, when it was 30.2%. Interest-bearing liabilities rose to SEK 20,428m (16,867) and net debt to SEK 1,731m (605); net debt including leases was 1.5 times EBITDA, inside the company's 1.0 to 2.0 target range. Free cash flow after capital expenditure and lease repayments was SEK 4,773m (1,876).

WHAT TO WATCH

Nine-month report, 24 September 2026. Third-quarter net sales growth in local currencies. The second quarter was −1% and the company expects June on par. A continuation is a third quarter at 0% or below; a break is growth above 0% with regions other than Southern Europe positive.

Nine-month report, 24 September 2026. Third-quarter gross margin against the third quarter of 2025. The company states that external factors are flat for goods sold in the quarter, markdowns at the same level and that the supply-chain actions of the third quarter of 2025 are in the comparative. A continuation is another increase of 100bp or more, as in the first (157bp) and second (121bp) quarters; a break is an increase below 50bp or a fall.

Nine-month report, 24 September 2026. Note 4 depreciation for nine months against operating profit before one-time items. A continuation is EBITDA before one-time items flat on 2025 again; a break is EBITDA before one-time items above the 2025 nine-month level.

VGR will publish the nine-month 2026 analysis when the figures are released.

02

The period in figures

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H & M HENNES & MAURITZ AB · STO: HM-B · H1 FY2026 · SEK AS PUBLISHED

FINANCIAL YEAR ENDS 30 NOVEMBER 2026 · PERIOD ENDED 31 MAY 2026 · REPORTED 25 JUNE 2026 · ANALYSIS 30 SEPTEMBER 2026

NET REVENUES	GROSS PROFIT	OPERATING PROFIT	NET PROFIT
−6.8%	**−4.1%**	**+4.3%**	**+2.8%**
104,435 vs 112,047	56,183 vs 58,594	7,425 vs 7,117	4,667 vs 4,541

GROSS MARGIN	OPERATING MARGIN	RoS
53.8%	**7.1%**	**4.5%**
from 52.3%	from 6.4%	from 4.1%

SEKm, half-year against the same half a year earlier; net profit is profit for the period including non-controlling interests; operating profit as reported, after SEK 679m restructuring costs; changes, margins and RoS are VGR arithmetic

H&M reports quarterly under IFRS (IAS 34) for a financial year that runs from 1 December to 30 November. The six-month report was published at 08:00 CEST and has not been audited. The table sets the half beside the second quarter and the derived first quarter.

SEK M	H1 26	H1 25	CHANGE	Q2 26	Q2 25	CHANGE
Net sales	104,435	112,047	**−6.8%**	54,828	56,714	**−3.3%**
local currencies, as disclosed			**−1%**			**−1%**
Gross profit	56,183	58,594	**−4.1%**	31,045	31,425	**−1.2%**
Selling expenses	43,163	46,242	−6.7%	22,333	23,127	−3.4%
Administrative expenses	5,595	5,185	+7.9%	2,800	2,362	+18.5%
Operating profit	7,425	7,117	+4.3%	5,913	5,914	0.0%

SEK M	H1 26	H1 25	CHANGE	Q2 26	Q2 25	CHANGE
before one-time costs	8,104	7,117	+13.9%	6,592	5,914	+11.5%
Profit for the period	4,667	4,541	+2.8%	3,963	3,962	0.0%
Cash flow, operating activities	14,616	12,729	+14.8%	10,591	8,528	+24.2%

Source: H&M six-month report 2026, published 25 June 2026, pp.3, 16, 19. Local-currency growth is disclosed in whole points. Changes are VGR arithmetic on the disclosed SEK m. Expense rows are costs; a fall is a gain to profit.

03

The restatement bridge

Calendar: both halves run 1 December to 31 May, 182 days each. Perimeter: Monki's stores closed during 2025 (43 at the start of the second quarter of 2025, 32 at its end); the report gives no sales amount for them. Currency: the company gives the local-currency rate in whole points and the second-quarter translation effect in words ("just under 3 percentage points"). On the whole-point rate the second quarter's translation is 1.8 to 2.8 points, so the two statements agree only if local-currency growth was close to −0.5%. One-offs: the company excludes SEK 679m of restructuring costs from its adjusted operating profit and does not exclude SEK 565m of transition-cost provisions booked in the same quarter (SEK 18m a year earlier). Leases: EBITDA includes SEK 6,037m (6,447) of right-of-use depreciation, so cash is measured after lease repayments of SEK 6,014m (6,223).

