

Husqvarna Group

INTERIM REPORT JANUARY – JUNE 2023

Q2

Good performance in the gardening season

Second quarter 2023

- Net sales increased by 7% to SEK 16,976m (15,792). Organic sales were relatively unchanged and changes in exchange rates contributed with 7%.
- Operating income was SEK 2,101m (2,065) and the operating margin was 12.4% (13.1). Excluding items affecting comparability, the operating income amounted to SEK 2,313m (2,075) and the operating margin was 13.6% (13.1).
- Items affecting comparability amounted to SEK -212m (-10), and was related to the acceleration of the strategic transformation, announced in October 2022. This includes the consolidation of the North American manufacturing footprint (see page 9).
- Earnings per share before dilution amounted to SEK 2.47 (2.48) and earnings per share after dilution amounted to SEK 2.46 (2.47).
- Cash flow from operations and investments amounted to SEK 4,432m (699). Direct operating cash flow was SEK 4,443m (1,803).
- Pavel Hajman was appointed CEO of Husqvarna Group.

January – June 2023

- Net sales increased by 8% to SEK 34,143m (31,477). Organic sales growth was 1% and changes in exchange rates contributed with 7%.
- Operating income was SEK 4,465m (4,224) and the operating margin was 13.1% (13.4). Excluding items affecting comparability, the operating income amounted to SEK 4,723m (4,265) and the operating margin was 13.8% (13.5).
- Items affecting comparability amounted to SEK -258m (-41), and was related to the acceleration of the strategic transformation announced in October 2022.
- Earnings per share before dilution amounted to SEK 5.37 (5.35) and earnings per share after dilution amounted to SEK 5.35 (5.34).
- Cash flow from operations and investments was SEK 5,020m (-520). Direct operating cash flow was SEK 4,204m (351).

Financial summary

Group, SEKm	**Q2 2023**	Q2 2022	Δ%	**Jan-Jun 2023**	Jan-Jun 2022	Δ%	**LTM***	Full year 2022
Net sales	16,976	15,792	7	34,143	31,477	8	56,703	54,037
Organic growth, %*	*0*	*-7*		*1*	*-5*		*2*	*-1*
Operating income (EBIT)	2,101	2,065	2	4,465	4,224	6	3,283	3,043
Operating margin, %	*12.4*	*13.1*		*13.1*	*13.4*		*5.8*	*5.6*
Operating income excl. items affecting comparability*	2,313	2,075	11	4,723	4,265	11	5,311	4,853
Operating margin excl. items affecting comparability, %*	*13.6*	*13.1*		*13.8*	*13.5*		*9.4*	*9.0*
Income after financial items	1,854	1,978	-6	3,973	4,076	-3	2,478	2,581
Net income for the period	1,411	1,417	0	3,063	3,055	0	1,940	1,932
Earnings per share before dilution, SEK	2.47	2.48	0	5.37	5.35	0	3.41	3.39
Earnings per share after dilution, SEK	2.46	2.47	-1	5.35	5.34	0	3.39	3.38
Direct operating cash flow*	4,443	1,803	146	4,204	351		3,281	-572
Operating working capital / net sales*, %	34.1	25.7		34.1	25.7		34.1	30.6

*Alternative Performance Measure, refer to "Definitions".

Good performance in the gardening season

“We delivered a good result during the quarter. Net sales increased by 7%, of which organic sales were relatively unchanged. In particular, the robotic mower and battery-powered product categories achieved a strong growth. Our watering category returned to growth in the latter part of the quarter.

The Husqvarna Forest & Garden Division delivered organic sales growth of 3% with good demand for robotic mowers for both residential and professional customers. New products, such as Husqvarna Automower® NERA, our first robotic mower with virtual boundary technology for the residential market, have successfully been launched in the market. The division’s range of battery-powered products has been expanded and the category grew strongly. The demand for Gardena Division’s watering products grew gradually during the quarter. The division’s organic sales declined by 2% but operating income improved significantly. Organic sales for the Husqvarna Construction Division declined by 5%, but with diligent cost control and operational resilience the operating income increased for the division.

Group operating income, excluding items affecting comparability, increased by 11% to SEK 2,313m (2,075). The increase was driven by price increases, improved product mix and lower costs for raw materials and logistics. Direct operating cash flow improved by SEK 2.6bn to SEK 4,443m (1,803) as a result of higher operating income and strong cash flow from changes in inventory and accounts receivables. Given the continuing uncertain macroeconomic environment our focus remains on further cost efficiency, improved cash flow and operational flexibility. We will continue to reduce inventory levels for the remainder of the gardening season.

We are executing our strategic transformation

I am honored to be appointed CEO of Husqvarna Group, and I am fully committed to the continued execution of our successful strategy. We have an exciting journey ahead where we are building a stronger Group by investing in the key focus areas of robotic mowers, battery, watering and solutions for the professional market. With this, we are also driving the transition to sustainable solutions and a lower carbon footprint. We are proactively exiting sales of petrol-powered, low-margin consumer business, primarily wheeled products and rightsizing our Orangeburg manufacturing plant in North America.

We are also consolidating our global manufacturing footprint, with the discontinuing of the handheld production facility in Nashville, AR, U.S., (read more on page 9).

The Group’s electrification ambition aims to consistently reduce our carbon footprint. To date, we have reduced CO_2 emissions (Scope 1, 2 and 3) by -38% compared with the base year of 2015. We are currently exceeding our target of a -35% reduction by 2025.

To summarize, we have delivered a good performance in the gardening season and taken additional steps on our ongoing transformation journey. With an innovative product portfolio and dedication to customer focus, we have strengthened our global leadership and remain committed to creating sustainable value for all stakeholders.”



Pavel Hajman, CEO

Financial Performance

Financial targets and performance

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

Metric	Financial targets	Achievement 2022	Achievement LTM
Organic growth	5%	-1%	2%
Operating margin*	13%	9.0%	9.4%
Capital efficiency**	20%	30.6%	34.1%

*Excluding items affecting comparability
**Operating working capital / net sales, rolling 12-months

Second quarter

Net sales

Net sales for the second quarter increased by 7% to SEK 16,976m (15,792). Organic sales were relatively unchanged and changes in exchange rates contributed with 7%. Sales growth was strong for robotic mowers both for the residential and professional segments and for battery-powered products. Sales growth of watering products increased gradually during the quarter.

Operating income

Operating income for the second quarter amounted to SEK 2,101m (2,065) and the operating margin was 12.4% (13.1). Excluding items affecting comparability, operating income increased to SEK 2,313m (2,075). The operating margin excluding items affecting comparability was 13.6% (13.1). The improvement was driven by price increases, improved product mix and lower costs for raw materials and logistics. Acquisition related amortizations amounted to SEK -58m (-54).

Changes in exchange rates had an impact of approximately SEK -30m compared to last year.

Financial items net

Financial items net amounted to SEK -247m (-87). The change was related to higher interest expenses.

Income after financial items

Income after financial items amounted to SEK 1,854m (1,978).

Taxes

Income tax amounted to SEK -443m (-561), corresponding to an effective tax rate of 23.9% (28.4).

Earnings per share

Net income for the period attributable to equity holders of the Parent Company amounted to SEK 1,411m (1,417), corresponding to SEK 2.46 (2.47) per share after dilution.

