Husqvarna Group

YEAR-END REPORT JANUARY - DECEMBER 2021



Q4

A record year

Fourth quarter 2021

- Net sales increased by 23% to SEK 8,234m (6,683). The organic growth was 17%, changes in exchange rates contributed with 2% and acquisitions with 4%.
- Operating income was SEK -132m (-944). Excluding items affecting comparability, operating income was SEK -180m (-129).
- Earnings per share before dilution amounted to SEK 0.26 (-1.26) and earnings per share after dilution amounted to SEK 0.26 (-1.26).
- Cash flow from operations and investments was SEK -6,420m (-1,386) of which SEK -3,935m (-410) was related to acquistions. Direct operating cash flow was SEK -1,131m (-185).
- Operating working capital / net sales amounted to 21.8% (24.4).
- Husqvarna Group acquired Orbit Irrigation in the U.S., creating the global market leader in residential watering (see page 8).
- Husqvarna Group announced new financial targets at the recent Capital Markets Day.

January – December 2021

- Net sales increased by 12% to SEK 47,059m (41,943). The organic growth was 15%, changes in exchange rates impacted with -5% and acquisitions with 2%.
- Operating income was SEK 5,746m (3,669), representing an operating margin of 12.2% (8.7). Excluding items affecting comparability, operating income increased by 27% to SEK 5,684m (4,484), representing an operating margin of 12.1% (10.7).
- Earnings per share before dilution amounted to SEK 7.76 (4.36) and earnings per share after dilution amounted to SEK 7.73 (4.35).
- Cash flow from operations and investments was SEK -713m (5,686). Direct operating cash flow was SEK 3,651m (6,071).
- The Group's absolute CO_2 emissions across the value chain (scope 1, 2 & 3) have been reduced by -27% compared with the 2015 baseline.
- The Board of Directors will propose a dividend for 2021 of SEK 3.00 per share (2.40) to the AGM.

Financial summary

Group, SEKm	**Q4 2021**	Q4 2020	Δ%	**Jan-Dec 2021**	Jan-Dec 2020	Δ%
Net sales	8,234	6,683	23	47,059	41,943	12
Organic growth, %*	*17*	*13*		*15*	*0*	
Operating income (EBIT)	-132	-944	86	5,746	3,669	57
Operating margin, %	*-1.6*	*-14.1*		*12.2*	*8.7*	
Operating income excl. items affecting comparability*	-180	-129	-39	5,684	4,484	27
Operating margin excl. items affecting comparability, %*	*-2.2*	*-1.9*		*12.1*	*10.7*	
Income after financial items	-163	-1,018	84	5,494	3,330	65
Net income for the period	146	-718	120	4,437	2,495	78
Earnings per share before dilution, SEK	0.26	-1.26	121	7.76	4.36	78
Earnings per share after dilution, SEK	0.26	-1.26	121	7.73	4.35	78
Direct operating cash flow*	-1,131	-185	-513	3,651	6,071	-40
Operating working capital / net sales*, %	21.8	24.4		21.8	24.4	

*Alternative Performance Measure, refer to "Definitions".

A record year for the Group

"2021 has been a successful year for us. In cooperation with our trade partners and suppliers and thanks to an excellent contribution by our employees, we delivered a record year, in which we continued to execute on our strategy. Overall we strengthened our market positions, particularly in high-growth segments such as robotic mowers and battery-powered products, in a year characterized by pandemic effects with increased costs as well as disruptions in global supply chains.

Good performance in the fourth quarter

We achieved continued strong sales growth in the seasonally smallest fourth quarter. Growth was strong in all divisions and mainly driven by our core categories such as robotic mowers, battery-powered products, watering solutions and handheld products. This resulted in an organic growth of 17%. The Husqvarna Forest & Garden Division delivered an organic growth of 14%. The organic growth in the Gardena Division was 24% and supplemented by a growth of 24% related to the acquisition of Orbit Irrigation. The growth was partly driven by early deliveries to trade partners in preparation for the upcoming garden season. The Husqvarna Construction Division had a strong performance in the main markets and organic growth was 21%, also supported by an improved market situation.

In total, operating income, excluding items affecting comparability, amounted to SEK -180m (-129). Higher costs for raw materials and logistics together with our continued increased investments in strategic growth areas had a negative impact however, partly mitigated by sales growth and price increases.

