Husqvarna Group

INTERIM REPORT JANUARY - MARCH 2021



Q1

Strong start of the year

First quarter 2021

- Net sales increased by 15% to SEK 14,030m (12,208). The organic growth was 24%, changes in exchange rates impacted with -10% and acquisitions with 1%.
- Operating income increased by 61% to SEK 2,293m (1,424). The operating margin was 16.3% (11.7). For the rolling 12-month period the operating margin amounted to 12.2% (8.9), excluding items affecting comparability.
- Earnings per share after dilution amounted to SEK 2.89 (1.73).
- Cash flow from operations and investments was SEK 1,548m (416). Direct operating cash flow was SEK 143m (-132).
- Operating working capital / net sales amounted to 22.5% (29.4).
- The Group's absolute CO_2 emissions across the value chain has been reduced by 31% compared with the 2015 base line and measured on a rolling 12-month basis.

Significant events after the quarter

- The AGM was held on April 14 and the dividend was set at SEK 2.40 (2.25) per share.
- Sascha Menges, President Husqvarna Division, has decided to take a position outside of the Husqvarna Group (see page 8).

Financial summary

Group, SEKm	**Q1 2021**	Q1 2020	Δ%	**LTM***	Full year 2020
Net sales	14,030	12,208	15	43,764	41,943
Organic growth, %*	*24*	*-14*		*13*	*0*
Operating income (EBIT)	2,293	1,424	61	4,538	3,669
Operating margin, %	*16.3*	*11.7*		*10.4*	*8.7*
Operating income excl. items affecting comparability*	2,293	1,424	61	5,353	4,484
*Operating margin excl. items affecting comparability**	*16.3*	*11.7*		*12.2*	*10.7*
Income after financial items	*2,232*	*1,315*	*70*	*4,246*	*3,330*
Net income for the period	1,659	992	67	3,162	2,495
Earnings per share after dilution, SEK	2.89	1.73	67	5.51	4.35
Direct operating cash flow*	143	-132	n/a	6,347	6,071
Operating working capital / net sales*, %	22.5	29.4		22.5	24.4

*Alternative Performance Measure, refer to "Definitions".

Strong start of the year

Record first quarter

"After a successful 2020, we have delivered a strong first quarter, driven by new innovations and expanded product listings. Organic sales growth was 24% with solid performance in all divisions and main regions, compared with the corresponding quarter last year, which was partly affected by Covid-19 related restrictions. The first quarter is by enlarge a sell in quarter whereby our trade partners are preparing for the season and this year starting from low inventory levels. The growth was particularly strong for robotic lawn mowers, in both the consumer and professional segments, battery-powered products, watering solutions and professional products. This drove the organic sales growth for the Husqvarna and Gardena Divisions to 21% and 37% respectively. The Construction Division has continued to strengthen its positions and achieved an organic sales growth of 14% supported by an improved market situation during the quarter.

Our strong growth, a continued favorable product mix, combined with good cost control drove an increase in operating income of 61% to SEK 2,293m (1,424). This was despite higher costs for raw materials and logistics. Operating margin increased to 16.3% (11.7) for the quarter.

Successful execution during uncertain times

The uncertainties due to the Covid-19 pandemic continue to characterize the world and the Group's efforts to manage the situation have so far been successful. Our focus is the safety of our employees while working intensively to ensure business continuity. The dedicated work to protect our supply chain continues and we have successfully mitigated challenges such as component supply. However, strong demand coupled with global supply shortages continue to put pressure on our supply chain and we carefully monitor the situation and act accordingly.

Commitment for sustainable growth

Sustainability is a key pillar for successful performance. We are working purposefully to reduce our environmental impact and lead the industry in the shift to a low-carbon and resource-smart economy. We have reduced our absolute CO_2 emissions along the value chain by 31% compared to the base year 2015 and measured on a 12-month rolling period. As we enter the next phase, Sustainovate 2025, we are increasing transparency and will report progress towards our Group-wide sustainability targets on a quarterly basis. We aim to launch 50 circular innovations by 2025 and have already announced a project in the watering segment where the innovation is based on recycled materials.

Strong results and increased investments in strategy execution

In summary, we have during the past years built a stronger Husqvarna Group and for the rolling 12-month period achieved an organic sales growth of 13% and an operating margin of 12.2%, excluding items affecting comparability. Our operational flexibility is an essential asset in managing the global uncertainties around the Covid-19 situation and with our financial strength we continue to invest in our strategy execution."



Henric Andersson, President & CEO

Financial Performance

Financial targets and performance

Husqvarna Group has three financial targets; growth, operating margin and capital efficiency.

Metric	Financial target	Achievement LTM
Net sales growth	Market +2ppts	+13%
Operating margin	>10%	12.2%*
Capital efficiency	≤25%	22.5%

Excluding items affecting comparability

First quarter

Net sales

Net sales for the first quarter increased by 15% to SEK 14,030m (12,208). Organic growth was 24%, currency effects impacted with -10% and acquisitions with 1%. The growth was driven by strong performance and good sell-in volumes ahead of the gardening season. Growh in the Construction division was good, supported by an improved market in the quarter.

Operating income

Operating income for the first quarter increased to SEK 2,293m (1,424), driven by the growth in net sales, a favorable product mix and cost avoidance activities. This was despite higher costs for raw materials and logistics. Changes in exchange rates contributed negatively with approximately SEK 135m compared to last year.

Financial items net

Financial items net amounted to SEK -61m (-109). The decrease was mainly related to lower interest rates and lower debt levels denominated in USD.

Income after financial items

Income after financial items amounted to SEK 2,232m (1,315).

Taxes

Income tax amounted to SEK -573m (-323), corresponding to an effective tax rate of 25.7% (24.6).

Earnings per share

Net income for the period attributable to equity holders of the Parent Company amounted to SEK 1,658m (992), corresponding to SEK 2.89 (1.73) per share after dilution.

Cash flow

Cash flow from operations and investments for January - March increased to SEK 1,548m (416) and direct operating cash flow* increased to SEK 143m (-132). The increase was related to higher cash flow from operations. The first quarter was negatively impacted by an increase in working capital, mainly accounts receivables. Due to the seasonal build-up of working capital, cash flow is normally weaker in the first quarter, followed by stronger cash flow in the second and third quarters, while cash flow in the fourth quarter is usually negatively impacted by the pre-season production for the next year.

