

Sales growth in the quarter

Third quarter 2022

- Net sales increased by 20% to SEK 12,206m (10,180). Organic sales growth was 1%, changes in exchange rates contributed with 12% and acquisitions with 7%.
- Operating income was SEK 555m (926) and the operating margin 4.5% (9.1). Excluding items affecting comparability, operating income was SEK 601m (926) and the operating margin 4.9% (9.1).
- Items affecting comparability amounted to SEK -46m (0), and related to restructuring costs in Russia, see page 18.
- Earnings per share before dilution amounted to SEK 0.47 (1.10) and earnings per share after dilution amounted to SEK 0.47 (1.10).
- Cash flow from operations and investments was SEK -645m (985), the decrease was mainly related to lower operating income and negative cash flow from working capital changes. Direct operating cash flow was SEK 338m (1,764).
- Operating working capital / net sales amounted to 28.1% (21.3).

January – September 2022

- Net sales increased by 13% to SEK 43,683m (38,824). Organic sales growth was -3%, changes in exchange rates contributed with 8% and acquisitions with 8%.
- Operating income was SEK 4,779m (5,878) and the operating margin 10.9% (15.1). Excluding items affecting comparability, operating income was SEK 4,866m (5,863) and the operating margin 11.1% (15.1).
- Items affecting comparability amounted to SEK -87m (14), see page 18.
- Earnings per share before dilution amounted to SEK 5.83 (7.49) and earnings per share after dilution amounted to SEK 5.80 (7.46).
- Cash flow from operations and investments was SEK -1,165m (5,707). Direct operating cash flow was SEK 689m (4,782).
- Husqvarna Group acquired Heger, a leading company specialized in professional diamond tools for the European construction market.

Significant events after the quarter (see page 9 and separate press release)

- Husqvarna Group accelerates its strategic transformation by increasing investments into its key sustainable value creation levers: robotic mowers, battery, watering and professional products. In addition, the company will proactively exit approximately SEK 2bn in annual sales of low-margin petrol-powered consumer business by 2024 and make decisive structural changes.
- Cost savings will amount to approximately SEK 800m fully implemented in 2025, where then half of the cost savings will be reinvested into the sustainable value creation levers. Associated one-off costs are estimated to SEK 2bn (of which SEK 0.9bn are cash items).

Financial summary

Group, SEKm	**Q3 2022**	Q3 2021	Δ%	**Jan-Sep 2022**	Jan-Sep 2021	Δ%	**LTM***	Full year 2021
Net sales	12,206	10,180	20	43,683	38,824	13	51,918	47,059
Organic growth, %*	*1*	*6*		*-3*	*15*		*-1*	*15*
Operating income (EBIT)	555	926	-40	4,779	5,878	-19	4,647	5,746
Operating margin, %	*4.5*	*9.1*		*10.9*	*15.1*		*9.0*	*12.2*
Operating income excl. items affecting comparability*	601	926	-35	4,866	5,863	-17	4,686	5,684
Operating margin excl. items affecting comparability, %*	*4.9*	*9.1*		*11.1*	*15.1*		*9.0*	*12.1*
Income after financial items	468	828	-43	4,544	5,657	-20	4,381	5,494
Net income for the period	269	631	-57	3,324	4,291	-23	3,469	4,437
Earnings per share before dilution, SEK	0.47	1.10	-57	5.83	7.49	-22	6.10	7.76
Earnings per share after dilution, SEK	0.47	1.10	-57	5.80	7.46	-22	6.07	7.73
Direct operating cash flow*	338	1,764	-81	689	4,782	-86	-442	3,651
Operating working capital / net sales*, %	28.1	21.3		28.1	21.3		28.1	21.8

*Alternative Performance Measure, refer to "Definitions".

Strong growth in the robotic mower segment

“Net sales for the Group increased with 20% in the third quarter, whereof organic growth was 1%. Sales of robotic mowers was strong, achieving a high double digit growth. In addition, sales growth was good for solutions for professional customers, such as chain saws and diamond tools.

The Husqvarna Forest & Garden Division achieved an organic sales growth of 9%, driven by a strong performance for robotic mowers and professional hand held products. Organic sales growth in the Gardena Division was -20%, primarily due to inventory destocking among our retail partners through the end of the gardening season. The lower volumes had a significant negative impact on the profitability. The Husqvarna Construction Division reported organic growth of -2%, with good growth for diamond tools, while sales in other product categories was impacted by supply chain disturbances during the quarter.

Operating income for the third quarter, excluding items affecting comparability, amounted to SEK 601m (926). Price increases continued to offset higher raw material and logistics costs, while lower volumes accounted for the majority of the decrease in operating income. Direct operating cash flow declined to SEK 338m (1,764) for the quarter, due to lower operating income and negative cash flow from changes in working capital. The inventory levels have stabilized and we continue with our activities to manage the inventory.

Accelerating our strategic transformation

For a number of years, we have been on a journey to build a stronger Husqvarna Group by repositioning our business to become more premium and professional, while pivoting our offering towards more sustainable, smarter and more connected solutions. This improved business composition has led to higher growth and margins. To enhance performance mid- to long-term, it is imperative to purposely invest into robotic mowers, battery, watering and professional products, that have the largest potential for future value creation. Therefore an incremental SEK 400m per year, reached by 2025, will be invested into these segments.

Lowering our fixed cost base and exiting low-margin petrol-powered business

As part of this shift, we will adjust our value chain for petrol-powered consumer products, including reducing the installed production capacity. We will exit approximately SEK 2bn in annual sales of low margin petrol-powered consumer products (by 2024). In addition, we will fast-track necessary capability shifts and at the same time increase organizational efficiency, simplify structures and reduce costs.

These measures will result in total annual cost savings of approximately SEK 800m fully effective in 2025 and net SEK 400m after the increased investments into the sustainable value creation levers.

We are executing on a winning strategy and I am proud of the achievements made by our organization so far on our transformation journey. It is now time to take the next step to make our company even more sustainable, competitive and stronger in these uncertain times and beyond.”



Henric Andersson, President and CEO

Financial Performance

Financial targets and performance

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

Metric	Financial targets	Achievement LTM
Organic growth	5%	-1%
Operating margin	13%	9.0%*
Capital efficiency**	20%	28.1%

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

Third quarter

Net sales

Net sales for the third quarter increased by 20% to SEK 12,206m (10,180). Organic sales growth was 1%, changes in exchange rates contributed with 12% and acquisitions, mainly Orbit Irrigation, with 7%. Sales growth was strong for robotic mowers and good for professional segments in general. Organic sales growth in the Gardena Division was affected by inventory destocking among the retail partners through the end of the gardening season, resulting in lower volumes.

Operating income

Operating income for the third quarter amounted to SEK 555m (926) and the operating margin was 4.5% (9.1). Excluding items affecting comparability, operating income amounted to SEK 601m (926) and the operating margin was 4.9% (9.1). Price increases compensated for higher raw material and logistic costs, while lower volumes accounted for the majority of the negative impact. Acquisition related amortizations amounted to SEK 54m (22). Changes in exchange rates had a negative impact of approximately SEK -95m compared to last year, mainly related to effects from purchases in foreign currencies.