A record year

The Group's organic growth was 15% for the year. The stay-at-home trend has contributed positively while we strengthened our market positions in prioritized strategic segments such as battery-powered products, robotic mowers and handheld products. Operating income, excluding items affecting comparability, increased by 27% to SEK 5,684m (4,484) and the operating margin amounted to 12.1% (10.7), which is a record result. The Board of Directors will propose to the Annual General Meeting an 25% increase of the dividend to SEK 3.00 (2.40).

As a global company, we are exposed to the limitations of the pandemic on global supply chains and availability on key components. We expect these challenges to continue to have an impact in 2022 and our dedicated work continues in order to meet customers' demand.

New financial targets

To reflect our profitable growth strategy, we launched new financial targets at the Group's Capital Markets Day (CMD) in December 2021. The targets include annual organic net sales growth of 5%, an operating margin of 13% and a capital efficiency target that implies an operating working capital of 20% of net sales.

Increased ambitions

We increase our focus on profitable growth as well as acquisition opportunities to complement and strengthen the organic development in all divisions going forward. To further emphasize our commitment to delivering on our strategy, we presented three operational ambitions during the CMD. Within five years, our ambition is to (i) double the sales of robotic mowers, (ii) double the number of connected products and, (iii) increase the share of electrified products sold to two-thirds. We will report on these ambitions on an annual basis.

Our electrification ambition is part of our ambitious sustainability work, which aims to consistently reduce the carbon footprint. So far, we have reduced CO_2 emissions (scope 1,2 & 3) by -27% compared to the base year 2015. The target is to reduce by -35% by 2025.

Well positioned for the future

Overall, 2021 has been a successful year for us with strong financial performance and progress for all divisions. We work continuously to overcome challenges in our supply chain, including increasing our inventories in preparation for the upcoming season. With a clear forward-leaning strategy, innovation agenda and a dedicated team, we are well positioned for 2022 and our continued value creation journey."



Henric Andersson, President and CEO

Financial Performance

Financial targets and performance

Husqvarna Group has three financial targets; growth, operating margin and capital efficiency. At the Capital Markets Day on December 1, 2021, new financial targets were presented.

Metric	Financial targets	Achievement 2021	New targets from 2022
Net sales growth	Market +2ppts	15%	5% (organic)
Operating margin	>10%	12.1%*	13%
Capital efficiency**	≤25%	21.8%	20%

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

Fourth quarter

Net sales

Net sales for the fourth quarter increased by 23% to SEK 8,234m (6,683). Organic sales growth was 17%, currency effects contributed with 2% and acquisitions with 4%. The growth was driven by solid performance and strengthened market positions in all main segments and regions.

Operating income

Operating income for the fourth quarter amounted to SEK -132m (-944). Excluding items affecting comparability, operating income amounted to SEK -180m (-129). Higher costs for raw materials and logistics together with continued increased investments in strategic growth areas had a negative impact however partly mitigated by sales growth and price increases. Items affecting comparability amounted to SEK 48m (-815) mainly related to an insurance refund relating to a prior year. Changes in exchange rates impacted negatively with approximately SEK 30m compared to last year.

Financial items net

Financial items net amounted to SEK -31m (-74). The decrease is mainly related to lower interest rates and interest on repaid tax.

Income after financial items

Income after financial items amounted to SEK -163m (-1,018).

Taxes

Income tax amounted to a positive SEK 309m (301). This includes a tax effect of SEK 181m due to a favorable outcome relating to a historical tax dispute.

Earnings per share

Net income for the period attributable to equity holders of the Parent Company amounted to SEK 148m (-719), corresponding to SEK 0.26 (-1.26) per share after dilution.

January - December

Net sales

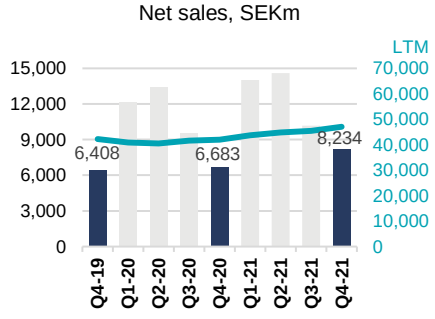
Net sales for January - December increased by 12% to SEK 47,059m (41,943). Organic growth was 15%, currency effects impacted with -5% and acquisitions with 2%. The growth was driven by solid performance and strengthened positions in all main regions. The performance was supported by a favorable stay-at-home trend during the season.