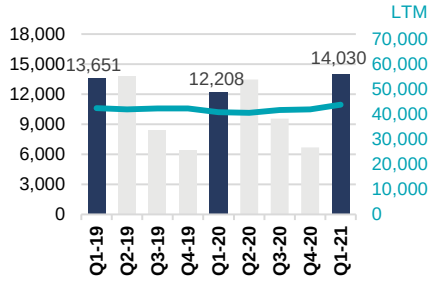
Financial position

Group equity as of March 31, 2021, excluding non-controlling interests, increased to SEK 19,510m (18,736), corresponding to SEK 34.0 (32.7) per share after dilution.

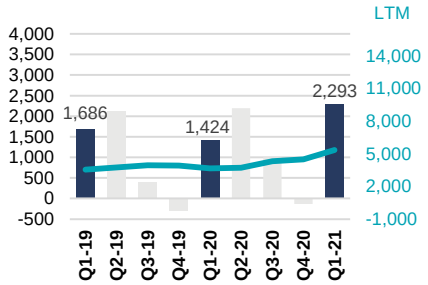
Net debt decreased to SEK 5,323m (11,629). The decrease was mainly related to cash flow from operations. The net pension liability decreased to SEK 2,175m (2,605). Other interest-bearing liabilities decreased to SEK 12,022m (12,497) and liquid funds and other interest-bearing assets increased to SEK 8,874m (3,473).

The Group has long-term unutilized revolving credit facilities amounting to SEK 5bn. The net debt/EBITDA ratio, excluding items affecting comparability, decreased to 0.9 (2.1). The equity/assets ratio was 39% (40).

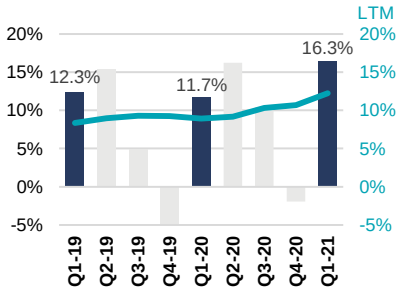
Net sales, SEKm



Operating income excl. IAC, SEKm



Operating margin excl. IAC



Financial summary

SEKm	Q1 2021	Q1 2020	Δ%	LTM*	Full year 2020
Net sales	8,820	8,001	10	27,427	26,607
Organic growth, %*	*21*	*-19*		*12*	*-2*
Operating income	1,537	972	58	2,544	1,979
Operating margin, %	*17.4*	*12.2*		*9.3*	*7.4*
Operating income excl. items affecting comparability*	1,537	972	58	3,247	2,682
*Operating margin excl. items affecting comparability**	*17.4*	*12.2*		*11.8*	*10.1*

* Alternative Performance Measure, refer to "Definitions".

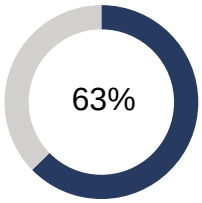
First quarter 2021

Net sales during the first quarter increased by 10% to SEK 8,820m (8,001). The organic growth was 21% and currency effects impacted with -11%. The growth was driven by a strong sell-in where servicing dealers were filling inventory levels ahead of the upcoming gardening season. The growth was strong across all product areas and key regions and the division strengthened its positions particularly in the segments for robotic lawn mowers and battery-powered products, as well as in the handheld segment for professional users.

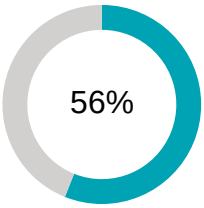
The launch of the new robotic lawn mowers, Husqvarna Automower® 405X and 415X, were highly successful and a driver behind the strong growth in the consumer segment during the first quarter. The division also noted a fast-growing demand for robotic lawn mowers for professional use and commercial applications during the period.

Operating income increased by 58% to SEK 1,537m (972). The improvement was driven by strong net sales growth, a favorable product mix and cost avoidance activities. This was partly offset by increased raw material and logistics costs. Changes in exchange rates had a negative impact of approximately SEK 55m in the first quarter. Organic growth for the rolling 12-month period amounted to 12% and operating margin was 11.8%, excluding items affecting comparability.

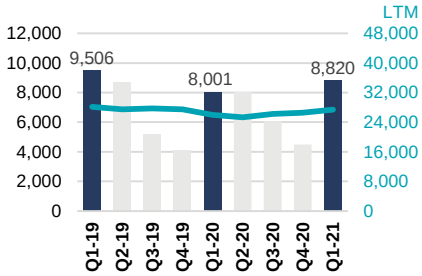
Share of Group net sales, LTM



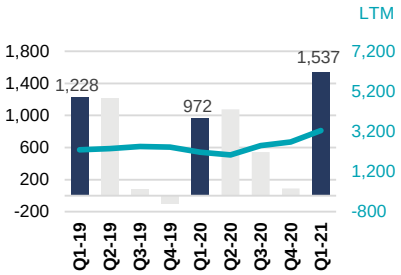
Share of Group operating income, LTM



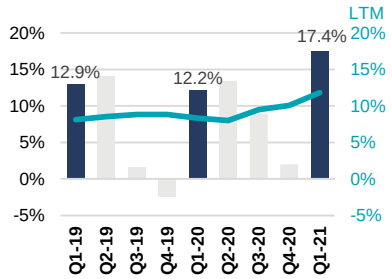
Net sales, SEKm



Operating income excl. IAC, SEKm



Operating margin excl. IAC



Financial summary

SEKm	Q1 2021	Q1 2020	Δ%	LTM*	Full year 2020
Net sales	3,506	2,708	29	10,226	9,427
Organic growth, %*	*37*	*0*		*26*	*13*
Operating income	654	398	64	1,688	1,432
Operating margin, %	*18.7*	*14.7*		*16.5*	*15.2*
Operating income excl. items affecting comparability*	654	398	64	1,688	1,432
*Operating margin excl. items affecting comparability**	*18.7*	*14.7*		*16.5*	*15.2*

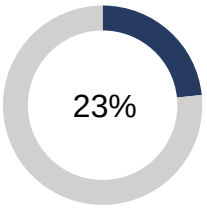
* Alternative Performance Measure, refer to "Definitions".

