H&M is to wind down in Russia, will reopen temporarily

By Sandra Halliday - July 18, 2022

H&M confirmed on Monday that after earlier pausing all sales in Russia, “given current operational challenges and an unpredictable future, it has decided to initiate a process of winding down the business” there.

It has been in Russia since 2009 and “regrets that the business cannot continue under the current circumstances and that many colleagues are affected as a consequence”.

It added that its focus now is to “ensure a responsible wind-down of operations and support all colleagues concerned in the best possible way over the coming months”.

In order to do this, the company’s aim is to “temporarily reopen physical stores for a limited period of time to sell remaining inventory in Russia”. And it said “the entire wind-down is expected to lead to costs for the group” that will add up to almost $200 million. The full amount will be included as one-time costs in the results for Q3.

Russia had been a fast-growing market for the business and it has 170 stores there. A large number of retailers have suspended their operations in the country with some taking the decision, like H&M, to exit the market altogether.

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