Financial items net

Financial items net amounted to SEK -87m (-98).

Income after financial items

Income after financial items amounted to SEK 468m (828).

Taxes

Income tax amounted to SEK -199m (-197), corresponding to an effective tax rate of 42.5% (23.8). Income tax was impacted by non-recurring tax items during the quarter.

Earnings per share

Net income for the period attributable to equity holders of the Parent Company amounted to SEK 270m (631), corresponding to SEK 0.47 (1.10) per share after dilution.

January - September

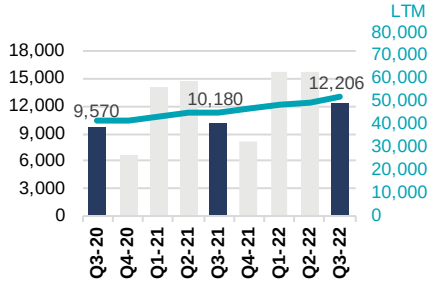
Net sales

Net sales for the period increased by 13% to SEK 43,683m (38,824). Organic sales growth was -3%, changes in exchange rates contributed with 8% and acquisitions, mainly Orbit Irrigation, with 8%. Sales growth was good for the professional segment such as hand held products, pro robotic mowers and construction products, while sales of residential robotic mowers was materially lower than last year due to constraints in the supply chain in the first half of the year.

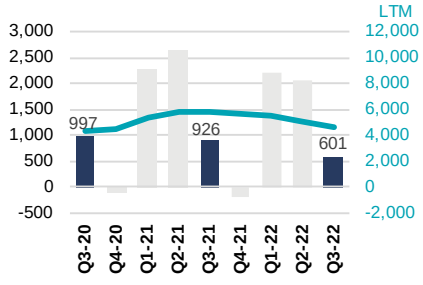
Operating income

Operating income for the period amounted to SEK 4,779m (5,878) and the operating margin was 10.9% (15.1). Excluding items affecting comparability, operating income amounted to SEK 4,866m (5,863) and the operating margin was 11.1% (15.1). Price increases compensated for higher raw material and logistic costs, while lower volumes, especially for residential robotic mowers, had a negative impact. The acquired Orbit Irrigation had a dilutive effect on the operating margin.

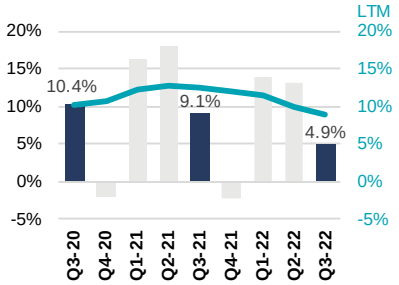
Net sales, SEKm



Operating income excl. IAC, SEKm



Operating margin excl. IAC



Acquisition related amortizations amounted to SEK 157m (64) during the period. Changes in exchange rates had a positive contribution of approximately SEK 325m compared to last year, mainly related to the weakened SEK.

Financial items net

Financial items net amounted to SEK -235m (-221).

Income after financial items

Income after financial items amounted to SEK 4,544m (5,657).

Taxes

Income tax amounted to SEK -1,220m (-1,365), corresponding to an effective tax rate of 26.8% (24.1).

Earnings per share

Net income for the period attributable to equity holders of the Parent Company amounted to SEK 3,325m (4,289), corresponding to SEK 5.80 (7.46) per share after dilution.

Cash flow

Cash flow from operations and investments for January – September amounted to SEK -1,165m (5,707). Direct operating cash flow was SEK 689m (4,782). The inventory levels remained high, particularly for components and products in transit. Paid tax was significantly higher compared with last year.

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. This year cash flow in the second and third quarters were impacted by higher inventory levels. 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 September 30, 2022, excluding non-controlling interests, increased to SEK 26,461m (21,176), corresponding to SEK 46.2 (36.8) per share after dilution. Net debt increased to SEK 13,835m (2,615). The increase was mainly related to the acquisition of Orbit Irrigation and increased borrowing. The net pension liability decreased to SEK 1,097m (2,053). Other interest-bearing liabilities increased to SEK 15,283m (7,592) and liquid funds and other interest-bearing assets decreased to SEK 3,686m (7,946).

During the period the Group signed a SEK 5 bn sustainability-linked revolving credit facility. The five-year facility has two one-year extension options and will be used as a backup for general corporate purposes. The pricing mechanism is linked to Husqvarna Group's CO_2 target. After the close of the quarter the Group entered into long-term loan facilities of SEK 4.2bn with approximately 3 years maturity.

The net debt/EBITDA ratio, excluding items affecting comparability, increased to 1.5 (0.6). The equity/assets ratio was 44% (46).

Financial summary

SEKm	Q3 2022	Q3 2021	Δ%	Jan-Sep 2022	Jan-Sep 2021	Δ%	LTM*	Full year 2021
Net sales	7,761	6,331	23	25,289	23,987	5	30,519	29,217
Organic growth, %*	*9*	*6*		*-3*	*16*		*-0*	*15*
Operating income	560	558	0	3,059	3,629	-16	3,129	3,699
Operating margin, %	*7.2*	*8.8*		*12.1*	*15.1*		*10.3*	*12.7*
Operating income excl. items affecting comparability*	555	558	-0	2,951	3,631	-19	3,021	3,701
Operating margin excl. items affecting comparability, %*	*7.2*	*8.8*		*11.7*	*15.1*		*9.9*	*12.7*

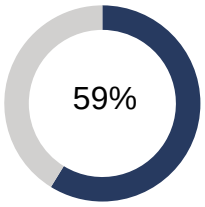
* Alternative Performance Measure, refer to "Definitions".

Third quarter 2022

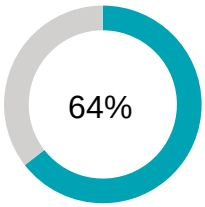
Net sales increased by 23% and amounted to SEK 7,761m (6,331) during the quarter. The organic sales growth was 9% and currency effects contributed with 14%. Sales of robotic mowers was strong and achieved a high double-digit growth driven by a slightly improved supply chain and continued good demand. Professional robotics delivered strong growth and sales and installations of CEORA™ continued successfully during the quarter. A new robotic mower range for the residential segment, NERA, was presented. This is a new premium robotic range with virtual boundary technology, satellite-based navigation and object detection. In addition, sales growth was good for professional hand held products as well as for ride-on mowers.

Operating income amounted to SEK 560m (558) and the operating margin was 7.2% (8.8). Excluding items affecting comparability, operating income amounted to SEK 555m (558) and the operating margin was 7.2% (8.8). Contribution from price increases have offset negative effects from higher raw material and logistics costs. Changes in exchange rates had a negative contribution of approximately SEK -155m in the third quarter.