First quarter 2021

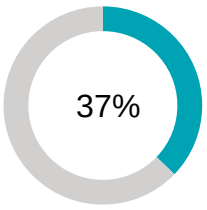
Net sales during the quarter increased by 29% to SEK 3,506m (2,708). Organic growth was 37% and currency effects impacted with -8%. Growth was strong in all product categories and particularly for watering solutions, robotic lawn mowers and hand tools, where the division continued to strengthen its market positions. The development was supported by the recent product launches, such as the new robotic lawn mowers Gardena SILENO minimo, battery-powered products, hand tools and new watering solutions including hose boxes. Growth was solid in all regions as retailers increased stock levels ahead of the gardening season.

Operating income increased by 64% to SEK 654m (398). The improvement was driven by the strong growth and a favorable product mix, partly offset by higher raw material and logistics costs. Changes in exchange rates had a negative impact of approximately SEK 45m. Organic growth for the rolling 12-month period amounted to 26% and the operating margin was 16.5%.

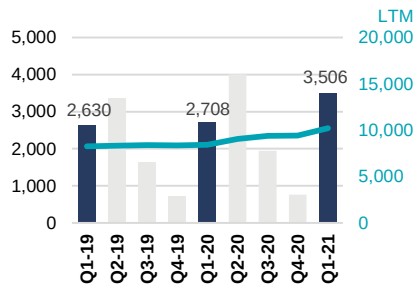
Share of Group net sales, LTM



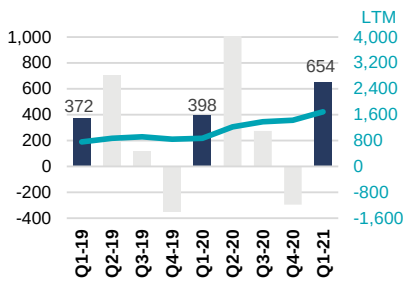
Share of Group operating income, LTM



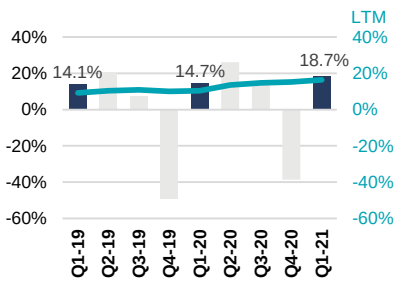
Net sales, SEKm



Operating income excl. IAC, SEKm



Operating margin excl. IAC



Financial Summary

SEKm	Q1 2021	Q1 2020	Δ%	LTM*	Full year 2020
Net sales	1,680	1,487	13	6,037	5,844
Organic growth, %*	*14*	*-4*		*-1*	*-6*
Operating income	205	132	55	613	541
Operating margin, %	*12.2*	*8.9*		*10.2*	*9.3*
Operating income excl. items affecting comparability*	205	132	55	705	633
*Operating margin excl. items affecting comparability**	*12.2*	*8.9*		*11.7*	*10.8*

* Alternative Performance Measure, refer to "Definitions".

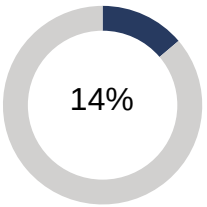
First quarter 2021

Net sales during the quarter increased by 13% to SEK 1,680m (1,487). Organic growth was 14%, changes in exchange rates impacted with -10% and acquisitions contributed with 9% to net sales growth. The construction market improved in the quarter and the division achieved strong growth with improved market positions in most regions.

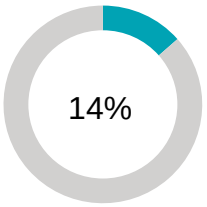
Operating income increased by 55% to SEK 205m (132). The operating margin increased to 12.2% (8.9). This was driven by net sales growth, improved product mix as well as cost avoidance activities. Higher logistics costs and raw material prices had a negative effect. Changes in exchange rates had a negative impact of approximately SEK 35m, where the division's sales in the US had the largest effect. Organic growth for the rolling 12-month period amounted to -1% and operating margin was 11.7%, excluding items affecting comparability.

The Blastrac acquisition was completed and consolidated as from the beginning of the quarter. Blastrac adds complementary surface preparation solutions including solutions for shot blasting, scarifying and scraping as well as grinding & polishing and dust collection.

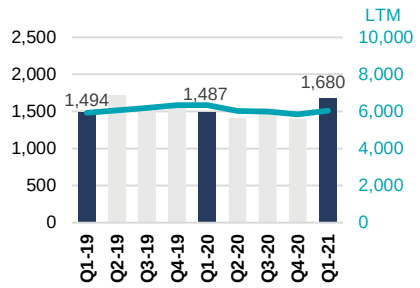
Share of Group net sales, LTM



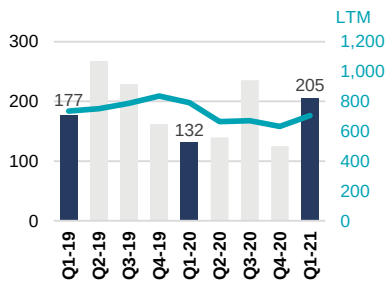
Share of Group operating income, LTM



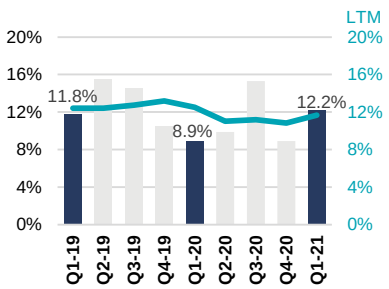
Net sales, SEKm



Operating income excl. IAC, SEKm



Operating margin excl. IAC



Additional information

Sustainovate 2025

The Group has set new targets that align and strengthen the 2025 business strategy and underline how the sustainability agenda is business critical. Sustainovate 2025 is designed to maximize the Group's contribution to tackling climate change and resource scarcity. The five-year framework covers three opportunities and associated targets to 2025. This goal-based approach focuses on long-term value creation and engaging others in Group efforts and drive the Group's ambitions to lead the industry in the shift to a low-carbon, resource-smart economy.