ITEM	H1 26	H1 25	TREATMENT
Operating profit, reported	7,425	7,117	As published
Restructuring costs, Q2	679	0	Excluded by the company
Operating profit before one-time costs	8,104	7,117	Company measure, +13.9%
Transition-cost provisions, Q2	565	18	Not excluded; shown here
Operating profit before both	8,669	7,135	VGR arithmetic, +21.5%

Source: H&M six-month report 2026, published 25 June 2026, pp.7-8. The last row is VGR arithmetic and is not a company measure.

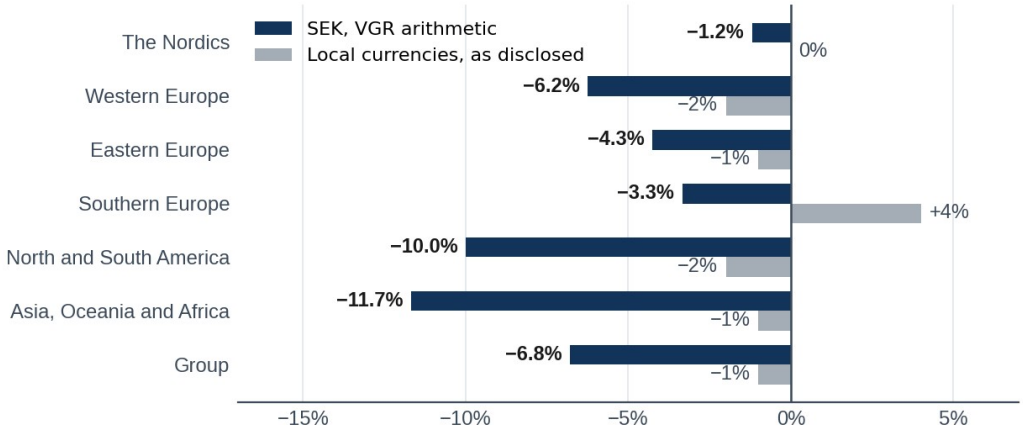
04

Growth composition

Of the five sources of growth VGR separates, the report discloses one, currency, and that only by difference from a whole-point rate. Space, perimeter and like-for-like are not disclosed. On the central reading the half's −6.8% is about −5.8 points of translation and −1.0 point in local currencies, against a store count 3.1% lower. Southern Europe is the only region with local-currency growth in the half (4%) and in the second quarter (5%). Online is "just over 30 percent" of sales, with no amount.

Every region fell in SEK; in local currencies only Southern Europe grew

Net sales change by region · six months to 31 May 2026 vs 2025 · per cent



Source: H&M six-month report 2026, published 25 June 2026. Sales per region, p.5. SEK changes are VGR arithmetic on the disclosed SEK m; local-currency changes are disclosed in whole points and printed as disclosed. The gap between the two bars is the translation effect of the stronger krona.

REGION, H1	SEK M 26	SEK M 25	SEK	LOCAL
The Nordics	9,649	9,766	**−1.2%**	0%
Western Europe	35,532	37,899	**−6.2%**	**−2%**
Eastern Europe	9,408	9,826	**−4.3%**	**−1%**
Southern Europe	14,321	14,815	**−3.3%**	+4%
North and South America	22,702	25,222	**−10.0%**	**−2%**
Asia, Oceania and Africa	12,823	14,519	**−11.7%**	**−1%**
Group	104,435	112,047	**−6.8%**	**−1%**

Source: H&M six-month report 2026, published 25 June 2026, p.5. SEK changes VGR arithmetic; local-currency changes as disclosed, whole points.

Over five years the first half has not grown: net sales of SEK 104,435m are 0.7% above the SEK 103,670m of 2022, with 14.1% fewer stores (4,038 against 4,702). Portfolio brands fell 4% in local currencies and 10% in SEK in the half and 7% in local currencies in the second quarter; the company gives no SEK amount for them.

05

The estate

The group opened 41 stores (24) and closed 104 (111) in the half, a net 63, to end at 4,038. The plan for 2026 is about 90 openings and 170 closures; with 41 and 104 done, the second half needs about 49 openings and 66 closures, for about 4,021 stores at 30 November. The company expects the sales effect of store optimisation to be slightly positive for the year. Selling area and store sales are not disclosed, so sales per store or per square metre cannot be calculated.

BRAND	NET CHANGE H1	31 MAY 26	31 MAY 25
H&M	−61	3,599	3,706
COS	+6	252	239
ARKET	+2	55	42
Weekday	0	44	46
& Other Stories	−1	65	69
H&M HOME	−9	23	32
Monki	0	0	32
Group	−63	4,038	4,166

Source: H&M six-month report 2026, published 25 June 2026, p.10. Franchise stores 248 (256). H&M HOME also trades in 471 H&M stores.