Share of Group net sales, LTM



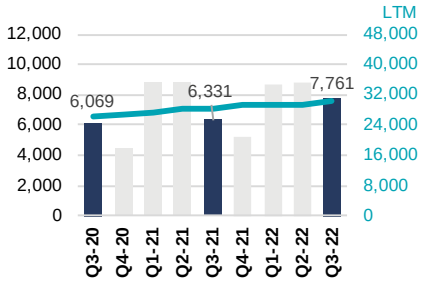
Share of Group operating income excl. IAC, LTM



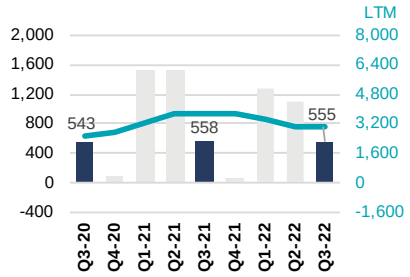
January - September 2022

Net sales increased by 5% to SEK 25,289m (23,987). The organic sales growth was -3% and currency effects contributed with 8%. The decrease was mainly related to the decline in sales of robotic mowers to the residential market. Operating income amounted to SEK 3,059m (3,629) and the operating margin was 12.1% (15.1). Excluding items affecting comparability, operating income amounted to SEK 2,951m (3,631) and the operating margin was 11.7% (15.1). Contribution from price increases have offset negative effects from higher raw material and logistics costs. However, the result was impacted by an unfavorable product mix, mainly robotic mowers, and lower volumes. Changes in exchange rates had a neutral effect on the operating income for the period.

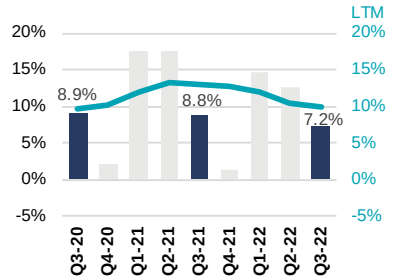
Net sales, SEKm



Operating income excl. IAC, SEKm



Operating margin excl. IAC





Gardena Division

Financial summary

SEKm	Q3 2022	Q3 2021	Δ%	Jan-Sep 2022	Jan-Sep 2021	Δ%	LTM*	Full year 2021
Net sales	2,400	2,031	18	12,136	9,389	29	13,284	10,537
Organic growth, %*	*-20*	*5*		*-7*	*13*		*-7*	*14*
Operating income	-93	196	*NA*	1,386	1,829	-24	1,109	1,552
Operating margin, %	*-3.9*	*9.6*		*11.4*	*19.5*		*8.3*	*14.7*
Operating income excl. items affecting comparability*	-42	196	*NA*	1,487	1,819	-18	1,197	1,529
Operating margin excl. items affecting comparability, %*	*-1.7*	*9.6*		*12.3*	*19.4*		*9.0*	*14.5*

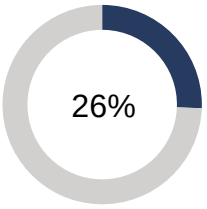
* Alternative Performance Measure, refer to "Definitions".

Third quarter 2022

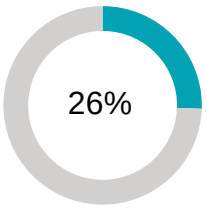
Net sales increased by 18% to SEK 2,400m (2,031). Organic growth was -20%, currency effects contributed with 6% and the acquisition of Orbit Irrigation with 32%. Sales was impacted by inventory destocking among the retail partners through the end of the gardening season, resulting in significantly lower volumes. During the quarter the division has presented new products for the 2023 gardening season, including an expansion of the successful EcoLine product range and a new range of smart micro-drip watering solutions.

Operating income was SEK -93m (196) and excluding items affecting comparability, operating income amounted to SEK -42m (196). Contribution from price increases have offset negative effects from higher raw material and logistics costs, while lower volumes accounted for the majority of the decrease in operating income. The acquired Orbit Irrigation had a dilution effect of 4.7 percentage points on operating income. Acquisition related amortizations was SEK -30m. Changes in exchange rates had a neutral effect on operating income for the quarter.

Share of Group net sales, LTM



Share of Group operating income excl. IAC, LTM

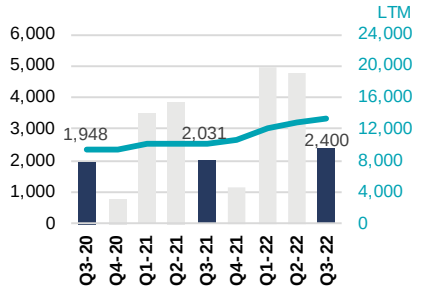


January - September 2022

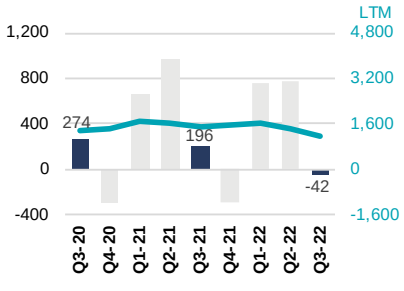
Net sales increased by 29% to SEK 12,136m (9,389). Organic growth was -7%, currency effects contributed with 5% and the acquisition of Orbit Irrigation with 31%. Volumes for robotic mowers declined materially due to supply chain constraints. Sales of the new Gardena EcoLine product range was good during the period.

Operating income was SEK 1,386m (1,829) and the operating margin was 11.4% (19.5). Excluding items affecting comparability, operating income amounted to SEK 1,487m (1,819) and the operating margin was 12.3% (19.4). Contributions from price increases have offset negative effects from higher raw material and logistics costs, while lower volumes had a negative impact on the operating income. The acquired Orbit Irrigation had a dilution effect of 2.6 percentage points on operating income. Changes in exchange rates had a positive contribution of approximately SEK 165m for the period.

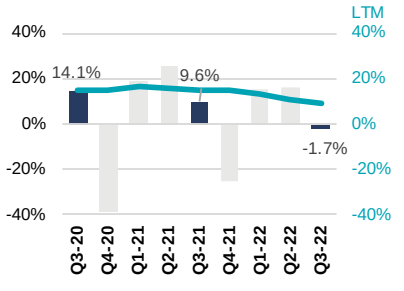
Net sales, SEKm



Operating income excl. IAC, SEKm



Operating margin excl. IAC



Financial summary

SEKm	Q3 2022	Q3 2021	Δ%	Jan-Sep 2022	Jan-Sep 2021	Δ%	LTM*	Full year 2021
Net sales	2,024	1,795	13	6,162	5,380	15	7,992	7,210
Organic growth, %*	*-2*	*5*		*3*	*16*		*7*	*18*
Operating income	183	231	-21	633	696	-9	778	840
Operating margin, %	*9.0*	*12.9*		*10.3*	*12.9*		*9.7*	*11.7*
Operating income excl. items affecting comparability*	182	231	-21	727	696	4	871	840
Operating margin excl. items affecting comparability, %*	*9.0*	*12.9*		*11.8*	*12.9*		*10.9*	*11.7*

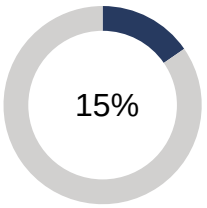
* Alternative Performance Measure, refer to "Definitions".