Sustainovate Highlights

- The three production sites Aycliffe, UK, Nashville & Orangeburg, US, became carbon neutral with 100% renewable electricity.
- The Group joined the global business network Climate Leadership Coalition (CLC) as part of its ambition to lead the industry in the shift to a low-carbon, resource-smart economy.
- The 2020 Sustainovate report was launched and for the first time externally assured by an independent auditor.

Carbon – Drive the transition to low-carbon solutions

To limit global warming to 1.5°C by the end of this century and to be in line with the Paris Agreement, the Group's target is by 2025 to reduce CO_2 emissions by 35% across the value chain, using 2015 as the baseline. The CO_2 emission reduction targets are approved by the Science Based Targets initiative.

After Q1 2021, the Group's absolute CO_2 emissions were reduced with 31% compared to 2015 baseline (rolling 12 months). This implies a 1% increase in absolute CO_2 emissions compared to Q4 2020 (rolling 12-months). This is due to the relatively weak sales of petrol products in Q1 last year due to Covid-19. With more than 90% of our emissions coming from the use of our products, the all-in-all strong CO_2 reduction is the result of Husqvarna Group transitioning to low-carbon solutions in every aspect of our products' lifecycle.

Circular – Rethink and redesign for a resource-smart customer experience

The Group's circular target is to launch 50 circular innovations by 2025. The innovations will make smarter use of the materials that comprise Husqvarna Group's products and will extend their lifecycles. The circular target addresses product impacts across the Group's value chain, from suppliers and operations to product use and end-of-life.

During Q1 2021, two circular innovations were processed in Husqvarna Group's innovation funnel and nominated by the circular innovation committee. The first innovation is in the efficient watering segment, with recycled material. The second is "Grannboxen" a sharing service developed in collaboration with Sweden-based, Ihopa, where neighbors share and get access to electric, battery-powered and manual gardening tools from the Husqvarna and Gardena divisions.

People – Inspire actions that make a lasting difference

The Group's target is to empower 5 million customers and colleagues to make sustainable choices before the end of 2025. During the first quarter 2021, the Group has started building the strategy for a Group-wide employee training program. The tactic is to train employees and market sustainable products and thereby inspiring customers around the world to make sustainable choices. The empowerment of 5 million people will start in Q3 2021 with an expected exponential growth leading up to 2025.

Conversion of Shares

According to the Company's articles of association, owners of A-shares have the right to have such shares converted to B-shares. Conversion reduces the total number of votes in the Company. In the first quarter 2,129 shares were converted. The total number of registered shares in the company at March 31, 2021 amounted to 576,343,778 of which 111,688,331 were A-shares and 464,655,447 were B-shares. The total number of votes amounted to 158,153,875.7.

Parent Company

Net sales for January – March 2021 for the Parent Company, Husqvarna AB, amounted to SEK 6,186m (5,489), of which SEK 4,911m (4,532) referred to sales to Group companies and SEK 1,275m (957) to external customers.

Income after financial items increased to SEK 527m (-115), mainly due to Group internal transactions. Net income for the period increased to SEK 398m (-104). Investments in property, plant and equipment and intangible assets amounted to SEK 227m (270). Cash and cash equivalents amounted to SEK 5,932m (1,000) at the end of the quarter. Undistributed earnings in the Parent Company amounted to SEK 28,911m (27,118).

Significant events after the quarter

2021 Annual General Meeting

The AGM of Husqvarna AB (publ) was held on April 14, 2021. The dividend was set at SEK 2.40 (2.25) per share, to be paid in two installments, firstly SEK 0.80 per share with Friday, April 16, 2021 as the first record day, and secondly SEK 1.60 per share with Monday, October 18, 2021 as the second record day.

Sascha Menges to leave Husqvarna Group

Sascha Menges, President Husqvarna Division, has decided to take a position outside of the Husqvarna Group. His last day will be August 31, 2021. Sascha Menges joined Husqvarna Group in 2007. He has held several senior management positions and has been a member of Group Management since 2011. The recruitment of Sascha's successor will start immediately.

Risks and uncertainty factors

A number of factors may affect Husqvarna Group's operations in terms of operational and financial risks.

Operational risks include general economic conditions, as well as trends in consumer and professional spending, particularly in North America and Europe, where the majority of the Group's products are sold. An economic downturn in these markets may have an adverse effect on Group sales and earnings. Shifts in product technology as well as shifts in distribution structure and sales channels could also have a negative impact, as will fluctuations in prices of sourced raw materials and components.

Short term, demand for the Group's products is impacted by weather conditions. The Group's production processes and supply chain are therefore adapted to respond to changes in weather conditions. In the ordinary course of business, the Group is exposed to legal risks such as commercial, product liability and other disputes and provides for them as appropriate.

The situation with Covid-19 can have a significant impact on Husqvarna Group operations, both in terms of difficulties of supply of raw materials and components and also effects on demand of Husqvarna Group's products and solutions.

Financial risks refer primarily to currency exchange rates, interest rates, financing, tax and credit risks. Risk management within Husqvarna Group is regulated by a financial policy established by the Board of Directors.

For further information on risks and uncertainty factors, see the Annual Report 2020 which is available at www.husqvarnagroup.com

Accounting Principles

This interim report has been prepared in accordance with IAS 34, Interim financial reporting and the Swedish Annual Accounts Act. The financial statement of the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act, chapter 9 and the Swedish Financial Reporting Board's standard RFR 2 Accounting for Legal Entities.

The accounting policies adopted are consistent with those presented in the Annual Report of 2020, which is available at www.husqvarnagroup.com

Auditors' review report

This interim report has not been subject to review by the auditors.