January - June

Net sales

Net sales for the period increased by 8% to SEK 34,143m (31,477). Organic sales growth was 1% and changes in exchange rates contributed with 7%. Sales growth was strong for robotic mowers both for the residential and professional segments as well as for battery-powered products.

Operating income

Operating income for the period amounted to SEK 4,465m (4,224) and the operating margin was 13.1% (13.4). Excluding items affecting comparability, operating income increased to SEK 4,723m (4,265) and was driven by net sales growth, including price increases and lower costs for raw materials and logistics. The operating margin excluding items affecting comparability was 13.8% (13.5). Acquisition related amortizations amounted to SEK -114m (-103).

Changes in exchange rates had a positive effect of approximately SEK 10m compared to last year, mainly related to a strong EUR.

Financial items net

Financial items net amounted to SEK -492m (-148). The change was related to higher interest expenses.

Income after financial items

Income after financial items amounted to SEK 3,973m (4,076).

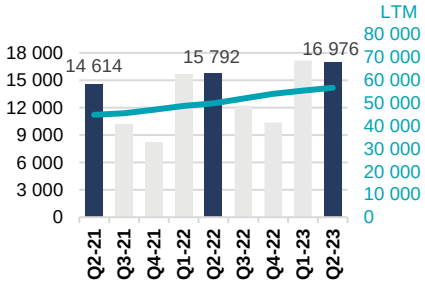
Taxes

Income tax amounted to SEK -909m (-1,021), corresponding to an effective tax rate of 22.9% (25.0).

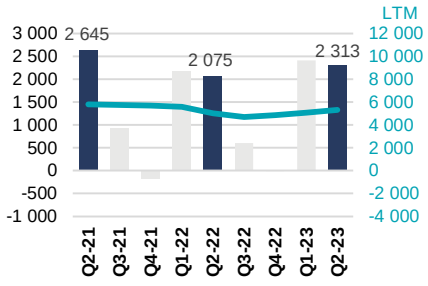
Earnings per share

Net income for the period attributable to equity holders of the Parent Company amounted to SEK 3,064m (3,054), corresponding to SEK 5.35 (5.34) per share after dilution.

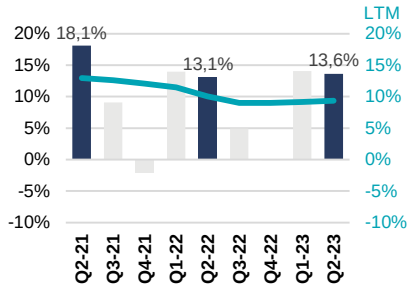
Net sales, SEKm



Operating income excl. IAC, SEKm



Operating margin excl. IAC



Cash flow

Cash flow from operations and investments for January – June amounted to SEK 5,020m (-520). Direct operating cash flow was SEK 4,204m (351). The improvement was related to a higher operating result and improved cash flow from working capital changes.

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. 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 June 30, 2023, excluding non-controlling interests, increased to SEK 26,276m (25,021), corresponding to SEK 45.9 (43.7) per share after dilution. Net debt increased to SEK 15,748m (12,501). The increase was mainly related to increased borrowings, primarily as a result of higher net working capital levels. The net pension liability increased to SEK 1,451m (1,258). Other interest-bearing liabilities increased to SEK 18,141m (13,753) and liquid funds and other interest-bearing assets increased to SEK 4,985m (3,651).

The net debt/EBITDA ratio, excluding items affecting comparability, increased to 2.0 (1.1), mainly due to higher borrowings. The equity/assets ratio was 40% (42).

Financial summary

SEKm	Q2 2023	Q2 2022	Δ%	Jan-Jun 2023	Jan-Jun 2022	Δ%	LTM*	Full year 2022
Net sales	9,722	8,826	10	20,379	17,528	16	34,933	32,082
Organic growth, %*	*3*	*-8*		*9*	*-8*		*10*	*0*
Operating income	1,123	1,107	1	2,794	2,499	12	2,101	1,807
Operating margin, %	*11.6*	*12.5*		*13.7*	*14.3*		*6.0*	*5.6*
Operating income excl. items affecting comparability*	1,260	1,113	13	2,950	2,396	23	3,779	3,224
Operating margin excl. items affecting comparability,*	*13.0*	*12.6*		*14.5*	*13.7*		*10.8*	*10.0*

* Alternative Performance Measure, refer to "Definitions".

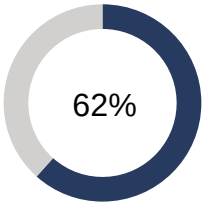
Second quarter 2023

Net sales increased by 10% to SEK 9,722m (8,826) during the quarter. The organic sales growth was 3% and currency effects contributed with 7%. Sales of robotic mowers were strong, supported by good demand including the transition whereby a growing number of customers are choosing robotic mowers rather than traditional wheeled lawn mowers.

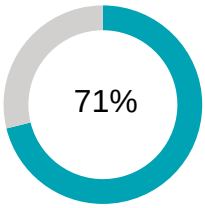
Growth was solid in the professional segment of robotic mowers for commercial use, including Husqvarna CEORA™. For the residential market, Husqvarna Automower® NERA was launched. NERA is the Group's first robotic mower to offer virtual boundary technology for the residential market. Recently, new series of battery-powered garden tools, ASPIRE and MAX, were launched which contributed to the growth during the quarter.

Operating income amounted to SEK 1,123m (1,107) and the operating margin decreased to 11.6% (12.5). Excluding items affecting comparability, operating income increased 13% to SEK 1,260m (1,113) and the operating margin rose to 13.0% (12.6). The improvement was driven by sales growth, contributions from price increases and lower raw materials and logistics costs. Changes in exchange rates had a positive effect of approximately SEK 30m compared with the preceding year.

Share of Group net sales, LTM



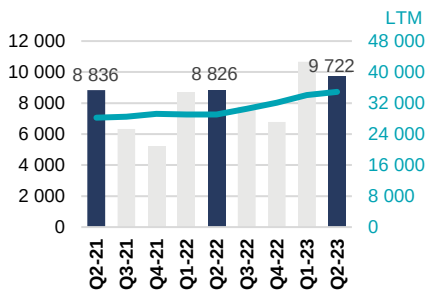
Share of Group operating income excl. IAC, LTM



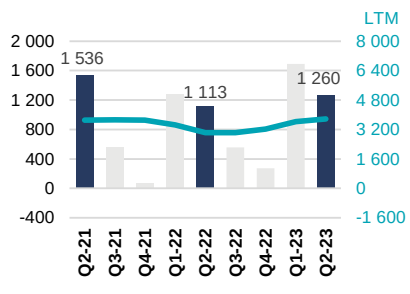
January - June 2023

Net sales increased by 16% to SEK 20,379m (17,528). The organic sales growth was 9% and currency effects contributed with 7%. Sales of robotic mowers and battery-powered products were strong, driven by good demand and improvements in the supply chain compared with the preceding year. Operating income amounted to SEK 2,794m (2,499) and the operating margin was 13.7% (14.3). Excluding items affecting comparability, operating income amounted to SEK 2,950m (2,396) and the operating margin to 14.5% (13.7). The operating income was driven by sales growth and price increases. Changes in exchange rates had an impact of approximately SEK -15m compared with the preceding year.