Third quarter 2022

Net sales increased by 13% to SEK 2,024m (1,795). Organic sales growth was -2%, changes in exchange rates contributed with 14% and acquisitions with 1%. Sales of diamond tools were good. However, sales volumes in other categories have been affected by supply chain disturbances during the quarter. The recently launched K 1 PACE battery power cutter has been well-received in the market.

Operating income amounted to SEK 183m (231) and the operating margin was 9.0% (12.9). Excluding items affecting comparability, operating income amounted to SEK 182m (231) and the operating margin was 9.0% (12.9). Price increases compensated for higher raw material and logistics costs. However, lower volumes and higher costs related to supply chain disturbances had a negative impact. Acquisition related amortizations was SEK -22m. Changes in exchange rates had a positive contribution of approximately SEK 60m.

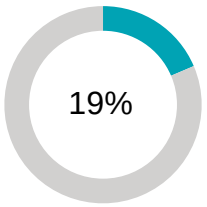
Share of Group net sales, LTM



January - September 2022

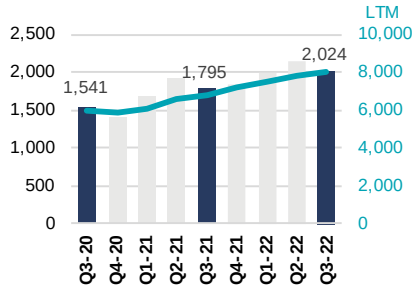
Net sales increased by 15% to SEK 6,162m (5,380). Organic sales growth was 3% and changes in exchange rates contributed with 11% and acquisitions with 1%. The division achieved growth in most of the key regions and the performance was particularly strong for power cutters. Operating income amounted to SEK 633m (696) and the operating margin was 10.3% (12.9). Excluding items affecting comparability, operating income amounted to SEK 727m (696) and the operating margin was 11.8% (12.9). Price increases compensated for higher raw material and logistics costs. However, the result was affected by higher costs related to supply chain disturbances. Changes in exchange rates had a positive contribution of approximately SEK 160m.

Share of Group operating income excl. IAC, LTM

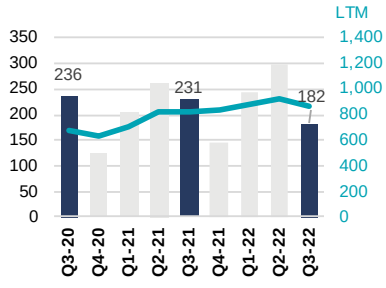


During the period, Heger was acquired, which strengthens the division's business in Europe as the company is specialized in professional diamond tools for European sawing and drilling contractors in wall, floor and road sawing as well as core drilling. Heger has 45 employees and around EUR 9m in annual sales.

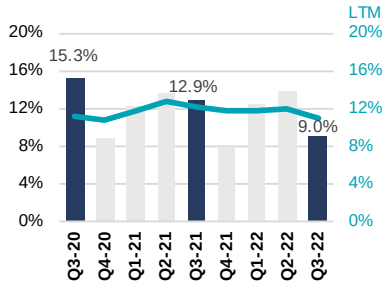
Net sales, SEKm



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 -31%.
- Three new approved circular innovations and another three nominees in the pipeline. Total approved innovations are now 8.
- People target performance: 563,000 Sustainable Choices products are now sold.

Carbon – drive the transition to low-carbon solutions

As of Q3 2022 (LTM and compared to 2015 baseline), the Group has reduced its absolute CO_2 emissions from the value chain (suppliers, own operations, transportation and product use) by -31%. This implies a reduction of -1% compared to Q2 2022 and is primarily linked to the company's lower sales volumes during the period.

The Group's strategy is to further increase the share of electrified products in its offering. This is the main contributor to a continued CO_2 reduction. The Group remain committed to the target to reduce CO_2 with -35% by 2025.

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.

Three circular innovations were approved by the circular innovation committee in the third quarter:

- The first innovation relates to a new way of thinking related to the display of spare parts in stores, moving away from transparent blister packaging to a fully recyclable cardboard box within the Gardena Division.
- The second project relates to the use of a standard USB cable, instead of product specific chargers, for the charging of selected battery driven tools in the Gardena assortment.
- Finally, the third approved innovation relates to a systematic approach on assessment and refurbishment of used larger machines in the Husqvarna Construction Division ensuring a second life for these machines

In addition, three circular innovation nominees were reviewed in Q3. The Husqvarna Construction Division nominated an initiative to support customers to prolong the lifetime of the PACE battery pack. The Husqvarna Forest & Garden Division has one innovation prospect concerning a marketplace for dealers related to spare parts. Finally the Gardena Division nominated one innovation in the area of recycled materials.

With this the Group is continuing the journey towards 50 circular innovations. With 8 innovations approved and additional sixteen nominees in the pipeline it verifies the exponential growth pattern in all of the Group's 5R strategy areas (Reduce, Reuse, Repair, Remanufacture, Recycle).

People – inspire actions that make a lasting difference

During the third quarter, the Group has continued the roll-out of the all-employee sustainability training program.

At the same time, the Group has increased its programs 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.

Given the natural business seasonality it implies a modest growth between Q2 and Q3. Nevertheless, with now 563,000 Sustainable Choices sold it means that the Group has now picked up the speed on the journey 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 third quarter 2,085 shares were converted. The total number of shares in the company at September 30, 2022 amounted to 576,343,778 of which 110,106,304 were A-shares and 466,237,474 were B-shares. The total number of votes amounted to 156,730,051.4.

Parent Company

Net sales for January – September 2022 for the Parent Company, Husqvarna AB, amounted to SEK 18,005m (17,121), of which SEK 13,807m (12,982) referred to sales to Group companies and SEK 4,198m (4,139) to external customers. Income after financial items decreased to SEK 1,405m (2,566), mainly due to Group internal transactions. Income for the period decreased to SEK 1,112m (2,072).

Investments in property, plant and equipment and intangible assets amounted to SEK 2,959m (620). Cash and cash equivalents amounted to SEK 309m (5,647) at the end of the quarter. Undistributed earnings in the Parent Company amounted to SEK 29,971m (29,357).

Significant events

Husqvarna Group in Ukraine

The Group is closely monitoring the developing situation in Ukraine and the priority is the security and safety of the employees and their families, and are actively working to support by various means. The Group has business operations, although no production, in Russia and Ukraine, with less than 2% of the Group's total net sales generated in 2021. Given the operational challenges and unpredictable future, the Group has decided to discontinue its sales operations and business in Russia by the end of 2022. During the first nine months of 2022, restructuring costs and write-downs of SEK 175m have been charged related to the situation.

Group Management changes

Glen Instone was appointed President, Husqvarna Forest & Garden Division. The appointment was effective January 1, 2022. Terry Burke was appointed CFO of Husqvarna Group effective as of March 1, 2022. Terry has been within Husqvarna Group since 2010.