Stockholm, April 22, 2021

Henric Andersson
President & CEO

Condensed income statement

SEKm	Q1 2021	Q1 2020	LTM*	Full year 2020
Net sales	14,030	12,208	43,764	41,943
Cost of goods sold	-9,130	-8,401	-30,095	-29,367
Gross income	**4,900**	**3,807**	**13,669**	**12,576**
Gross margin, %	*34.9*	*31.2*	*31.2*	*30.0*
Selling expenses	-1,877	-1,868	-6,605	-6,596
Administrative expenses	-734	-528	-2,542	-2,335
Other operating income/expense	4	12	15	23
Operating income	**2,293**	**1,424**	**4,538**	**3,669**
Operating margin, %	*16.3*	*11.7*	*10.4*	*8.7*
Financial items, net	-61	-109	-292	-339
Income after financial items	**2,232**	**1,315**	**4,246**	**3,330**
Margin, %	*15.9*	*10.8*	*9.7*	*7.9*
Income tax	-573	-323	-1,085	-835
Net income for the period	**1,659**	**992**	**3,162**	**2,495**
Net income for the period attributable to:				
Equity holders of the Parent Company	1,658	992	3,160	2,494
Non-controlling interest	1	0	2	1
Earnings per share:				
Before dilution, SEK	2.90	1.73	5.53	4.36
After dilution, SEK	2.89	1.73	5.51	4.35
Weighted average number of shares outstanding:				
Before dilution, millions	572.6	572.2	872.8	572.4
After dilution, millions	573.8	572.6	574.1	572.9

Condensed comprehensive income statement

SEKm	Q1 2021	Q1 2020	LTM*	Full year 2020
Net income for the period	**1,659**	**992**	**3,162**	**2,495**
Other comprehensive income				
Items that will not be reclassified to the income statement:				
Remeasurements on defined benefit pension plans, net of tax	275	-59	307	-27
Total items that will not be reclassified to the income statement, net of tax	**275**	**-59**	**307**	**-27**
Items that may be reclassified to the income statement:				
Translation differences	1,044	1,344	-2,647	-2,347
Net investment hedge, net of tax	-479	-769	1,198	908
Cash flow hedges, net of tax	-77	-33	-21	23
Total items that may be reclassified to the income statement, net of tax	**488**	**542**	**-1,470**	**-1,416**
Other comprehensive income, net of tax	**762**	**483**	**-1,164**	**-1,443**
Total comprehensive income for the period	**2,422**	**1,475**	**1,997**	**1,051**
Total comprehensive income attributable to:				
Equity holders of the Parent Company	2,421	1,475	1,995	1,050
Non-controlling interest	1	0	2	1

Condensed balance sheet

SEKm	Mar 31 2021	Mar 31 2020	Dec 31 2020
Assets			
Property, plant and equipment	6,487	7,002	6,324
Right of use assets	1,507	1,531	1,212
Goodwill	7,128	7,700	6,905
Other intangible assets	5,682	5,858	5,639
Investments in associated companies	44	33	44
Derivatives	1	5	-
Other non-current assets	615	729	570
Deferred tax assets	1,515	1,833	1,576
Total non-current assets	**22,979**	**24,691**	**22,269**
Inventories	9,947	11,179	9,734
Trade receivables	7,108	6,764	3,259
Derivatives	438	605	929
Current tax receivables	61	275	53
Other current assets	998	956	1,122
Cash and cash equivalents	8,067	2,446	6,151
Total current assets	**26,620**	**22,225**	**21,248**
Total assets	**49,599**	**46,915**	**43,517**
Equity and liabilities			
Equity attributable to equity holders of the Parent Company	19,510	18,736	17,059
Non-controlling interests	4	2	3
Total equity	**19,514**	**18,739**	**17,062**
Borrowings	5,662	7,152	6,683
Lease liabilities	1,239	1,260	991
Derivatives	57	82	85
Deferred tax liabilities	1,529	1,762	1,497
Provisions for pensions and other post-employment benefits	2,352	2,815	2,637
Other provisions	629	656	588
Total non-current liabilities	**11,468**	**13,725**	**12,480**
Trade payables	6,253	5,618	4,815
Current tax liabilities	1,346	394	1,006
Other liabilities	4,679	3,693	3,413
Borrowings	3,924	2,628	2,853
Lease liabilities	414	446	376
Derivatives	726	930	449
Other provisions	1,274	741	1,064
Total current liabilities	**18,617**	**14,451**	**13,976**
Total equity and liabilities	**49,599**	**46,915**	**43,517**

Condensed cash flow statement

SEKm	Q1 2021	Q1 2020	Full year 2020
Cash flow from operations			
Operating income	2,293	1,424	3,669
Non cash items	856	751	3,344
Cash items			
Paid restructuring expenses	-60	-82	-244
Net financial items, received/paid	-80	-104	-327
Taxes paid	-100	-134	-291
Cash flow from operations, excluding change in operating assets and liabilities	**2,910**	**1,855**	**6,150**
Operating assets and liabilities			
Change in inventories	150	35	278
Change in trade receivables	-3,707	-3,038	55
Change in trade payables	1,290	1,343	1,014
Change in other operating assets/liabilities	1,318	657	584
Cash flow from operating assets and liabilities	**-949**	**-1,003**	**1,931**
Cash flow from operations	**1,961**	**852**	**8,081**
Investments			
Acquisitions and divestments of subsidiaries/operations and divestments of property, plant and equipment	-	7	-399
Investments in property, plant and equipment and intangible assets	-413	-442	-1,994
Investments and divestments of financial assets	-	-1	-2
Cash flow from investments	**-413**	**-436**	**-2,395**
Cash flow from operations and investments	**1,548**	**416**	**5,686**
Financing			
Dividend paid to shareholders	-	-	-1,288
Other financing activities	283	88	5
Cash flow from financing	**283**	**88**	**-1,284**
Total cash flow	**1,831**	**504**	**4,403**
Cash and cash equivalents at the beginning of the period	6,151	1,911	1,911
Exchange rate differences referring to cash and cash equivalents	85	31	-162
Cash and cash equivalents at the end of the period	**8,067**	**2,446**	**6,151**

Operating cash flow, SEKm	Q1 2021	Q1 2020	Full year 2020
Cash flow from operations	1,961	852	8,081
Investments in property, plant and equipment and intangible assets	-413	-442	-1,994
Operating cash flow	**1,548**	**410**	**6,087**

Direct operating cash flow, SEKm	Q1 2021	Q1 2020	Full year 2020
EBITDA excl. items affecting comparability	2,824	1,970	6,718
Change in inventories	150	35	278
Change in trade receivables	-3,707	-3,038	55
Change in trade payables	1,290	1,343	1,014
Investments in property, plant and equipment and intangible assets	-413	-442	-1,994
Direct operating cash flow	**143**	**-132**	**6,071**