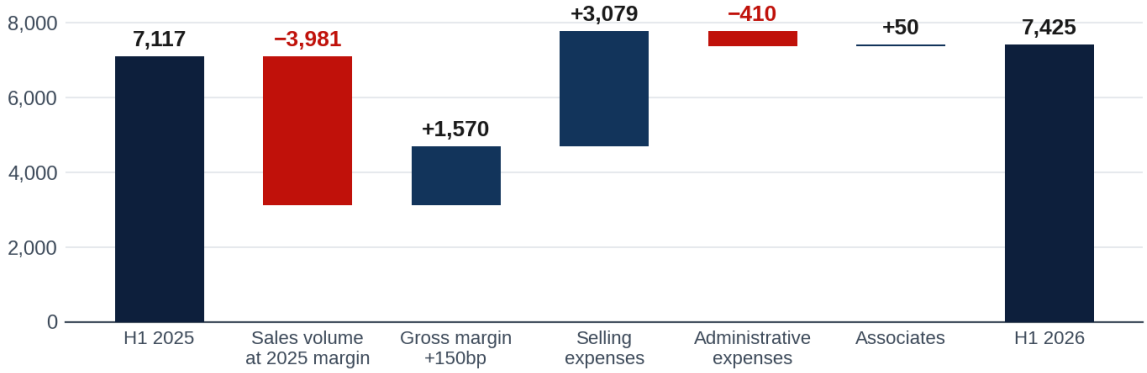
06

Margin architecture

Gross margin rose 150bp to 53.8%, with 157bp in the derived first quarter and 121bp in the second. Selling and administrative expenses rose to 46.7% of sales from 45.9%, 79bp; before the restructuring costs they were 46.0%, 14bp higher. Operating margin rose 76bp as reported and 141bp before one-time costs. Depreciation in selling expenses fell SEK 879m and in cost of goods sold SEK 35m, so little of the gross margin gain is depreciation.

Lower selling expenses offset the SEK 2,411m fall in gross profit

H&M group operating profit · six months to 31 May · SEK m



Source: H&M six-month report 2026, published 25 June 2026. Group income statement, p.16. Volume = change in net sales x 2025 gross margin; rate = change in gross margin x 2026 net sales (VGR arithmetic). Selling and administrative expenses include the SEK 679m second-quarter restructuring costs, not split by line; selling expenses include SEK 879m lower depreciation (note 4).

PER CENT OF NET SALES	H1 26	H1 25	CHANGE
Gross margin	53.8%	52.3%	+150bp
Selling and administrative expenses	46.7%	45.9%	**+79bp**
before restructuring costs	46.0%	45.9%	**+14bp**
Operating margin	7.1%	6.4%	+76bp
before one-time costs	7.8%	6.4%	+141bp
EBITDA margin	16.4%	15.9%	+51bp
before one-time costs	17.1%	15.9%	+116bp

Source: H&M six-month report 2026, published 25 June 2026, pp.16, 25. EBITDA = operating profit + note 4 total; VGR arithmetic.

In the second quarter operating profit was SEK 5,913m (5,914). Provisions totalled SEK 1,244m (18): the SEK 679m restructuring and SEK 565m for transition costs in portfolio brands, tech and logistics. Excluding both, second-quarter operating margin would be 13.1% against 10.5%.

SEGMENT, H1	SALES	OPERATING PROFIT	MARGIN (PRIOR)
Europe and Africa	69,561	4,312 (4,261)	6.2% (5.8%)
North and South America	22,701	1,534 (641)	6.8% (2.5%)

SEGMENT, H1	SALES	OPERATING PROFIT	MARGIN (PRIOR)
Asia and Oceania	12,173	65 (58)	0.5% (0.4%)
Group Functions	32,023 internal	1,514 (2,157)	4.7% (6.1%)
Group	104,435	7,425 (7,117)	7.1% (6.4%)

Source: H&M six-month report 2026, published 25 June 2026, note 3, p.24. Group Functions' sales are to other segments and are eliminated. The report does not say in which segment the one-time costs sit.

07

Inventory and the markdown cycle

Stock-in-trade fell 10.0% in SEK to SEK 34,942m and 2% currency adjusted. Against the half's cost of goods sold it is 131.8 days, against 132.2 a year earlier; the fall in stock matches the fall in cost of sales. As a share of rolling twelve-month sales it is 15.8% (16.6). Markdown costs in the second quarter were at the same level as a year earlier, with no amount given. The stock line is the lowest of the five first halves shown (41,504 in 2022).