Change in Husqvarna Group's Board

Stefan Ranstrand notified the Board of his resignation as Director of the Board of Directors of the Husqvarna Group.

Annual General Meeting 2022

The Annual General Meeting of Husqvarna AB (publ) was held on April 7, 2022. The dividend was set at SEK 3.00 per share to be paid in two installments, firstly SEK 1.00 per share with Monday, April 11, 2022 as the first record day, and secondly SEK 2.00 per share with Tuesday, October 11, 2022 as the second record day. The estimated dates for payment are Thursday, April 14, 2022 and Friday, October 14, 2022.

Nomination Committee for the 2023 Annual General Meeting

The nomination committee ahead of the 2023 AGM has been formed, including representatives from the four largest shareholders in terms of voting rights, Investor AB, L E Lundbergföretagen AB, If Skadeförsäkring AB and Didner & Gerge Fonder AB. The 2023 AGM will be held on April 4, 2023 in Jönköping, Sweden.

Acquisition of Heger

In April 2022, Husqvarna Group acquired 100% of the shares in Heger. Heger is specialized in professional diamond tools for European sawing and drilling contractors in wall, floor and road sawing as well as core drilling. Heger is a part of the Husqvarna Construction Division and will strengthen and complement the core Concrete Sawing & Drilling business in Central Europe. Heger's headquarters and its manufacturing facility is located in Heitersheim, Germany and has sales offices in Germany and the Netherlands with 45 employees and MEUR 9 in annual sales. From the acquisition date up until September 2022 the company has contributed to the Group with SEK 38m in net sales and a result of SEK 0m.

Investment in Moleaer Inc.

In April 2022, Husqvarna Group Ventures invested USD 7.5m of venture capital for a minority share in Moleaer, a global leader in nanobubble technology. By investing in Moleaer, Husqvarna Group's Gardena Division will be able to explore nanobubble technology's potential in addressing water scarcity.

Significant events after the quarter

Husqvarna Group accelerates its strategic transformation

To further accelerate its strategic transformation, Husqvarna Group is increasing investments into the company's key sustainable value creation levers: robotic mowers, battery, watering products and professional products. The incremental investments will reach SEK 400m per year by 2025.

As part of this shift, the Group will adjust the value chain for petrol-powered consumer products, including reducing the installed production capacity. Annual sales amounting to approximately SEK 2bn of low margin petrol-powered consumer products will be exited by 2024. Husqvarna Group will also fast-track necessary capability shifts and at the same time increase the organizational efficiency, simplify structures and reduce costs.

These measures will result in total annual cost savings of approximately SEK 800m fully effective in 2025 and net SEK 400m after the increased investments into the sustainable value creation levers. The efficiency measures also entail one-off costs of approximately SEK 2bn (of which SEK 0.9bn are cash costs), where

the majority is expected to be charged in the fourth quarter of 2022. The workforce will be reduced by approximately 1,000 positions, whereof the vast majority relates to the accelerated petrol-to-battery shift.

Risks and uncertainty factors

A number of factors may affect Husqvarna Group's operations in terms of operational and financial risks. The Covid-19 pandemic and 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 2021 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 2021, which is available at www.husqvarnagroup.com.

Auditors' review report

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

Stockholm, October 20, 2022

Henric Andersson
President and CEO

Condensed consolidated income statement

SEKm	Q3 2022	Q3 2021	Jan-Sep 2022	Jan-Sep 2021	LTM*	Full year 2021
Net sales	12,206	10,180	43,683	38,824	51,918	47,059
Cost of goods sold	-9,053	-7,153	-30,339	-25,518	-36,368	-31,546
Gross income	**3,153**	**3,027**	**13,344**	**13,307**	**15,550**	**15,513**
Gross margin, %	*25.8*	*29.7*	*30.5*	*34.3*	*30.0*	*33.0*
Selling expenses	-2,028	-1,541	-6,573	-5,442	-8,283	-7,152
Administrative expenses	-575	-564	-2,191	-2,044	-2,851	-2,704
Other operating income/expense	6	3	200	57	231	89
Operating income	**555**	**926**	**4,779**	**5,878**	**4,647**	**5,746**
Operating margin, %	*4.5*	*9.1*	*10.9*	*15.1*	*9.0*	*12.2*
Financial items, net	-87	-98	-235	-221	-266	-252
Income after financial items	**468**	**828**	**4,544**	**5,657**	**4,381**	**5,494**
Margin, %	*3.8*	*8.1*	*10.4*	*14.6*	*8.4*	*11.7*
Income tax	-199	-197	-1,220	-1,365	-911	-1,057
Net income for the period	**269**	**631**	**3,324**	**4,291**	**3,470**	**4,437**
Net income for the period attributable to:						
Equity holders of the Parent Company	270	631	3,325	4,289	3,472	4,437
Non-controlling interest	-2	0	-1	2	-2	0
Earnings per share:						
Before dilution, SEK	0.47	1.10	5.83	7.49	6.10	7.76
After dilution, SEK	0.47	1.10	5.80	7.46	6.07	7.73
Weighted average number of shares outstanding:						
Before dilution, millions	570.4	572.9	570.4	572.8	570.7	571.5
After dilution, millions	572.8	575.1	572.8	575.0	573.2	574.1

Condensed consolidated comprehensive income statement

SEKm	Q3 2022	Q3 2021	Jan-Sep 2022	Jan-Sep 2021	LTM*	Full year 2021
Net income for the period	**269**	**631**	**3,324**	**4,291**	**3,470**	**4,437**
Other comprehensive income						
Items that will not be reclassified to the income statement:						
Remeasurements on defined benefit pension plans, net of tax	167	37	647	421	899	674
Total items that will not be reclassified to the income statement, net of tax	**167**	**37**	**647**	**421**	**899**	**674**
Items that may be reclassified to the income statement:						
Translation differences	1,677	463	4,149	1,148	4,634	1,632
Net investment hedge, net of tax	-803	-233	-1,670	-517	-1,787	-634
Cash flow hedges, net of tax	94	62	126	13	94	-19
Total items that may be reclassified to the income statement, net of tax	**968**	**292**	**2,605**	**643**	**2,940**	**979**
Other comprehensive income, net of tax	**1,135**	**329**	**3,251**	**1,065**	**3,839**	**1,653**
Total comprehensive income for the period	**1,404**	**960**	**6,576**	**5,356**	**7,309**	**6,090**
Total comprehensive income attributable to:						
Equity holders of the Parent Company	1,406	960	6,577	5,354	7,312	6,089
Non-controlling interest	-2	0	-1	2	-3	0

* Alternativa nyckeltal, se "Definitioner".