Key performance indicators

Income statement

EBITDA*, SEKm	**Q1 2021**	Q1 2020	LTM*	Full year 2020
Operating income	2,293	1,424	4,538	3,669
Reversal of depreciation, amortization and impairment	530	545	2,522	2,537
EBITDA*	**2,824**	**1,970**	**7,060**	**6,206**
*Excl. items affecting comparability**	*2,824*	*1,970*	*7,572*	*6,718*
EBITDA margin, %	*20.1*	*16.1*	*16.1*	*14.8*
*Excl. items affecting comparability**	*20.1*	*16.1*	*17.3*	*16.0*

Key data, SEKm	**Q1 2021**	Q1 2020	LTM*	Full year 2020
Net sales growth, %	*15*	*-11*	*7*	*-1*
Operating income	2,293	1,424	4,538	3,669
Operating margin, %	*16.3*	*11.7*	*10.4*	*8.7*
Operating income excl. items affecting comparability*	2,293	1,424	5,353	4,484
*Operating margin excl. items affecting comparability**	*16.3*	*11.7*	*12.2*	*10.7*
Average number of employees	13,777	12,568	12,772	12,374

* Alternative Performance Measure, refer to "Definitions".

Balance sheet

Key data, SEKm	**Mar 31 2021**	Mar 31 2020	Dec 31 2020
Operating working capital	10,802	12,324	8,179
Operating working capital / net sales, %*	*22.5*	*29.4*	*24.4*
Return on capital employed, %	*13.5*	*10.7*	*11.0*
Excl. items affecting comparability, %*	*15.9*	*11.2*	*13.4*
Return on equity, %	*17.0*	*13.5*	*13.5*
Excl. items affecting comparability, %*	*13.7*	*14.2*	*16.8*
Capital turn-over rate, times	1.7	1.4	1.6
Equity/assets ratio, %	*39*	*40*	*39*
Equity per share after dilution, SEK	34.0	32.7	29.8

* The definition of Return on capital employed has been changed and restated. Refer to "Definitions".

Net debt*, SEKm	**Mar 31 2021**	Mar 31 2020	Dec 31 2020
Net pension liability	2,175	2,605	2,483
Other interest-bearing liabilities	12,022	12,497	11,437
Less: Liquid funds and other interest-bearing assets	-8,874	-3,473	-7,426
Net debt*	**5,323**	**11,629**	**6,493**
Net debt/equity ratio	0.27	0.62	0.38
Net debt/EBITDA excl. Items affecting comparability*	0.9	2.1	1.2

* Alternative Performance Measure, refer to "Definitions".

Change in Group equity

SEKm	Attributable to equity holders of the Parent Company	Non-controlling interests	Total equity
Opening balance January 1, 2020	**17,281**	**2**	**17,283**
Share-based payment	-20	-	-20
Total comprehensive income	1,475	-	1,475
Closing balance March 31, 2020	**18,736**	**2**	**18,739**
Opening balance January 1, 2021	**17,059**	**3**	**17,062**
Share-based payment	30		30
Total comprehensive income	2,421	1	2,422
Closing balance March 31, 2021	**19,510**	**4**	**19,514**

Fair value of financial instruments

The Group's financial instruments carried at fair value are derivatives. Derivatives belong to Level 2 in the fair value hierarchy. Future cash flows have been discounted using current quoted market interest rates and exchange rates for similar instruments. Further information about the accounting principles for financial instruments and methods used for estimating the fair value of the financial instruments are described in note 1 and note 20, respectively, in the Annual Report 2020. The carrying value approximates fair value for all financial instruments except for non-current borrowings, which are shown in the table below. Fair value corresponds to book value in all material aspects.

	Mar 31 2021		Mar 31 2020		Dec 31 2020	
SEKm	**Book value**	**Fair value**	Book value	Fair value	Book value	Fair value
Non-current borrowings						
Loans	5,662	5,742	7,152	7,399	6,683	6,755