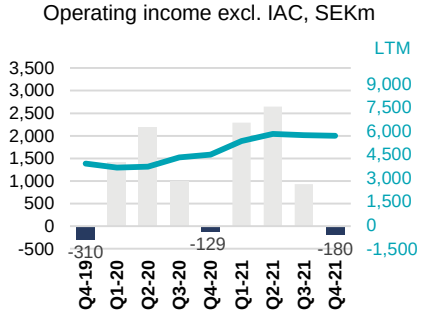
Operating income

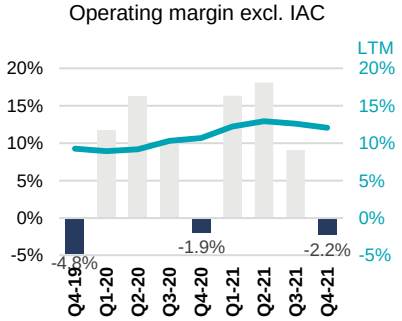
Operating income for January - December increased to SEK 5,746m (3,669). Excluding items affecting comparability, operating income increased 27% to SEK 5,684m (4,484), driven by volume growth, price increases and a favorable product mix. This was despite increased costs for raw materials and logistics. Items affecting comparability amounted to SEK 62m (-815) and is mainly related to a gain from the sale of a business in Q2 2021 and an insurance refund in Q4 2021. Changes in exchange rates contributed negatively with approximately SEK 300m compared to last year.

Financial items net

Financial items net amounted to SEK -252m (-339). The decrease is mainly related to lower interest rates and lower USD debt levels.







Income after financial items
Income after financial items amounted to SEK 5,494m (3,330).

Taxes
Income tax amounted to SEK -1,057m (-835), corresponding to an effective tax rate of 19.2% (25.1). This includes a positive tax effect of SEK 181m due to a favorable outcome relating to a historical tax dispute.

Earnings per share
Net income for the period attributable to equity holders of the Parent Company amounted to SEK 4,437m (2,494), corresponding to SEK 7.73 (4.35) per share after dilution.

Cash flow
Cash flow from operations and investments for January – December amounted to SEK -713m (5,686) of which SEK -3,935m (-410) was related to acquisitions, driven by the acquisition of Orbit Irrigation. Direct operating cash flow was SEK 3,651m (6,071). To secure deliveries for the 2022 season, the Group has purposely increased inventory levels.

Due to the seasonal build-up of working capital, cash flow is normally weaker in the first quarter, followed by stronger cash flow in the second and third quarters, while cash flow in the fourth quarter is usually negatively impacted by the pre-season production for the next year.

Financial position
Group equity as of December 31, 2021, excluding non-controlling interests, increased to SEK 21,633m (17,059), corresponding to SEK 37.7 (29.8) per share after dilution.

Net debt increased to SEK 9,623m (6,493). The increase was mainly related to the acquisition of Orbit Irrigation. The net pension liability decreased to SEK 1,777m (2,483). Other interest-bearing liabilities decreased to SEK 10,769m (11,437) and liquid funds and other interest-bearing assets decreased to SEK 2,923m (7,426).

The Group has long-term unutilized revolving credit facilities amounting to SEK 5bn. The net debt/EBITDA ratio, excluding items affecting comparability, decreased to 0.6 (1.2). The equity/assets ratio was 42% (39).

Financial summary

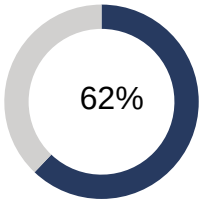
SEKm	Q4 2021	Q4 2020	Δ%	Jan-Dec 2021	Jan-Dec 2020	Δ%
Net sales	5,231	4,496	16	29,217	26,607	10
Organic growth, %*	*14*	*19*		*15*	*-2*	
Operating income	70	-614	111	3,699	1,979	87
Operating margin, %	*1.3*	*-13.6*		*12.7*	*7.4*	
Operating income excl. items affecting comparability*	70	89	-22	3,701	2,682	38
Operating margin excl. items affecting comparability, %*	*1.3*	*2.0*		*12.7*	*10.1*	

* Alternative Performance Measure, refer to "Definitions".