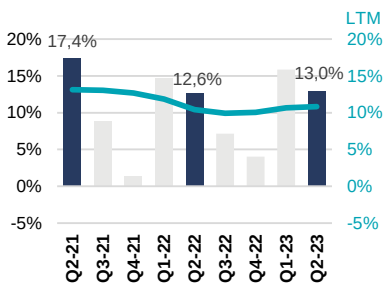
Net sales, SEKm



Operating income excl. IAC, SEKm



Operating margin excl. IAC





Gardena Division

Financial summary

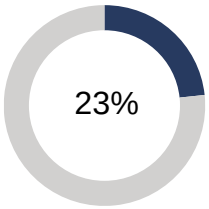
SEKm	Q2 2023	Q2 2022	Δ%	Jan-Jun 2023	Jan-Jun 2022	Δ%	LTM*	Full year 2022
Net sales	5,031	4,775	5	9,351	9,735	-4	13,222	13,606
Organic growth, %*	*-2*	*-10*		*-11*	*-3*		*-13*	*-7*
Operating income	818	773	*6*	1,403	1,479	-5	842	918
Operating margin, %	*16.3*	*16.2*		*15.0*	*15.2*		*6.4*	*6.8*
Operating income excl. items affecting comparability*	857	776	*10*	1,441	1,529	-6	1,085	1,173
Operating margin excl. items affecting comparability,*	*17.0*	*16.3*		*15.4*	*15.7*		*8.2*	*8.6*

* Alternative Performance Measure, refer to "Definitions".

Second quarter 2023

Net sales increased by 5% to SEK 5,031m (4,775). Organic sales declined by 2% and currency effects contributed with 7%. Sales growth improved gradually during the quarter, supported by increased demand for watering solutions. The division has a strong product portfolio featuring many new products, including new Micro-Drip watering systems. The segment for robotic mowers achieved good growth.

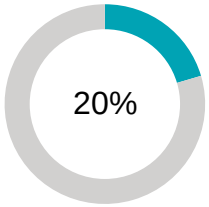
Share of Group net sales, LTM



Operating income was SEK 818m (773) and the operating margin was 16.3% (16.2). Excluding items affecting comparability, operating income grew by 10% to SEK 857m (776) and the operating margin increased to 17.0% (16.3). Price increases and lower costs for raw materials and logistics contributed to the higher operating income. Changes in exchange rates had an impact of approximately SEK -115m compared with the preceding year.

Net sales development for the acquired Orbit Irrigation was in line with the development for the division in total. Orbit Irrigation achieved an improved operating margin and had an accretive effect of 0.3 percentage points on the operating margin, excluding acquisition related amortization, which amounted to SEK -30m (-28).

Share of Group operating income excl. IAC, LTM

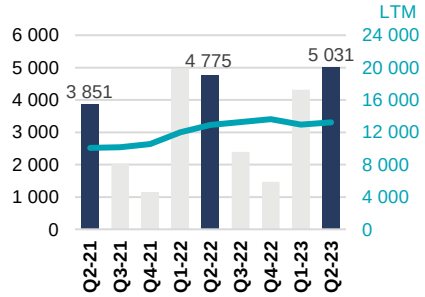


January - June 2023

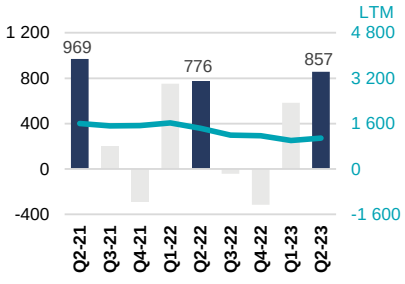
Net sales decreased by -4% to SEK 9,351m (9,735). Organic sales declined by 11% and currency effects contributed with 7%.

Operating income amounted to SEK 1,403m (1,479) and the operating margin was 15.0% (15.2). Excluding items affecting comparability, operating income amounted to SEK 1,441m (1,529) and the operating margin was 15.4% (15.7). Price increases and lower costs for raw materials and logistics had a positive effect, while lower volumes impacted negatively. The dilution effect from Orbit Irrigation was 0.2 percentage points on the operating margin, excluding acquisition related amortization, which amounted to SEK -60m (-54). Changes in exchange rates had an impact of approximately SEK -85m compared with the preceding year.

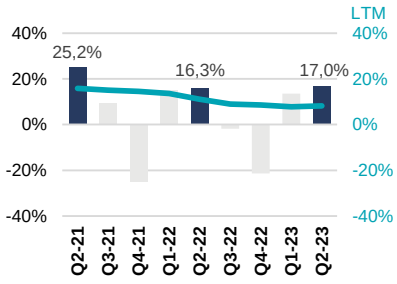
Net sales, SEKm



Operating income excl. IAC, SEKm



Operating margin excl. IAC



Financial summary

SEKm	Q2 2023	Q2 2022	Δ%	Jan-Jun 2023	Jan-Jun 2022	Δ%	LTM*	Full year 2022
Net sales	2,192	2,157	2	4,369	4,138	6	8,463	8,232
Organic growth, %*	*-5*	*2*		*-3*	*6*		*-2*	*2*
Operating income	272	299	-9	534	451	18	796	713
Operating margin, %	*12.4*	*13.9*		*12.2*	*10.9*		*9.4*	*8.7*
Operating income excl. items affecting comparability*	308	300	3	597	545	9	905	854
Operating margin excl. items affecting comparability,*	*14.1*	*13.9*		*13.7*	*13.2*		*10.7*	*10.4*

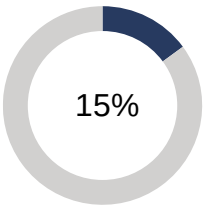
* Alternative Performance Measure, refer to "Definitions".

Second quarter 2023

Net sales increased by 2% to SEK 2,192m (2,157). Organic sales declined by 5% and changes in exchange rates contributed with 7%. The sales growth was good in North America and for the Concrete Surfaces and Floors segment in general.

Operating income was SEK 272m (299) and the operating margin was 12.4% (13.9). Excluding items affecting comparability, operating income was SEK 308m (300) and the operating margin increased to 14.1% (13.9). The margin improvement was supported by price increases and cost control. Acquisition related amortization amounted to SEK -26m (-24). Changes in exchange rates had a positive contribution of approximately SEK 60m compared to last year.

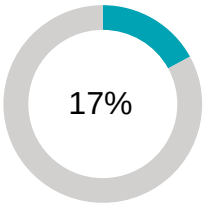
Share of Group net sales, LTM



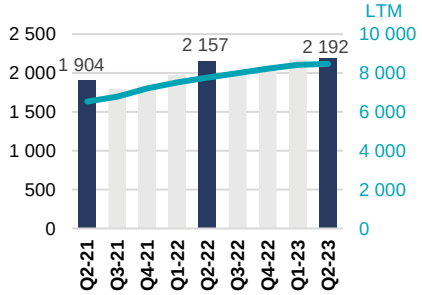
January - June 2023

Net sales increased by 6% to SEK 4,369m (4,138). Organic sales declined by 3% and changes in exchange rates and acquisitions contributed with 9%. The division has expanded its range of battery-powered products which have achieved strong sales growth. Operating income was SEK 534m (451) and the operating margin was 12.2% (10.9). Excluding items affecting comparability, operating income was SEK 597m (545) and the operating margin was 13.7% (13.2). The margin improvement was supported by price increases and good cost control. Acquisition related amortization amounted to SEK -51m (-45). Changes in exchange rates had a positive contribution of approximately SEK 110m compared to last year.