Net sales and income by quarter

	2021	2020				2019			
Group, SEKm	**Q1**	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	**14,030**	6,683	9,570	13,482	12,208	6,408	8,429	13,789	13,651
Net sales, LTM*	**43,764**	41,943	41,667	40,526	40,834	42,277	42,339	41,953	42,433
Operating income	**2,293**	-944	997	2,191	1,424	-493	414	2,125	1,644
Operating margin, %	***16.3***	*-14.1*	*10.4*	*16.3*	*11.7*	*-7.7*	*4.9*	*15.4*	*12.0*
*Operating income excl. IAC**	**2,293**	-129	997	2,191	1,424	-310	414	2,125	1,686
Operating margin excl. IAC, %*	***16.3***	*-1.9*	*10.4*	*16.3*	*11.7*	*-4.8*	*4.9*	*15.4*	*12.3*
Operating income, LTM*	**4,538**	3,669	4,119	3,536	3,470	3,690	3,079	2,542	2,341
Operating margin, LTM, %*	***10.4***	*8.7*	*9.9*	*8.7*	*8.5*	*8.7*	*7.3*	*6.1*	*5.5*
Operating income, LTM excl. IAC*	**5,353**	4,484	4,302	3,719	3,653	3,915	3,943	3,755	3,553
Operating margin, LTM excl. IAC, %*	***12.2***	*10.7*	*10.3*	*9.2*	*8.9*	*9.3*	*9.3*	*8.9*	*8.4*
Net income for the period	**1,659**	-718	653	1,567	992	-387	269	1,505	1,140
Husqvarna, SEKm	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	**8,820**	4,496	6,069	8,042	8,001	4,108	5,204	8,688	9,506
Net sales, LTM*	**27,427**	26,607	26,219	25,355	26,001	27,506	27,708	27,520	28,178
Operating income	**1,537**	-614	543	1,078	972	-225	82	1,217	1,186
Operating margin, %	***17.4***	*-13.6*	*8.9*	*13.4*	*12.2*	*-5.5*	*1.6*	*14.0*	*12.5*
Operating income excl. IAC*	**1,537**	89	543	1,078	972	-100	82	1,217	1,228
Operating margin excl. IAC, %*	***17.4***	*2.0*	*8.9*	*13.4*	*12.2*	*-2.4*	*1.6*	*14.0*	*12.9*
Operating income, LTM	**2,544**	1,979	2,368	1,907	2,046	2,260	1,859	1,433	1,370
Operating margin, LTM, %*	***9.3***	*7.4*	*9.0*	*7.5*	*7.9*	*8.2*	*6.7*	*5.2*	*4.9*
Operating income, LTM excl. IAC*	**3,247**	2,682	2,493	2,032	2,171	2,427	2,450	2,353	2,290
Operating margin, LTM excl. IAC, %*	***11.8***	*10.1*	*9.5*	*8.0*	*8.3*	*8.8*	*8.8*	*8.5*	*8.1*
Gardena, SEKm	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	**3,506**	761	1,948	4,011	2,708	710	1,630	3,373	2,630
Net sales, LTM*	**10,226**	9,427	9,377	9,058	8,421	8,343	8,379	8,312	8,264
Operating income	**654**	-294	274	1,054	398	-348	120	703	372
Operating margin, %	***18.7***	*-38.7*	*14.1*	*26.3*	*14.7*	*-49.0*	*7.4*	*20.8*	*14.1*
Operating income excl. IAC*	**654**	-294	274	1,054	398	-348	120	703	372
Operating margin excl. IAC, %*	***18.7***	*-38.7*	*14.1*	*26.3*	*14.7*	*-49.0*	*7.4*	*20.8*	*14.1*
Operating income, LTM	**1,688**	1,432	1,378	1,223	872	847	696	641	532
Operating margin, LTM, %*	***16.5***	*15.2*	*14.7*	*13.5*	*10.4*	*10.2*	*8.3*	*7.7*	*6.4*
Operating income, LTM excl. IAC*	**1,688**	1,432	1,378	1,224	873	847	920	867	758
Operating margin, LTM excl. IAC, %*	***16.5***	*15.2*	*14.7*	*13.5*	*10.4*	*10.2*	*11.0*	*10.4*	*9.2*
Construction, SEKm	**Q1**	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	**1,680**	1,403	1,541	1,413	1,487	1,551	1,575	1,720	1,494
Net sales, LTM*	**6,037**	5,844	5,992	6,025	6,332	6,340	6,187	6,059	5,928
Operating income	**205**	33	236	140	132	106	229	267	177
Operating margin, %	***12.2***	*2.3*	*15.3*	*9.9*	*8.9*	*6.8*	*14.6*	*15.5*	*11.8*
Operating income excl. IAC*	**205**	125	236	140	132	163	229	267	177
Operating margin excl. IAC, %*	***12.2***	*8.9*	*15.3*	*9.9*	*8.9*	*10.5*	*14.6*	*15.5*	*11.8*
Operating income, LTM	**613**	541	614	608	735	779	744	707	691
Operating margin, LTM, %*	***10.2***	*9.3*	*10.2*	*10.1*	*11.6*	*12.3*	*12.0*	*11.7*	*11.6*
Operating income, LTM excl. IAC*	**705**	633	670	664	792	836	788	752	735
Operating margin, LTM excl. IAC, %*	***11.7***	*10.8*	*11.2*	*11.0*	*12.5*	*13.2*	*12.7*	*12.4*	*12.4*
Group Common, SEKm	**Q1**	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	**23**	23	12	15	13	39	20	8	21
Operating income	**-103**	-69	-55	-80	-78	-26	-17	-62	-91
Operating income excl. IAC*	**-103**	-49	-55	-80	-78	-25	-17	-62	-91

The majority of net sales are recognized at a certain point in time.

*Alternative Performance Measure, refer to "Definitions".

Items affecting comparability

SEKm	**Q1 2021**	Q1 2020	Full year 2020
Impairment of non-current assets	0	0	-303
Write-down of inventory	0	0	-98
Other restructuring costs	0	0	-414
Total items affecting comparability	**0**	**0**	**-815**

Classification in the income statement

SEKm	**Q1 2021**	Q1 2020	Full year 2020
Cost of goods sold	0	0	-521
Selling expenses	0	0	-82
Administrative expenses	0	0	-212
Total items affecting comparability	**0**	**0**	**-815**

Net assets by segment [1]

	Assets		**Liabilities**		**Net Assets**	
SEKm	**Mar 31 2021**	Mar 31 2020	**Mar 31 2021**	Mar 31 2020	**Mar 31 2021**	Mar 31 2020
Husqvarna	21,501	23,769	7,955	6,732	13,547	17,037
Gardena	10,245	10,186	3,684	2,984	6,561	7,202
Construction	7,390	7,361	1,343	1,167	6,047	6,194
Other [2]	1,401	1,917	2,730	1,982	-1,330	-65
Total	**40,537**	**43,233**	**15,712**	**12,865**	**24,825**	**30,368**

[1] Liquid assets, other interest-bearing assets, interest-bearing liabilities and equity are not included in the table above.
[2] Other includes tax items, associates and common Group services such as Holding, Treasury and Risk Management.

Parent Company

Condensed income statement

SEKm	Q1 2021	Q1 2020	Full year 2020
Net sales	6,186	5,489	18,341
Cost of goods sold	-4,228	-3,884	-13,034
Gross income	**1,958**	**1,605**	**5,307**
Selling expense	-404	-377	-1,439
Administrative expense	-387	-275	-1,308
Other operating income/expense	-	-	-
Operating income	**1,167**	**953**	**2,560**
Financial items, net	-640	-1,068	1,235
Income after financial items	**527**	**-115**	**3,795**
Appropriations	-22	-14	-506
Income before taxes	**505**	**-129**	**3,290**
Tax on profit for the year	-106	25	-647
Income for the period	**398**	**-104**	**2,643**

Condensed balance sheet

SEKm	Mar 31 2021	Mar 31 2020	Dec 31 2020
Non-current assets	38,057	38,229	38,099
Current assets	18,142	13,451	14,476
Total assets	**56,199**	**51,679**	**52,575**
Equity	31,533	29,618	31,211
Untaxed reserves	794	794	794
Provisions	122	123	89
Non-current liabilities	5,545	7,005	6,606
Current liabilities	18,204	14,139	13,875
Total equity and liabilities	**56,199**	**51,679**	**52,575**

Number of shares

	Outstanding A-shares	Outstanding B-shares	Repurchased B-shares [1]	Total
Number of shares as of December 31, 2020	**111,690,460**	**460,887,468**	**3,765,850**	**576,343,778**
Conversion of A-shares into B-shares	*-2,129*	*2,129*	-	-
Number of shares as of March 31, 2021	**111,688,331**	**460,889,597**	**3,765,850**	**576,343,778**

[1] All repurchased B-shares are included in a third party share swap agreement.