Alternative Performance Measure, refer to “Definitions”

Condensed consolidated balance sheet

SEKm	Sep 30 2022	Sep 30 2021	Dec 31 2021
Assets			
Property, plant and equipment	7,834	6,484	7,309
Right of use assets	1,856	1,466	1,814
Goodwill	10,591	7,172	9,305
Other intangible assets	8,384	5,619	7,680
Investments in associated companies	24	67	36
Derivatives	54	2	-
Other non-current assets	1,216	665	892
Deferred tax assets	878	1,235	1,534
Total non-current assets	**30,837**	**22,710**	**28,571**
Inventories	17,612	10,059	14,030
Trade receivables	6,896	5,030	4,310
Derivatives	739	247	324
Current tax receivables	600	178	194
Other current assets	1,318	906	1,283
Cash and cash equivalents	2,423	7,315	2,208
Total current assets	**29,588**	**23,735**	**22,349**
Total assets	**60,426**	**46,444**	**50,920**
Equity and liabilities			
Equity attributable to equity holders of the Parent Company	26,461	21,176	21,633
Non-controlling interests	11	3	14
Total equity	**26,472**	**21,179**	**21,646**
Borrowings	3,826	3,438	3,772
Lease liabilities	1,349	1,201	1,362
Derivatives	102	14	19
Deferred tax liabilities	2,086	1,519	2,237
Provisions for pensions and other post-employment benefits	1,631	2,247	2,192
Other provisions	660	640	634
Total non-current liabilities	**9,654**	**9,060**	**10,217**
Trade payables	6,843	5,123	6,990
Current tax liabilities	655	1,781	1,636
Other liabilities	4,776	4,323	3,936
Dividend payable	1,141	916	-
Borrowings	8,122	2,275	4,442
Lease liabilities	574	402	487
Derivatives	1,309	262	686
Other provisions	878	1,123	878
Total current liabilities	**24,299**	**16,206**	**19,056**
Total equity and liabilities	**60,426**	**46,444**	**50,920**

Condensed consolidated cash flow statement

SEKm	**Q3 2022**	Q3 2021	**Jan-Sep 2022**	Jan-Sep 2021	Full year 2021
Cash flow from operations					
Operating income	555	926	4,779	5,878	5,746
Non cash items	646	547	1,740	2,074	2,312
Cash items					
Paid restructuring expenses	-39	-32	-111	-153	-192
Net financial items, received/paid	-53	-34	-139	-159	-180
Taxes paid	-548	-87	-2,012	-351	-198
Cash flow from operations, excluding change in operating assets and liabilities	**561**	**1,319**	**4,256**	**7,290**	**7,487**
Operating assets and liabilities					
Change in inventories	-599	-480	-1,818	47	-2,695
Change in trade receivables	1,450	1,910	-2,019	-1,658	-528
Change in trade payables	-1,224	-714	-674	172	1,476
Change in other operating assets/liabilities	-271	-590	612	1,089	-76
Cash flow from operating assets and liabilities	**-643**	**126**	**-3,900**	**-350**	**-1,824**
Cash flow from operations	**-82**	**1,446**	**357**	**6,940**	**5,664**
Investments					
Acquisitions of subsidiaries/operations	-	-	-85	-	-3,935
Divestments of subsidiaries/operations	-	-	-	73	73
Proceeds from sale of property, plant and equipment	2	1	214	9	8
Investments in property, plant and equipment and intangible assets	-550	-432	-1,543	-1,265	-2,524
Investments and divestments of financial assets	-15	-30	-108	-49	2
Cash flow from investments	**-563**	**-461**	**-1,522**	**-1,232**	**-6,376**
Cash flow from operations and investments	**-645**	**985**	**-1,165**	**5,707**	**-713**
Financing					
Dividend paid to shareholders	-	-	-570	-458	-1,375
Dividend paid to non-controlling interests	-	-	-1	-2	-2
Other financing activities	540	-1,478	1,712	-4,167	-1,980
Cash flow from financing	**540**	**-1,478**	**1,141**	**-4,627**	**-3,357**
Total cash flow	**-104**	**-493**	**-24**	**1,081**	**-4,070**
Cash and cash equivalents at the beginning of the period	2,558	7,780	2,208	6,151	6,151
Exchange rate differences referring to cash and cash equivalents	-31	28	238	83	126
Cash and cash equivalents at the end of the period	**2,423**	**7,315**	**2,423**	**7,315**	**2,208**

Operating cash flow, SEKm	**Q3 2022**	Q3 2021	**Jan-Sep 2022**	Jan-Sep 2021	Full year 2021
Cash flow from operations	-82	1,446	357	6,940	5,664
Investments in property, plant and equipment and intangible assets	-550	-432	-1,543	-1,265	-2,524
Operating cash flow	**-632**	**1,014**	**-1,186**	**5,675**	**3,140**

Direct operating cash flow, SEKm	**Q3 2022**	Q3 2021	**Jan-Sep 2022**	Jan-Sep 2021	Full year 2021
EBITDA excl. items affecting comparability	1,260	1,479	6,744	7,486	7,922
Change in inventories	-599	-480	-1,818	47	-2,695
Change in trade receivables	1,450	1,910	-2,019	-1,658	-528
Change in trade payables	-1,224	-714	-674	172	1,476
Investments in property, plant and equipment and intangible assets	-550	-432	-1,543	-1,265	-2,524
Direct operating cash flow	**338**	**1,764**	**689**	**4,782**	**3,651**

Key performance indicators

Income statement

EBITDA*, SEKm	**Q3 2022**	Q3 2021	**Jan-Sep 2022**	Jan-Sep 2021	**LTM***	Full year 2021
Operating income	555	926	4,779	5,878	4,647	5,746
Reversals						
Depreciation	447	378	1,269	1,122	1,674	1,527
Amortization	212	164	606	486	783	662
of which related to acquisitions	54	22	157	64	187	94
Impairments	1	11	18	22	48	53
Depreciation, amortization and impairment	659	554	1,893	1,629	2,505	2,241
EBITDA*	**1,215**	**1,479**	**6,672**	**7,507**	**7,152**	**7,987**
Excl. items affecting comparability*	1,260	1,479	6,744	7,486	7,180	*7,922*
EBITDA margin, %	*10.0*	*14.5*	*15.3*	*19.3*	*13.8*	*17.0*
Excl. items affecting comparability, %*	*10.3*	*14.5*	*15.4*	*19.3*	*13.8*	*16.8*

Organic growth*

Net sales, Third quarter 2022

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
2022	12,206	-681	11,525		11,525
2021	10,180		10,180	1,192	11,372
Growth	2,026		1,345		154
Growth, %	***20***		***13***		***1***

Net sales, January - September

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
2022	43,683	-2,983	40,701		40,701
2021	38,824		38,824	3,120	41,944
Growth	4,859		1,877		-1,243
Growth, %	***13***		***5***		***-3***

*Alternative Performance Measure, refer to "Definitions".