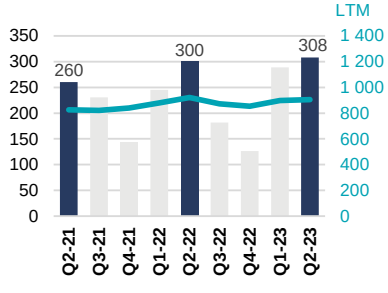
Share of Group operating income excl. IAC, LTM



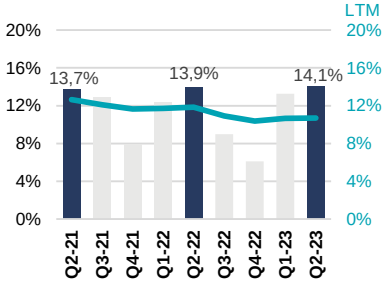
Net sales, SEKm



Operating income excl. IAC, SEKm



Operating margin excl. IAC



Additional information

Sustainovate 2025

Sustainovate 2025 is designed to maximize the Group's contribution to tackle climate change and resource scarcity. The five-year framework covers three opportunities and associated targets to 2025.

Highlights

- The Group's absolute CO_2 emissions across the value chain has been reduced by -38%.
- Five new approved circular innovations and another 15 nominees are in the pipeline. Total approved innovations are now 20.
- People target performance: 1,410,000 Sustainable Choices products have now been sold.

Carbon – drive the transition to low-carbon solutions

As of the second quarter 2023, the Group has reduced its absolute CO_2 emissions by -38%. This implies a further solid reduction of 5 percentage points compared with Q1 2023 and it means the Group are pleased to see it have exceeded the 2025 target of a reduction of -35%. The reduction is primarily linked to the product mix driven by the electrification of the industry.

As the target is measured on an absolute level it naturally implies a rather volatile behavior. Despite the clear long-term reduction trend, swings up and down between quarters are expected to continue. Nevertheless, the Group is committed to the target of -35% at the end of the 2025 strategy period.

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.

In the second quarter five circular innovations were approved, moving up from fifteen to twenty Circular Innovations:

- The first innovation is the systematic mowing technology, which is enabled by Husqvarna EPOS™ (Exact Positioning Operating System) and the 2-3 centimeter precision it provides. The systematic mowing technology offers cuts in parallel paths, which more than doubles the productivity compared to traditional irregular mowing, resulting in significant higher productivity for robotic lawn mowing. Systematic mowing is currently available on CEORA™ and Automower® 550 EPOS™.
- The second innovation relates to reuse of Automower® PCBAs, Printed Circuit Board Assembly. PCBAs returned from European Dealers are tested and, if possible, repaired, and sent back to the spare part market as "Husqvarna Economy Parts" allowing for a reuse of these components and reducing the cost to repair an older machine.
- One innovation include the lower chassis of the robotic lawnmower in a specific GARDENA platform that is made of 60% post-consumer recycled plastics, remaining material is virgin plastics and talc.
- The forth innovation relates to Husqvarna Construction Division's new packaging solution for diamond tools. Here we shifted away from virgin plastics to cardboard-based solutions with a design opted at maintaining optimal protection of the sharp and heavy diamond tools.
- Finally the hangers used in stores for Gardena's combi-system is now in recycled plastics out of post-consumer recycled materials.

This results in a total summary of 20 approved Circular Innovations and with 15 nominees in pipeline we are on the right path toward our target of 50 circular innovations by 2025.

People – inspire actions that make a lasting difference

During the second quarter, the Group has continued to inform and educate customers on its assortment of Sustainable Choices, i.e. product and solution offerings that have a significantly and proven lower impact on use of natural resources and/or the environment. At the end of the quarter 1,410,000 Sustainable Choice products have been sold. The Group is on track to empower five million people by 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 half 545 shares were converted. The total number of shares in the company at June 30, 2023 amounted to 576,343,778 of which 110,105,649 were A-shares and 466,238,129 were B-shares. The total number of votes amounted to 156,729,461.9.

Parent Company

Net sales for January – June 2023 for the Parent Company, Husqvarna AB (publ), amounted to SEK 15,242m (12,795), of which SEK 12,064m (9,863) referred to sales to Group companies and

SEK 3,179m (2,932) to external customers. Income after financial items increased to SEK 2,102m (1,524). Income for the period increased to SEK 666m (417). Investments in property, plant and equipment and intangible assets amounted to SEK 769m (2,652). Cash and cash equivalents amounted to SEK 1,707m (230) at the end of the quarter. Undistributed earnings in the Parent Company amounted to SEK 29,118m (30,008).

Significant events

Pavel Hajman appointed CEO of Husqvarna Group

Pavel Hajman has been appointed CEO of Husqvarna Group. He has been a part of the Group Management team since 2014 and has a history within Husqvarna Group as President Husqvarna Forest & Garden, SVP Operations Development and EVP GIS/CIO. Prior to joining Husqvarna Group, Pavel held various leading positions within Seco Tools and Assa Abloy in Europe and Asia.

Bosch

Bosch has acquired shares in Husqvarna AB (publ), representing approximately 12 percent of the capital.

Annual General Meeting 2023

The Annual General Meeting of Husqvarna AB (publ) was held on April 4, 2023. The dividend was set at SEK 3.00 per share to be paid in two installments, firstly SEK 1.00 per share with Thursday, April 6, 2023 as the first record day, and secondly SEK 2.00 per share with Friday, October 6, 2023 as the second record day.

Strategic acceleration

As announced in October 2022, Husqvarna Group is accelerating its strategic transformation towards the value creation areas of robotic mowers, battery, watering and professional solutions. This includes incremental investments that will reach SEK 400m per year by 2025. In order to fund these investments and increase organizational efficiency, structural changes are being implemented, which will deliver annual cost savings of approximately SEK 800m by 2025. The Group proactively exits business of SEK 2bn of petrol-powered, low-margin consumer products, primarily wheeled products. Accordingly the Orangeburg, U.S., manufacturing plant is being rightsized. Furthermore, in line with the strategy, the global manufacturing footprint is being consolidated, with the discontinuing of the handheld production facility in Nashville, AR, U.S. The production is moved to other facilities within the Group, primarily Sao Carlos in Brazil.

Significant events after the quarter

Robert Hafredal appointed new CIO

Robert Hafredal is appointed EVP Global Information Services and Group CIO and will be part of the Group Management Team as of August 1, 2023. Robert has been part of Husqvarna Group since 2010 and has held the position as acting EVP Global Information Services since December 2022.

Risks and uncertainty factors

A number of factors may affect Husqvarna Group's operations in terms of operational and financial risks. The war in Ukraine can have a significant impact on Husqvarna Group's operations, both in terms of difficulties of supply of raw materials and components as well as difficulties to purchase transportation and logistics services and related cost increases. It can also affect demand of Husqvarna Group's products and solutions. 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. 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 2022 which is available at www.husqvarnagroup.com.