Definitions

This report includes financial measures as required by the financial reporting framework applicable to Husqvarna Group, which is based on IFRS. In addition, there are other measures (alternative performance measures) used by management and other stakeholders to analyze trends and performance of the Group's operations that cannot be directly read or derived from the financial statements. Husqvarna stakeholders should not consider these as substitutes, but rather as additions, to the financial reporting measures prepared in accordance with IFRS. Please note that the alternative performance measures as defined, may not be comparable to similarly titled measures used by other companies. Refer below for a list of definitions of all measures and indicators used, referred to and presented in this report.

Computation of average amounts

As of 2021 the computation of key ratios are based on averages of capital balances the last 12 months. Previously, the average capital balances were based on the last five quarter-end closing balances.

Roundings

All items are stated in SEKm and, accordingly, rounding differences can occur.

Growth measures

Net sales growth

Change in net sales compared to previous period in percent.

Organic growth

Change in net sales, adjusted for acquisitions, divestments and currency translation effects.

Profitability measures

EBITDA

EBITDA is a measure of earnings before interest, taxes, depreciation, amortization and impairment charges. EBITDA measures Husqvarna Group's operating performance and the ability to generate cash from operations, without considering the capital structure of the Group or its fiscal environment. For a reconciliation of EBITDA refer to section Key Performance Indicators.

EBITDA margin

EBITDA as a percentage of net sales.

Gross margin

Gross income as a percentage of net sales.

Last twelve months (LTM)

Last twelve months rolling has been included to assist stakeholders in their analysis of the seasonality that Husqvarna Group's business is exposed to.

Operating margin

Operating income as a percentage of net sales.

Return on capital employed

Operating income (last twelve months) as a percentage of average capital employed.

Return on equity

Net income attributable to equity holders of the Parent Company last twelve months as a percentage of average equity attributable to equity holders of the Parent Company.

Share-based measures

Earnings per share, after dilution

Net income attributable to equity holders of the Parent Company divided by the weighted average number of shares outstanding (net of treasury shares), after dilution.

Equity per share, after dilution

Equity attributable to equity holders of the Parent Company divided by the weighted average number of shares outstanding (net of treasury shares), after dilution.

Capital indicators

Capital employed

Total equity and liabilities less non-interest-bearing debt including deferred tax liabilities.

Capital expenditure

Investments in property, plant and equipment, right of use assets and intangible assets.

Interest bearing liabilities

Long-term and short-term borrowings, net pension liability and fair value derivative liabilities.

Liquid funds

Cash and cash equivalents, short-term investments and fair value derivative assets.

Net assets

Total assets excluding liquid funds and interest-bearing assets less operating liabilities, non-interest-bearing provisions and deferred tax liabilities.

Net debt
Net debt describes the Group's gearing and its ability to repay its debts from cash generated from the Group´s ordinary business (see operating cash flow below), if they were all due today. It's also used to analyze how future net interest costs will impact earnings. Net debt is defined as total interest-bearing liabilities plus dividend payable, less liquid funds and interest-bearing assets. For a reconciliation of net debt refer to section Key Performance Indicators.

Operating working capital
Inventories and trade receivables less trade payables.

Capital measures

Equity/assets ratio
Equity attributable to equity holders of the Parent Company as a percentage of total assets.

Capital turnover rate
Net sales last twelve months divided with average net assets.

Net debt/EBITDA excl. items affecting comparability
Average net debt in relation to EBITDA last twelve months, excluding items affecting comparability.

Net debt/equity ratio
Net debt in relation to total equity.

Operating working capital/net sales
Average operating working capital as a percentage of net sales last twelve months.

Other measures

Direct operating cash flow
Direct operating cash flow is a measure of the cash generated by the Groups operating business. The measure is defined as EBITDA, excluding items affecting comparability, adjusted for change in trade payables, inventory and trade receivables and investments in property, plant and equipment and intangible assets. For a reconciliation of direct operating cash flow refer to the table below the cash flow statement.

Items affecting comparability
To assist in understanding Husqvarna Group's operations, we believe that it is useful to consider certain measures and ratios exclusive of items affecting comparability. Items affecting comparability includes items that are non-recurring, have a significant impact and are considered to be important for understanding the operating performance when comparing results between periods. The items affecting comparability are disclosed in this report. All measures and ratios in this report have been disclosed including items affecting comparability first and then excluding items affecting comparability as a second measure when deemed appropriate.

Operating cash flow
Operating cash flow is a measure of the amount of cash generated by the Group's ordinary business operations. The measure is defined as total cash flow from operations and investments, excluding acquisitions and divestments of subsidiaries/operations, divestments of property plant and equipment and investments/divestments of financial assets. For a reconciliation of operating cash flow refer to table below the cash flow statement.



Telephone Conference

A conference call, hosted by Henric Andersson, President & CEO, and Glen Instone, CFO, will be held at 10:00 CET on April 22, 2021.

To participate, please dial +46 (0) 8 505 583 73 (Sweden) or +44 333 300 9263 (UK) ten minutes prior to the start of the conference. Conference ID: Husqvarna.

The conference call is also available through https://husqvarna-group.creo.se/210422. A replay will be available later the same day.

Dates for Financial Reports 2021

July 16 Interim report for January-June
October 20 Interim report for January- September

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This report contains insider information that Husqvarna AB is required to disclose under the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the contact person set out above, at 07.30 CET on April 22, 2021.

Factors affecting forward-looking statements

This report contains forward-looking statements in the sense referred to in the American Private Securities Litigation Reform Act of 1995. Such statements comprise, among other things, financial goals, goals of future business and financial plans. These statements are based on present expectations and are subject to risks and uncertainties that may give rise to major deviations in the result due to several aspects. These aspects include, among other things: consumer demand and market conditions in the geographical areas and lines of business in which Husqvarna operates, the effects of currency fluctuations, downward pressure on prices due to competition, a material reduction in sales by important distributors, success in developing new products and in marketing, outcome of product responsibility litigation, progress in terms of reaching the goals set for productivity and efficient use of capital, successful identification of growth opportunities and acquisition objects, integration of these into the existing business and successful achievement of goals for making the supply chain more efficient.