Balance sheet

Key data	Sep 30 2022	Sep 30 2021	Dec 31 2021
Operating working capital, SEKm	17,665	9,966	11,350
Operating working capital / net sales, %*	*28.1*	*21.3*	*21.8*
Return on capital employed, %	*12.1*	*15.5*	*17.9*
Excl. items affecting comparability, %*	*12.2*	*18.0*	*17.7*
Return on equity, %	*14.8*	*18.8*	*22.2*
Excl. items affecting comparability, %*	*14.9*	*22.0*	*21.9*
Capital turn-over rate, times	1.5	1.9	1.9
Equity/assets ratio, %	*44*	*46*	*42*
Equity per share after dilution, SEK	46.2	36.8	37.7
Average number of employees	14,561	13,813	13,873

Net debt*, SEKm	Sep 30 2022	Sep 30 2021	Dec 31 2021
Net pension liability	1,097	2,053	1,777
Other interest-bearing liabilities	15,283	7,592	10,769
Dividend payable	1,141	916	-
Less: Liquid funds and other interest-bearing assets	-3,686	-7,946	-2,923
Net debt*	**13,835**	**2,615**	**9,623**
Net debt/equity ratio	0.52	0.12	0.44
Net debt/EBITDA excl. Items affecting comparability*	1.5	0.6	0.6

Return on capital employed*, SEKm	Sep 30 2022	Sep 30 2021	Dec 31 2021
Total equity and liabilities	60,426	46,444	50,920
Deduction; Non interest bearing liabilities:	-15,899	-14,510	-16,312
Deferred tax liabilities	-2,086	-1,519	-2,237
Other provisions	-1,538	-1,763	-1,512
Trade payables	-6,843	-5,123	-6,990
Current tax liabilities	-655	-1,781	-1,636
Other liabilities	-4,776	-4,323	-3,936
Capital employed*	**44,527**	**31,934**	**34,608**
Capital employed* (LTM Average)	**38,549**	**31,917**	**32,116**
Operating income, LTM	4,647	4,934	5,746
Return on capital employed*, %	**12.1**	**15.5**	**17.9**
Operating income excl. items affecting comparability*, LTM	4,686	5,734	5,684
Return on capital employed excl. items affecting comparability*, %	**12.2**	**18.0**	**17.7**

* 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, 2021	**17,059**	**3**	**17,062**
Share-based payment	138	-	138
Dividend	-1,374	-2	-1,376
Total comprehensive income	5,354	2	5,356
Closing balance September 30, 2021	**21,176**	**3**	**21,179**
Opening balance January 1, 2022	**21,633**	**14**	**21,646**
Share-based payment	55		55
Hedge for LTI-programs	-92		-92
Dividend	-1,711		-1,711
Total comprehensive income	6,576	-1	6,575
Dividend to non-controlling interest		-2	-2
Closing balance September 30, 2022	**26,461**	**11**	**26,472**

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 2021. The carrying value approximates fair value for all financial instruments.

Net sales and income by division and quarter

SEKm	2022			2021				2020		
Group	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Net sales	**12,206**	15,792	15,685	8,234	10,180	14,614	14,030	6,683	9,570	13,482
Net sales, LTM*	**51,918**	49,892	48,714	47,059	45,507	44,897	43,764	41,943	41,667	40,526
Operating income	**555**	2,065	2,159	-132	926	2,659	2,293	-944	997	2,191
Operating margin, %	***4.5***	*13.1*	*13.8*	*-1.6*	*9.1*	*18.2*	*16.3*	*-14.1*	*10.4*	*16.3*
*Operating income excl. IAC**	**601**	2,075	2,190	-180	926	2,645	2,293	-129	997	2,191
Operating margin excl. IAC, %*	***4.9***	*13.1*	*14.0*	*-2.2*	*9.1*	*18.1*	*16.3*	*-1.9*	*10.4*	*16.3*
Operating income, LTM*	**4,647**	5,018	5,612	5,746	4,934	5,005	4,538	3,669	4,119	3,536
Operating margin, LTM, %*	***9.0***	*10.1*	*11.5*	*12.2*	*10.8*	*11.1*	*10.4*	*8.7*	*9.9*	*8.7*
Operating income, LTM excl. IAC*	**4,686**	5,011	5,580	5,684	5,734	5,806	5,353	4,484	4,302	3,719
Operating margin, LTM excl. IAC, %*	***9.0***	*10.0*	*11.5*	*12.1*	*12.6*	*12.9*	*12.2*	*10.7*	*10.3*	*9.2*
Net income for the period	**269**	1,417	1,638	146	631	2,001	1,659	-718	653	1,567
Husqvarna Forest & Garden	**Q3**	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Net sales	**7,761**	8,826	8,701	5,231	6,331	8,836	8,820	4,496	6,069	8,042
Net sales, LTM*	**30,519**	29,089	29,099	29,217	28,483	28,220	27,427	26,607	26,219	25,355
Operating income	**560**	1,107	1,392	70	558	1,534	1,537	-614	543	1,078
Operating margin, %	***7.2***	*12.5*	*16.0*	*1.3*	*8.8*	*17.4*	*17.4*	*-13.6*	*8.9*	*13.4*
Operating income excl. IAC*	**555**	1,113	1,283	70	558	1,536	1,537	89	543	1,078
Operating margin excl. IAC, %*	***7.2***	*12.6*	*14.7*	*1.3*	*8.8*	*17.4*	*17.4*	*2.0*	*8.9*	*13.4*
Operating income, LTM*	**3,129**	3,127	3,554	3,699	3,015	3,000	2,544	1,979	2,368	1,907
Operating margin, LTM, %*	***10.3***	*10.8*	*12.2*	*12.7*	*10.6*	*10.6*	*9.3*	*7.4*	*9.0*	*7.5*
Operating income, LTM excl. IAC*	**3,021**	3,024	3,447	3,701	3,720	3,705	3,247	2,682	2,493	2,032
Operating margin, LTM excl. IAC, %*	***9.9***	*10.4*	*11.8*	*12.7*	*13.1*	*13.1*	*11.8*	*10.1*	*9.5*	*8.0*
Gardena	**Q3**	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Net sales	**2,400**	4,775	4,960	1,148	2,031	3,851	3,506	761	1,948	4,011
Net sales, LTM*	**13,284**	12,915	11,991	10,537	10,150	10,067	10,226	9,427	9,377	9,058
Operating income	**-93**	773	706	-277	196	979	654	-294	274	1,054
Operating margin, %	***-3.9***	*16.2*	*14.2*	*-24.1*	*9.6*	*25.4*	*18.7*	*-38.7*	*14.1*	*26.3*
Operating income excl. IAC*	**-42**	776	752	-290	196	969	654	-294	274	1,054
Operating margin excl. IAC, %*	***-1.7***	*16.3*	*15.2*	*-25.3*	*9.6*	*25.2*	*18.7*	*-38.7*	*14.1*	*26.3*
Operating income, LTM*	**1,109**	1,398	1,603	1,552	1,534	1,613	1,688	1,432	1,378	1,223
Operating margin, LTM, %*	***8.3***	*10.8*	*13.4*	*14.7*	*15.1*	*16.0*	*16.5*	*15.2*	*14.7*	*13.5*
Operating income, LTM excl. IAC*	**1,197**	1,434	1,627	1,529	1,524	1,603	1,688	1,432	1,378	1,224
Operating margin, LTM excl. IAC, %*	***9.0***	*11.1*	*13.6*	*14.5*	*15.0*	*15.9*	*16.5*	*15.2*	*14.7*	*13.5*
Husqvarna Construction	**Q3**	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Net sales	**2,024**	2,157	1,981	1,830	1,795	1,904	1,680	1,403	1,541	1,413
Net sales, LTM*	**7,992**	7,763	7,511	7,210	6,782	6,528	6,037	5,844	5,992	6,026
Operating income	**183**	299	152	144	231	260	205	33	236	140
Operating margin, %	***9.0***	*13.9*	*7.7*	*7.9*	*12.9*	*13.7*	*12.2*	*2.3*	*15.3*	*9.9*
Operating income excl. IAC*	**182**	300	245	144	231	260	205	125	236	140
Operating margin excl. IAC, %*	***9.0***	*13.9*	*12.4*	*7.9*	*12.9*	*13.7*	*12.2*	*8.9*	*15.3*	*9.9*
Operating income, LTM*	**778**	826	787	840	729	734	613	541	614	608
Operating margin, LTM, %*	***9.7***	*10.6*	*10.5*	*11.7*	*10.7*	*11.2*	*10.2*	*9.3*	*10.2*	*10.1*
Operating income, LTM excl. IAC*	**871**	920	880	840	821	826	705	633	670	664
Operating margin, LTM excl. IAC, %*	***10.9***	*11.9*	*11.7*	*11.7*	*12.1*	*12.7*	*11.7*	*10.8*	*11.2*	*11.0*
Group Common	**Q3**	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Net sales	**22**	34	43	26	23	22	24	23	12	15
Operating income	**-95**	-114	-90	-69	-59	-114	-103	-69	-55	-80
Operating income excl. IAC*	**-95**	-114	-90	-104	-59	-120	-103	-49	-55	-80