Accounting Principles

This quarterly 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 2022, which is available at www.husqvarnagroup.com.

The Board of Directors and the President and CEO certify that the interim report gives a fair view of the performance of the business, position and income statements of the Parent Company and Husqvarna Group, and describes the principal risks and uncertainties to which the Parent Company and the Group is exposed.

Stockholm, July 17, 2023

Tom Johnstone
Chair of the Board

Ingrid Bonde
Board member

Torbjörn Lööf
Board member

Katarina Martinson
Board member

Bertrand Neuschwander
Board member

Daniel Nodhäll
Board member

Lars Pettersson
Board member

Christine Robins
Board member

Pavel Hajman
CEO

Anders Krantz
Board member and
employee representative

Daniel Tornberg
Board member and
employee representative

Auditors' review report

To the Board of Directors of Husqvarna AB (publ)
Corp. id. 556000-5331

Introduction

We have reviewed the condensed interim financial information (interim report) of Husqvarna AB (publ) as of 30 June 2023 and the six-month period then ended. The Board of Directors and the President & CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm July 17, 2023

KPMG AB

Joakim Thilstedt

Authorized Public Accountant

Condensed consolidated income statement

SEKm	Q2 2023	Q2 2022	Jan-Jun 2023	Jan-Jun 2022	LTM*	Full year 2022
Net sales	16,976	15,792	34,143	31,477	56,703	54,037
Cost of goods sold	-11,430	-10,580	-22,906	-21,286	-41,045	-39,424
Gross income	**5,547**	**5,212**	**11,237**	**10,191**	**15,658**	**14,613**
Gross margin, %	*32.7*	*33.0*	*32.9*	*32.4*	*27.6*	*27.0*
Selling expenses	-2,598	-2,344	-4,972	-4,545	-9,197	-8,770
Administrative expenses	-854	-815	-1,789	-1,616	-3,174	-3,001
Other operating income/expense	7	11	-12	194	-4	202
Operating income	**2,101**	**2,065**	**4,465**	**4,224**	**3,283**	**3,043**
Operating margin, %	*12.4*	*13.1*	*13.1*	*13.4*	*5.8*	*5.6*
Financial items, net	-247	-87	-492	-148	-805	-461
Income after financial items	**1,854**	**1,978**	**3,973**	**4,076**	**2,478**	**2,581**
Margin, %	*10.9*	*12.5*	*11.6*	*12.9*	*4.4*	*4.8*
Income tax	-443	-561	-909	-1,021	-538	-649
Net income for the period	**1,411**	**1,417**	**3,063**	**3,055**	**1,940**	**1,932**
Net income for the period attributable to:						
Equity holders of the Parent Company	1,411	1,417	3,064	3,054	1,944	1,935
Non-controlling interest	0	1	0	1	-3	-2
Earnings per share:						
Before dilution, SEK	2.47	2.48	5.37	5.35	3.41	3.39
After dilution, SEK	2.46	2.47	5.35	5.34	3.39	3.38
Weighted average number of shares outstanding:						
Before dilution, millions	570.6	570.4	570.6	570.4	570.5	570.4
After dilution, millions	573.1	572.5	573.1	572.5	573.0	573.0

Condensed consolidated comprehensive income statement

SEKm	Q2 2023	Q2 2022	Jan-Jun 2023	Jan-Jun 2022	LTM*	Full year 2022
Net income for the period	**1,411**	**1,417**	**3,063**	**3,055**	**1,940**	**1,932**
Other comprehensive income						
Items that will not be reclassified to the income statement:						
Remeasurements on defined benefit pension plans, net of tax	-66	504	11	480	-33	436
Total items that will not be reclassified to the income statement, net of tax	**-66**	**504**	**11**	**480**	**-33**	**436**
Items that may be reclassified to the income statement:						
Translation differences	1,497	1,908	1,436	2,472	1,692	2,728
Net investment hedge, net of tax	-566	-690	-487	-867	-536	-916
Cash flow hedges, net of tax	-103	44	-57	32	-178	-89
Total items that may be reclassified to the income statement, net of tax	**828**	**1,262**	**892**	**1,637**	**978**	**1,723**
Other comprehensive income, net of tax	**762**	**1,766**	**903**	**2,117**	**945**	**2,159**
Total comprehensive income for the period	**2,173**	**3,183**	**3,966**	**5,172**	**2,885**	**4,091**
Total comprehensive income attributable to:						
Equity holders of the Parent Company	2,173	3,182	3,966	5,171	2,889	4,094
Non-controlling interest	0	1	0	1	-3	-2

*Alternative Performance Measure, refer to "Definitions".

Condensed consolidated balance sheet

SEKm	Jun 30 2023	Jun 30 2022	Dec 31 2022
Assets			
Property, plant and equipment	7,372	7,668	7,151
Right of use assets	2,207	1,786	2,288
Goodwill	10,581	10,090	10,187
Other intangible assets	8,785	8,114	8,408
Investments in associated companies	16	24	16
Derivatives	29	47	53
Other non-current assets	896	1,061	913
Deferred tax assets	2,452	986	1,834
Total non-current assets	**32,338**	**29,776**	**30,849**
Inventories	17,949	16,455	19,334
Trade receivables	9,373	8,204	6,267
Derivatives	500	622	795
Current tax receivables	544	477	524
Other current assets	1,576	1,296	1,538
Cash and cash equivalents	3,990	2,558	2,328
Total current assets	**33,932**	**29,611**	**30,787**
Total assets	**66,270**	**59,387**	**61,636**
Equity and liabilities			
Equity attributable to equity holders of the Parent Company	26,276	25,021	24,002
Non-controlling interests	3	13	10
Total equity	**26,279**	**25,034**	**24,011**
Borrowings	12,074	3,933	8,927
Lease liabilities	1,613	1,312	1,708
Derivatives	-	73	-
Deferred tax liabilities	2,607	1,907	2,056
Provisions for pensions and other post-employment benefits	1,713	1,701	1,681
Other provisions	713	641	700
Total non-current liabilities	**18,720**	**9,567**	**15,072**
Trade payables	7,017	7,918	7,111
Current tax liabilities	749	1,289	667
Other liabilities	6,202	5,062	4,097
Dividend payable	1,141	1,141	-
Borrowings	2,358	6,914	7,700
Lease liabilities	636	539	649
Derivatives	1,460	980	912
Other provisions	1,708	942	1,416
Total current liabilities	**21,271**	**24,787**	**22,553**
Total equity and liabilities	**66,270**	**59,387**	**61,636**