STOCK-IN-TRADE	31 MAY 26	31 MAY 25	CHANGE
SEK m	34,942	38,817	**−10.0%**
Days of half-year cost of goods sold	131.8	132.2	−0.4 days
Share of rolling 12-month sales	15.8%	16.6%	−0.8pp

Source: H&M six-month report 2026, published 25 June 2026, pp.3, 9, 16. Days: stock / cost of goods sold x 182; VGR arithmetic.

08

Working capital, cash and capital structure

Operating working capital fell to SEK 20,000m from SEK 23,250m. Accounts payable were flat in SEK against cost of goods sold down 9.7%, so payable days rose 7.0 to 73.5; receivable days rose 1.5 to 7.9. The report does not disclose supplier finance. Cash flow from operating activities was SEK 14,616m (12,729), with SEK 1,277m of non-cash provisions added back (16). After investments of SEK 3,829m and lease repayments of SEK 6,014m, free cash flow was SEK 4,773m (1,876). Cash fell SEK 2,027m in the half, to SEK 18,697m.

SEK M	31 MAY 26	31 MAY 25	CHANGE
Accounts receivable	4,534	3,947	+587

SEK M	31 MAY 26	31 MAY 25	CHANGE
Stock-in-trade	34,942	38,817	**−3,875**
Accounts payable	(19,476)	(19,514)	+38
Operating working capital	20,000	23,250	**−3,250**
Payable days on cost of goods sold	73.5	66.4	+7.0
Interest-bearing liabilities	20,428	16,867	+3,561
Net debt	1,731	605	+1,126
Net debt incl. leases / EBITDA	1.5x	1.5x	target 1.0-2.0x
Equity/assets	20.5%	21.7%	**−1.2pp**

Source: H&M six-month report 2026, published 25 June 2026, pp.11, 18, 19. Days on 182 days; VGR arithmetic.

09

Capital allocation and returns

Investment in intangible and tangible assets was SEK 3,755m (4,492), 0.39 times depreciation. The dividend recognised was SEK 11,344m, SEK 5,672m of it paid in the half, and SEK 1,064m of shares were repurchased. Together they are 265.9% of profit for the period and reduced equity to SEK 33,924m from SEK 42,947m at 30 November. Rolling twelve-month return on equity is 34.7% (25.3) and return on capital employed 17.4% (13.8); the return on equity rises in part because equity fell.

SEK M	H1 26	H1 25	NOTE
Capital expenditure	3,755	4,492	0.39x D&A (0.42x)
Dividend recognised	11,344	10,910	5,672 paid in the half
Share repurchases	1,064	0	1,088 in cash flow
Profit for the period	4,667	4,541	
Distributions / profit	265.9%	240.3%	VGR arithmetic

Source: H&M six-month report 2026, published 25 June 2026, pp.18-20.

10

Earnings quality

The SEK 987m rise in operating profit before one-time costs equals the SEK 987m fall in depreciation, amortisation and write-downs; EBITDA before one-time costs is

unchanged at SEK 17,807m. Right-of-use depreciation fell SEK 410m and other depreciation SEK 559m. Below operating profit, net financial items rose 13.0% to SEK 1,202m and the tax rate was 25.0% (25.0), inside the 25-26% guided for the year. Earnings per share rose to SEK 2.95 from SEK 2.85 on 0.4% fewer shares. The SEK 565m of transition provisions sits in reported and adjusted profit alike; how much of it will be spent in cash is not stated.

SEK M	H1 26	H1 25	CHANGE
Operating profit before one-time costs	8,104	7,117	+987
Depreciation, amortisation, write-downs	9,703	10,690	−987
EBITDA before one-time costs	17,807	17,807	0
Other provisions, non-cash (cash flow)	1,277	16	+1,261

Source: H&M six-month report 2026, published 25 June 2026, pp.8, 19, 25; VGR arithmetic.

11

Guidance and the implied requirement

The VGR ledgers carry no H&M guidance or expectation from the three-month report, so the half is not scored against a recorded prior. The company gives no sales or profit guidance. Its statements for the third quarter: June sales in local currencies on par; markdowns as a share of sales at the same level as a year earlier; external factors flat for goods sold in the quarter; and the supply-chain actions that contributed from the third quarter of 2025 in the comparative from the third quarter of 2026.