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

*Alternative Performance Measure, refer to "Definitions".

Items affecting comparability

SEKm	Q3 2022	Q3 2021	Jan-Sep 2022	Jan-Sep 2021	Full year 2021
Restructuring costs					
Impairment of non-current assets	-	-	-15	-7	-3
Write-down of inventory	-	-	-28	0	1
Other restructuring costs	-22	-	-78	-23	-15
Write-down relating to Russia and Ukraine					
Write-down of current assets	2	-	-31	-	-
Write-down of inventory	-26	-	-112	-	-
Other					
Sale of property	-	-	178	-	-
Sale of business	-	-	-	44	44
Insurance refund	-	-	-	-	35
Total items affecting comparability	**-46**	**-**	**-87**	**14**	**62**

The third quarter included items affecting comparability related to operations in Russia and Ukraine of SEK 46m.

Non-recurring restructuring costs during the first nine months included SEK 90m related to integration costs from the acquisition of Blastrac within the Husqvarna Construction Division. Items affecting comparability relating to Russia and Ukraine amounted to SEK 175m, of which SEK 56m pertained to the Husqvarna Forest & Garden Division, SEK 113m to the Gardena Division and SEK 5m to the Husqvarna Construction Division. In addition, a property in Norway was sold with a capital gain of SEK 178m.

Classification in the income statement

SEKm	Q3 2022	Q3 2021	Jan-Sep 2022	Jan-Sep 2021	Full year 2021
Cost of goods sold	-26	-	-177	-31	-18
Selling expenses	-19	-	-88	0	0
Administrative expenses	-	-	0	1	1
Other operating income/expense	-	-	178	44	79
Total items affecting comparability	**-46**	**-**	**-87**	**14**	**62**

Net assets by segment [1]

	Assets		Liabilities		Net Assets	
SEKm	Sep 30 2022	Sep 30 2021	Sep 30 2022	Sep 30 2021	Sep 30 2022	Sep 30 2021
Husqvarna	25,857	19,388	7,739	6,389	18,118	12,999
Gardena	19,555	9,853	3,487	3,179	16,068	6,674
Construction	9,304	7,663	1,737	1,494	7,567	6,168
Other [2]	1,489	1,400	2,936	3,448	-1,447	-2,047
Total	**56,205**	**38,304**	**15,899**	**14,510**	**40,306**	**23,794**

[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	Q3 2022	Q3 2021	Jan-Sep 2022	Jan-Sep 2021	Full year 2021
Net sales	5,211	4,541	18,005	17,121	21,335
Cost of goods sold	-3,802	-3,196	-12,260	-11,701	-14,623
Gross income	**1,408**	**1,346**	**5,746**	**5,420**	**6,712**
Selling expense	-423	-385	-1,325	-1,260	-1,702
Administrative expense	-416	-331	-1,283	-1,157	-1,744
Other operating income/expense	0	0	0	0	1
Operating income	**569**	**630**	**3,138**	**3,003**	**3,267**
Financial items, net	-689	-152	-1,733	-437	1,552
Income after financial items	**-120**	**478**	**1,405**	**2,566**	**4,818**
Appropriations	-63	-17	-129	-63	-842
Income before taxes	**-183**	**461**	**1,276**	**2,502**	**3,976**
Tax on profit for the year	119	-51	-163	-430	-280
Income for the period	**-64**	**410**	**1,112**	**2,072**	**3,697**

Condensed balance sheet

SEKm	Sep 30 2022	Sep 30 2021	Dec 31 2021
Non-current assets	41,705	38,755	39,079
Current assets	16,805	13,937	17,361
Total assets	**58,510**	**52,692**	**56,441**
Equity	32,688	31,990	33,318
Untaxed reserves	1,275	794	1,275
Provisions	302	180	139
Non-current liabilities	3,731	3,289	3,627
Current liabilities	20,514	16,440	18,082
Total equity and liabilities	**58,510**	**52,692**	**56,441**

Number of shares

	Outstanding A-shares	Outstanding B-shares	Repurchased B-shares [1]	Total
Number of shares as of December 31, 2021	**111,088,990**	**459,333,459**	**5,921,329**	**576,343,778**
Conversion of A-shares into B-shares	-982,686	982,686	-	0
Shares allocated to 2019 LTI-program	-	1,002,638	-1,002,638	0
Hedge for LTI-programs	-	-971,890	971,890	0
Number of shares as of September 30, 2022	**110,106,304**	**460,346,893**	**5,890,581**	**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 capital balances 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. See further IAS 33 Earnings per share. 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 and is a key profitability measure.

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
Operating cash flow 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. 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 Q3 report, hosted by Henric Andersson, President & CEO, and Terry Burke, CFO, will be held at 10:00 CET on October 21, 2022.

To view the presentation, please use the link:
https://husqvarna-group.creo.se/221021

The dial-in to the telephone conference (in order to ask questions):
+46 (0) 8 5051 0031 (Sweden) or +44 207 107 06 13 (UK).

Dates for Financial Reports 2023

February 1 Year-end report 2022
April 20 Interim report for January-March 2023
July 18 Interim report for January-June 2023
October 20 Interim report for January-September 2023

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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 October 21, 2022.

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.