Condensed consolidated cash flow statement

SEKm	**Q2 2023**	Q2 2022	**Jan-Jun 2023**	Jan-Jun 2022	Full year 2022
Cash flow from operations					
Operating income	2,101	2,065	4,465	4,224	3,043
Non cash items	994	433	1,910	1,094	3,979
Cash items					
Paid restructuring expenses	-60	-29	-149	-72	-222
Net financial items, received/paid	-195	-29	-369	-86	-247
Taxes paid	-205	-451	-825	-1,465	-2,318
Cash flow from operations, excluding change in operating assets and liabilities	**2,635**	**1,988**	**5,032**	**3,695**	**4,234**
Operating assets and liabilities					
Change in inventories	1,509	-372	2,238	-1,219	-3,832
Change in trade receivables	1,336	643	-2,726	-3,469	-1,511
Change in trade payables	-825	-596	-346	549	-336
Change in other operating assets/liabilities	340	-280	1,923	883	-264
Cash flow from operating assets and liabilities	**2,360**	**-606**	**1,089**	**-3,256**	**-5,943**
Cash flow from operations	**4,995**	**1,382**	**6,122**	**439**	**-1,709**
Investments					
Acquisitions of subsidiaries/operations	-	-52	-	-85	-85
Divestments of subsidiaries/operations	-	-	-	-	-
Proceeds from sale of property, plant and equipment	5	-	16	212	240
Investments in property, plant and equipment and intangible assets	-608	-567	-1,130	-993	-2,344
Investments and divestments of financial assets	41	-64	13	-93	-112
Cash flow from investments	**-562**	**-683**	**-1,101**	**-959**	**-2,301**
Cash flow from operations and investments	**4,432**	**699**	**5,020**	**-520**	**-4,009**
Financing					
Dividend paid to shareholders	-571	-570	-571	-570	-1,711
Dividend paid to non-controlling interests	-2	-1	-2	-1	-2
Proceeds/repayment of borrowings	-2,229	113	-2,434	2,505	8,253
Other financing activities	-279	-566	-411	-1,333	-2,566
Cash flow from financing	**-3,081**	**-1,025**	**-3,417**	**601**	**3,974**
Total cash flow	**1,352**	**-326**	**1,603**	**81**	**-35**
Cash and cash equivalents at the beginning of the period	2,571	2,659	2,328	2,208	2,208
Exchange rate differences referring to cash and cash equivalents	67	226	59	270	154
Cash and cash equivalents at the end of the period	**3,990**	**2,558**	**3,990**	**2,558**	**2,327**

Operating cash flow, SEKm	**Q2 2023**	Q2 2022	**Jan-Jun 2023**	Jan-Jun 2022	Full year 2022
Cash flow from operations	4,995	1,382	6,122	439	-1,709
Investments in property, plant and equipment and intangible assets	-608	-567	-1,130	-993	-2,344
Operating cash flow	**4,386**	**816**	**4,991**	**-554**	**-4,052**

Direct operating cash flow, SEKm	**Q2 2023**	Q2 2022	**Jan-Jun 2023**	Jan-Jun 2022	Full year 2022
EBITDA excl. items affecting comparability	3,031	2,695	6,168	5,483	7,450
Change in inventories	1,509	-372	2,238	-1,219	-3,832
Change in trade receivables	1,336	643	-2,726	-3,469	-1,511
Change in trade payables	-825	-596	-346	549	-336
Investments in property, plant and equipment and intangible assets	-608	-567	-1,130	-993	-2,344
Direct operating cash flow	**4,443**	**1,803**	**4,204**	**351**	**-572**

Key performance indicators

Income statement

EBITDA*, SEKm	**Q2 2023**	Q2 2022	**Jan-Jun 2023**	Jan-Jun 2022	**LTM***	Full year 2022
Operating income	2,101	2,065	4,465	4,224	3,283	3,043
Reversals						
Depreciation	488	419	984	822	1,931	1,769
Amortization	229	200	445	395	871	821
Impairment	-2	1	27	17	763	753
Depreciation, amortization and impairment	715	620	1,456	1,234	3,565	3,342
EBITDA*	**2,816**	**2,685**	**5,921**	**5,457**	**6,848**	**6,385**
Excl. items affecting comparability*	3,031	2,695	6,168	5,483	8,135	*7,450*
EBITDA margin, %	*16.6*	*17.0*	*17.3*	*17.3*	*12.1*	*11.8*
Excl. items affecting comparability, %*	*17.9*	*17.1*	*18.1*	*17.4*	*14.3*	*13.8*

Organic growth*

Net sales, second quarter

SEKm	Reported Net sales	Acquisitions / divestments	Net sales adjusted for acquisitions / divestments	Currency translation effect	Net sales adjusted for acquisitions / divestments and changes in exchange rates
2023	16,976	-12	16,964		16,964
2022	15,792		15,792	1,105	16,897
Growth	1,184		1,172		67
Growth, %	***7***		***7***		***0***

Net sales, January - June

SEKm	Reported Net sales	Acquisitions / divestments	Net sales adjusted for acquisitions / divestments	Currency translation effect	Net sales adjusted for acquisitions / divestments and changes in exchange rates
2023	34,143	-39	34,104		34,104
2022	31,477		31,477	2,300	33,777
Growth	2,666		2,627		327
Growth, %	***8***		***8***		***1***

*Alternative Performance Measure, refer to "Definitions".

Balance sheet

Key data	Jun 30 2023	Jun 30 2022	Dec 31 2022
Operating working capital, SEKm	20,305	16,741	18,490
Operating working capital / net sales, %*	*34.1*	*25.7*	*30.6*
Return on capital employed, %	*7.2*	*14.0*	*7.3*
Excl. items affecting comparability, %*	*11.7*	*14.0*	*11.6*
Return on equity, %	*7.6*	*17.2*	*7.9*
Excl. items affecting comparability, %*	*13.8*	*17.2*	*13.6*
Capital turn-over rate, times	1.4	1.6	1.4
Equity/assets ratio, %	*40*	*42*	*39*
Equity per share after dilution, SEK	45.9	43.7	41.9
Average number of employees	14,371	14,799	14,416

Net debt*, SEKm	Jun 30 2023	Jun 30 2022	Dec 31 2022
Net pension liability	1,451	1,258	1,431
Other interest-bearing liabilities	18,141	13,753	19,897
Dividend payable	1,141	1,141	-
Less: Liquid funds and other interest-bearing assets	-4,985	-3,651	-3,618
Net debt*	**15,748**	**12,501**	**17,709**
Net debt/equity ratio	0.60	0.50	0.74
Net debt/EBITDA excl. items affecting comparability*	2.0	1.1	1.8

Return on capital employed*, SEKm	Jun 30 2023	Jun 30 2022	Dec 31 2022
Total equity and liabilities	66,270	59,387	61,636
Deduction; Non interest bearing liabilities:	-18,996	-17,759	-16,047
Deferred tax liabilities	-2,607	-1,907	-2,056
Other provisions	-2,420	-1,583	-2,116
Trade payables	-7,017	-7,918	-7,111
Current tax liabilities	-749	-1,289	-667
Other liabilities	-6,202	-5,062	-4,097
Capital employed*	**47,274**	**41,628**	**45,589**
Capital employed* (LTM Average)	**45,533**	**35,743**	**41,710**
Operating income, LTM	3,283	5,018	3,043
Return on capital employed*, %	***7.2***	***14.0***	**7.3**
Operating income excl. items affecting comparability*, LTM	5,311	5,011	4,853
Return on capital employed excl. items affecting comparability*, %	***11.7***	***14.0***	**11.6**

* Alternative Performance Measure, refer to "Definitions".