STATEMENT	GIVEN	IMPLIED OR MEASURED
Store plan 2026	~90 open, ~170 close	H2: ~49 open, ~66 close
Store sales effect 2026	slightly positive	not calculable
Tax rate 2026	25-26%	H1: 25.0%
June sales, local currencies	on par	Q2: −1%

Source: H&M six-month report 2026, published 25 June 2026, pp.5-6, 10, 12. Implied figures VGR arithmetic.

12

Disclosure delta and metrics not reported

The regional store table on p.6 heads its change column "Six months 2026" and totals −12; the brand table on p.10 gives −12 for the second quarter and −63 for the six months, and the text gives 41 openings and 104 closures. The regional column matches the quarter. The regional sales table (Asia, Oceania and Africa SEK 12,823m) and the segment note (Asia and Oceania SEK 12,173m) differ by SEK 650m because South Africa sits in Europe and Africa in the segment note.

METRIC	STATUS
Like-for-like sales	Not disclosed
Selling area; sales per store	Not disclosed
Online sales amount	Share only: "just over 30 percent"
Currency translation in SEK	Not disclosed; rates in whole points
Restructuring costs by line and segment	Not disclosed
Markdown costs; stock ageing	Direction only
U.S. tariff process (note 5)	No amount

Source: H&M six-month report 2026, published 25 June 2026.

13

The company's account, tested

CLAIM (PAGE)	DISPOSITION
Operating profit improved "mainly due to a stronger gross margin and good cost control" (p.8)	Partially supported. Gross margin rate SEK +1,570m; selling expenses SEK −3,079m. The SEK 987m fall in depreciation is not named.
Supply-chain work "explained the majority" of the Q2 gross margin gain (p.6)	Not verifiable from the disclosure: no amount per factor.
"The composition of the stock-in-trade is good" (pp.3, 9)	Not verifiable from the disclosure: no ageing or provision.
"Increased inventory productivity" (CEO, p.4)	Partially supported. Stock to sales 15.8% (16.6); days of cost of goods sold 131.8 (132.2).

CLAIM (PAGE)	DISPOSITION
"Online continued to grow" (p.5)	Not verifiable from the disclosure: no amount or rate.
Q2 cash flow from operating activities +24% (p.3)	Supported by the disclosed figures: SEK 10,591m against SEK 8,528m, +24.2%.

Source: H&M six-month report 2026, published 25 June 2026. Dispositions are VGR's; working in HM_H1_FY2026_Source_Figures.md, PART 3.

14

Method, sources and precision

Primary source: the six-month report 2026, statements and notes. Cross-foot checks: regions to group in both periods; segments to group for sales and operating profit; brands to the store total; operating working capital from its components; the equity roll-forward (42,947 + 3,385 − 11,344 − 1,064 = 33,924); the cash flow statement to the change in cash (20,908 − 2,027 − 184 = 18,697); note 4 to the cash flow statement. All reconcile. The two items in section 12 are presentation differences, not arithmetic errors.

FIGURE	PRECISION
Growth rates, margins and bp on disclosed SEK m	Exact
Currency translation, half	Bounded: SEK 5,931m to 7,052m; central SEK 6,492m
First-quarter figures	Exact: half less second quarter
Days of stock, receivables, payables	Exact on period-end balances, 182 days
Second-half store openings and closures	Bounded by "around" in the plan
Sales per store; like-for-like	Not calculable: not disclosed

VGR arithmetic, HM_H1_FY2026_Source_Figures.md, PART 2.

PEER	MEASURE	NOTE
H&M, H1 FY2026	Gross margin 53.8%; LC growth −1%	this document
Inditex, FY2025	Gross margin 58.3%; +7.0% constant currency	year to January 2026
Primark, H1 FY2026	Like-for-like −2.7%	ABF interim results, April 2026

VGR archive analyses of each company's release, figures as recorded there and not re-verified in this document. Periods differ; no same-period peer was published by 25 June 2026.

Every VGR-derived percentage carries one decimal place and basis points are printed whole. Rates the company discloses in whole points are printed as disclosed. Arithmetic was carried out at full precision and rounded only for printing.

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METHODOLOGY

VGR Standardised Financial Analysis Methodology v5.

Revised 30 September 2026 to methodology v5; first published 25 June 2026.

PRIMARY SOURCE

H & M Hennes & Mauritz AB, Six-month report 2026 (1 December 2025 - 31 May 2026), published 25 June 2026 at 08:00 CEST, unaudited. https://hmgroup.com/wp-content/uploads/2026/06/H-M-Hennes-Mauritz-AB-Six-month-report-2026.pdf

WORKING RECORD

HM_H1_FY2026_Source_Figures.md. Figures in Swedish krona as published; nothing converted.

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