Change in Group equity, condensed

SEKm	Attributable to equity holders of the Parent Company	Non-controlling interests	Total equity
Opening balance January 1, 2022	**21,633**	**14**	**21,646**
Share-based payment	20	-	20
Hedge for LTI-programs	-92	-	-92
Dividend	-1,711		-1,711
Total comprehensive income	5,171	1	5,172
Acquisition of non-controlling interest	-	-2	-2
Closing balance June 30, 2022	**25,021**	**13**	**25,034**
Opening balance January 1, 2023	**24,002**	**10**	**24,011**
Share-based payment	14	-	14
Shareholder contribution from non-controlling interest		1	1
Dividend	-1,712		-1,712
Total comprehensive income	3,967	0	3,966
Acquistion of non-controlling interest	5	-5	-
Dividend to non-controlling interest		-2	-2
Closing balance June 30, 2023	**26,276**	**3**	**26,279**

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 2022. The carrying value approximates fair value for all financial instruments.

Net sales and income by division and quarter

SEKm	2023		2022				2021			
Group	**Q2**	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	**16,976**	17,167	10,353	12,206	15,792	15,685	8,234	10,180	14,614	14,030
Net sales, LTM*	**56,703**	55,519	54,037	51,918	49,892	48,714	47,059	45,507	44,897	43,764
Operating income	**2,101**	2,364	-1,737	555	2,065	2,159	-132	926	2,659	2,293
Operating margin, %	***12.4***	*13.8*	*-16.8*	*4.5*	*13.1*	*13.8*	*-1.6*	*9.1*	*18.2*	*16.3*
Operating income excl. IAC*	**2,313**	2,410	-13	601	2,075	2,190	-180	926	2,645	2,293
Operating margin excl. IAC, %*	***13.6***	*14.0*	*-0.1*	*4.9*	*13.1*	*14.0*	*-2.2*	*9.1*	*18.1*	*16.3*
Operating income, LTM*	**3,283**	3,247	3,043	4,647	5,018	5,612	5,746	4,934	5,005	4,538
Operating margin, LTM, %*	***5.8***	*5.8*	*5.6*	*9.0*	*10.1*	*11.5*	*12.2*	*10.8*	*11.1*	*10.4*
Operating income, LTM excl. IAC*	**5,311**	5,073	4,853	4,686	5,011	5,580	5,684	5,734	5,806	5,353
Operating margin, LTM excl. IAC, %*	***9.4***	*9.1*	*9.0*	*9.0*	*10.0*	*11.5*	*12.1*	*12.6*	*12.9*	*12.2*
Net income for the period	**1,411**	1,653	-1,392	269	1,417	1,638	146	631	2,001	1,659
Husqvarna Forest & Garden	**Q2**	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	**9,722**	10,656	6,793	7,761	8,826	8,701	5,231	6,331	8,836	8,820
Net sales, LTM*	**34,933**	34,037	32,082	30,519	29,089	29,099	29,217	28,483	28,220	27,427
Operating income	**1,123**	1,670	-1,252	560	1,107	1,392	70	558	1,534	1,537
Operating margin, %	***11.6***	*15.7*	*-18.4*	*7.2*	*12.5*	*16.0*	*1.3*	*8.8*	*17.4*	*17.4*
Operating income excl. IAC*	**1,260**	1,690	273	555	1,113	1,283	70	558	1,536	1,537
Operating margin excl. IAC, %*	***13.0***	*15.9*	*4.0*	*7.2*	*12.6*	*14.7*	*1.3*	*8.8*	*17.4*	*17.4*
Operating income, LTM*	**2,101**	2,085	1,807	3,129	3,127	3,554	3,699	3,015	3,000	2,544
Operating margin, LTM, %*	***6.0***	*6.1*	*5.6*	*10.3*	*10.8*	*12.2*	*12.7*	*10.6*	*10.6*	*9.3*
Operating income, LTM excl. IAC*	**3,779**	3,631	3,224	3,021	3,024	3,447	3,701	3,720	3,705	3,247
Operating margin, LTM excl. IAC, %*	***10.8***	*10.7*	*10.0*	*9.9*	*10.4*	*11.8*	*12.7*	*13.1*	*13.1*	*11.8*
Gardena	**Q2**	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	**5,031**	4,321	1,470	2,400	4,775	4,960	1,148	2,031	3,851	3,506
Net sales, LTM*	**13,222**	12,966	13,606	13,284	12,915	11,991	10,537	10,150	10,067	10,226
Operating income	**818**	585	-468	-93	773	706	-277	196	979	654
Operating margin, %	***16.3***	*13.5*	*-31.8*	*-3.9*	*16.2*	*14.2*	*-24.1*	*9.6*	*25.4*	*18.7*
Operating income excl. IAC*	**857**	584	-314	-42	776	752	-290	196	969	654
Operating margin excl. IAC, %*	***17.0***	*13.5*	*-21.4*	*-1.7*	*16.3*	*15.2*	*-25.3*	*9.6*	*25.2*	*18.7*
Operating income, LTM*	**842**	797	918	1,109	1,398	1,603	1,552	1,534	1,613	1,688
Operating margin, LTM, %*	***6.4***	*6.2*	*6.8*	*8.3*	*10.8*	*13.4*	*14.7*	*15.1*	*16.0*	*16.5*
Operating income, LTM excl. IAC*	**1,085**	1,005	1,173	1,197	1,434	1,627	1,529	1,524	1,603	1,688
Operating margin, LTM excl. IAC, %*	***8.2***	*7.7*	*8.6*	*9.0*	*11.1*	*13.6*	*14.5*	*15.0*	*15.9*	*16.5*
Husqvarna Construction	**Q2**	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	**2,192**	2,177	2,071	2,024	2,157	1,981	1,830	1,795	1,904	1,680
Net sales, LTM*	**8,463**	8,428	8,232	7,992	7,763	7,511	7,210	6,782	6,528	6,037
Operating income	**272**	262	80	183	299	152	144	231	260	205
Operating margin, %	***12.4***	*12.0*	*3.9*	*9.0*	*13.9*	*7.7*	*7.9*	*12.9*	*13.7*	*12.2*
Operating income excl. IAC*	**308**	289	127	182	300	245	144	231	260	205
Operating margin excl. IAC, %*	***14.1***	*13.3*	*6.1*	*9.0*	*13.9*	*12.4*	*7.9*	*12.9*	*13.7*	*12.2*
Operating income, LTM*	**796**	823	713	778	826	787	840	729	734	613
Operating margin, LTM, %*	***9.4***	*9.8*	*8.7*	*9.7*	*10.6*	*10.5*	*11.7*	*10.7*	*11.2*	*10.2*
Operating income, LTM excl. IAC*	**905**	897	854	871	920	880	840	821	826	705
Operating margin, LTM excl. IAC, %*	***10.7***	*10.6*	*10.4*	*10.9*	*11.9*	*11.7*	*11.7*	*12.1*	*12.7*	*11.7*
Group Common	**Q2**	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	**31**	13	20	22	34	43	26	23	22	24
Operating income	**-112**	-154	-97	-95	-114	-90	-69	-59	-114	-103
Operating income excl. IAC*	**-112**	-154	-98	-95	-114	-90	-104	-59	-120	-103

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

*Alternative Performance Measure, refer to "Definitions".

Items affecting comparability

SEKm	Q2 2023	Q2 2022	Jan-Jun 2023	Jan-Jun 2022	Full year 2022
Restructuring costs					
Impairment of non-current assets	3	-	-11	-15	-745
Write-down of inventory	-64	-	-64	-28	-249
Other restructuring costs	-151	-	-183	-47	-858
Non-recurring costs relating to Russia and Ukraine					
Write-down of current assets	-	-10	-	-43	-59
Write-down / reversal of inventory	-	-	-	-86	-11
Other restructuring costs	-	-	-	-	-67
Other					
Sale of property	-	-	-	178	178
Total items affecting comparability	**-212**	**-10**	**-258**	**-41**	**-1,810**

The second quarter included items affecting comparability of SEK -212m, which was related to the Group's acceleration of its strategic transformation (announced in October 2022). SEK -137m was related to the Husqvarna Forest & Garden Division, SEK -39m to the Gardena Division, SEK -36m to the Husqvarna Construction Division.

Classification in the income statement

SEKm	Q2 2023	Q2 2022	Jan-Jun 2023	Jan-Jun 2022	Full year 2022
Cost of goods sold	-212	-	-237	-151	-1,610
Selling expenses	-	-10	-5	-68	-277
Administrative expenses	-	-	-15	-	-103
Other operating income/expense	-	-	-	178	178
Total items affecting comparability	**-212**	**-10**	**-258**	**-41**	**-1,810**

Net assets by segment [1]

	Assets		Liabilities		Net Assets	
SEKm	Jun 30 2023	Jun 30 2022	Jun 30 2023	Jun 30 2022	Jun 30 2023	Jun 30 2022
Husqvarna	28,053	25,413	9,361	8,213	18,692	17,200
Gardena	20,144	19,454	4,478	4,593	15,666	14,861
Construction	9,476	9,065	1,736	1,757	7,740	7,308
Other [2]	3,350	1,362	3,421	3,196	-70	-1,834
Total	**61,023**	**55,294**	**18,995**	**17,760**	**42,028**	**37,534**

[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 functions such as Treasury and Risk Management.

Parent Company

Condensed income statement

SEKm	Q2 2023	Q2 2022	Jan-Jun 2023	Jan-Jun 2022	Full year 2022
Net sales	7,574	6,312	15,242	12,795	23,308
Cost of goods sold	-5,386	-4,112	-10,444	-8,458	-17,250
Gross income	**2,188**	**2,199**	**4,798**	**4,337**	**6,057**
Selling expense	-566	-444	-1,081	-902	-1,911
Administrative expense	-539	-399	-1,123	-867	-1,849
Other operating income/expense	0	-	-0	0	0
Operating income	**1,082**	**1,356**	**2,594**	**2,568**	**2,298**
Financial items, net	-382	-817	-492	-1,044	-920
Income after financial items	**700**	**540**	**2,102**	**1,524**	**1,378**
Appropriations	-13	-41	-51	-66	-858
Income before taxes	**687**	**499**	**2,050**	**1,458**	**521**
Tax on profit for the year	-21	-82	-305	-282	-14
Income for the period	**666**	**417**	**1,745**	**1,177**	**507**

Condensed balance sheet

SEKm	Jun 30 2023	Jun 30 2022	Dec 31 2022
Non-current assets	49,811	41,301	41,563
Current assets	19,967	18,676	19,759
Total assets	**69,777**	**59,978**	**61,322**
Equity	32,124	32,714	32,054
Untaxed reserves	1,400	1,275	1,400
Provisions	515	253	408
Non-current liabilities	11,903	3,820	8,749
Current liabilities	23,836	21,916	18,710
Total equity and liabilities	**69,777**	**59,978**	**61,322**

Number of shares

	Outstanding A-shares	Outstanding B-shares	Repurchased B-shares [1]	Total
Number of shares as of December 31, 2022	**110,106,194**	**460,347,003**	**5,890,581**	**576,343,778**
Conversion of A-shares into B-shares	-545	545		-
Hedge for LTI-programs		164,425	-164,425	-
Number of shares as of June 30, 2023	**110,105,649**	**460,511,973**	**5,726,156**	**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

The computation of key ratios is based on averages of affected balance sheet items the last 12 months.

Roundings

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

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.

Earnings per share, after dilution

Earnings per share is expressed as 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. Earnings per share is a good measure of the company's profitability and is used to determine the value of the company's outstanding shares.

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. The measure is important in order to understand the underlying performance of the operations and increases the comparability between periods.

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.

Operating margin

Operating income as a percentage of net sales.

Return on capital employed

Operating income during the last twelve months as a percentage of average capital employed. A central ratio for measuring return on capital tied up in operations.

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. The indicator shows how share holders' capital yields interest during the period.

Share-based measures

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. A measure of the amount of equity that exists per outstanding share and is used for measuring the share against the share price.

Capital indicators

Capital employed

Total equity and liabilities less non-interest-bearing debt including deferred tax liabilities. This measure shows the amount of capital that is used in the operations and is an important component for measuring the return from operations.

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 is 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. This measure shows how much working capital is tied up in the operations and can be put in relation to sales to understand how efficient working capital is managed.

Capital measures

Equity/assets ratio
Equity attributable to equity holders of the Parent Company as a percentage of total assets. A measure for showing financial risk, expressing the percentage of total assets that is financed by the owners.

Capital turnover rate
Net sales last twelve months divided with average net assets. Shows how effectively capital is managed and is a key measure for monitoring value creation.

Net debt/EBITDA excl. items affecting comparability
Average net debt in relation to EBITDA last twelve months, excluding items affecting comparability. Shows the company's capacity to repay its debt, adjusted for the impact of items affecting comparability.

Net debt/equity ratio
Net debt in relation to total equity. Shows financial risk and is a useful measure to monitor the level of the company's indebtedness.

Operating working capital/net sales
Average operating working capital as a percentage of net sales last twelve months. This measure is an important indicator for how efficient working capital is managed.

Other measures

Direct operating cash flow
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. Direct operating cash flow provides a measure of the cash generated by the Groups operating business.

Items affecting comparability (IAC)
Under Items affecting comparability, Husqvarna includes items that have the character of being non-recurring, such as restructuring costs, and are relevant when comparing earnings for one period with those of another. Separate reporting of items affecting comparability between periods provides a better understanding of the company's underlying operating activities.

Operating cash flow
Total cashflow from operations including investments in property, plant and equipment and intangible assets. For a reconciliation of operating cash flow refer to table below the cash flow statement. Operating cash flow is a measure of the amount of cash generated by the Group's ordinary business operations that the units have control over themselves.



Webcast presentation and telephone conference

A webcast presentation of the Q2 report hosted by Pavel Hajman, CEO Terry Burke, CFO will be held at 10:00 CET on July 18, 2023.

To view the presentation, please use the link:
husqvarnagroup.creo.se/9c7e9901-2435-4154-8a65-b2bfa2c91789

The dial-in to the telephone conference (in order to ask questions):
+46 (0) 8 505 100 31 (Sweden) or +44 207 107 06 13 (UK).

Dates for Financial Reports 2023

October 20 Interim report for January-September 2023

Contacts

Terry Burke, CFO and Executive Vice President, Finance, IR & Communication
+46 8 738 90 00

Johan Andersson, Vice President, Investor Relations
+46 702 100 451

Husqvarna AB (publ), P.O. Box 7454, SE-103 92 Stockholm
Regeringsgatan 28, +46 8 738 90 00, www.husqvarnagroup.com

Reg. Nr: 556000-5331
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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 07.00 CET on July 18, 2023.

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.