Fourth quarter 2021

Net sales increased by 16% to SEK 5,231m (4,496). The organic sales growth was 14% and currency effects contributed with 2%. The growth was good in all regions. Product categories with particular strong performance were robotic mowers, electrified- and wheeled products. Operating income amounted to SEK 70m (-614). Excluding items affecting comparability operating income amounted to SEK 70m (89) and the operating margin was 1.3% (2.0). The operating income was positively affected by net sales growth and price increases, while negatively affected by increased raw material and logistics costs as well as continued investments in strategic initiatives. Changes in exchange rates had a negative impact of approximately SEK 40m.

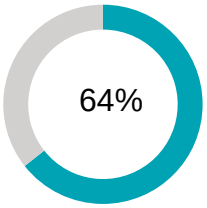
Share of Group net sales, LTM



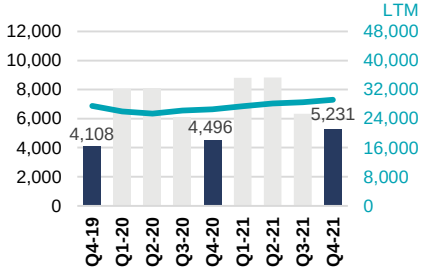
January - December 2021

Net sales increased by 10% to SEK 29,217m (26,607). The organic growth was 15% and currency effects impacted with -5%. The growth was strong across all product areas and key regions. The Division strengthened its positions particularly in the segments for robotic mowers and electrified products, as well as in the handheld segment for professional users. Operating income amounted to SEK 3,699m (1,979). Excluding items affecting comparability operating income increased 38% to SEK 3,701m (2,682) and the operating margin increased to 12.7% (10.1). The improvement was driven by strong net sales growth, price increases and a favorable product mix. This was despite increased raw material and logistics costs. Changes in exchange rates had a negative impact of approximately SEK 180m. Items affecting comparability, related to the previously announced supply chain efficiencies and a sale of a business in Q2, amounted to SEK -2m (-703).

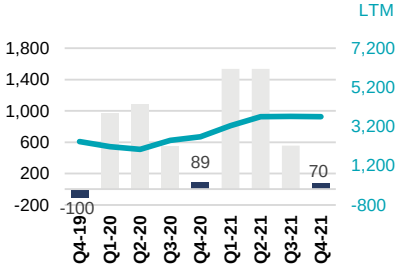
Share of Group operating income, LTM



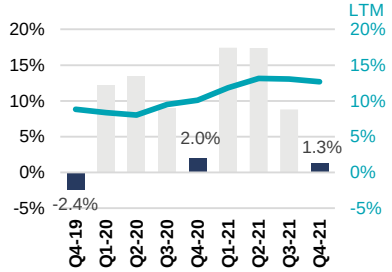
Net sales, SEKm



Operating income excl. IAC, SEKm



Operating margin excl. IAC



Financial summary

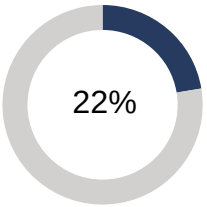
SEKm	Q4 2021	Q4 2020	Δ%	Jan-Dec 2021	Jan-Dec 2020	Δ%
Net sales	1,148	761	51	10,537	9,427	12
Organic growth, %*	*24*	*13*		*14*	*13*	
Operating income	-277	-294	6	1,552	1,432	8
Operating margin, %	*-24.1*	*-38.7*		*14.7*	*15.2*	
Operating income excl. items affecting comparability*	-290	-294	1	1,529	1,432	7
Operating margin excl. items affecting comparability, %*	*-25.3*	*-38.7*		*14.5*	*15.2*	

* Alternative Performance Measure, refer to "Definitions".

Fourth quarter 2021

Net sales increased by 51% to SEK 1,148m (761). Organic growth was 24%, currency effects contributed with 3% and acquisitions contributed by 24%. The strong growth was partly driven by early deliveries in preparation for the upcoming gardening season. Operating income was SEK -277m (-294). Excluding items affecting comparability, operating income was SEK -290m (-294). The result was negatively affected by higher raw material and logistics costs as well as integration costs. Changes in exchange rates had a positive impact of approximately SEK 10m in the fourth quarter. Items affecting comparability, related to a reversal of a restructuring provision, amounted to SEK 13m (0).

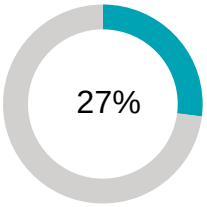
Share of Group net sales, LTM



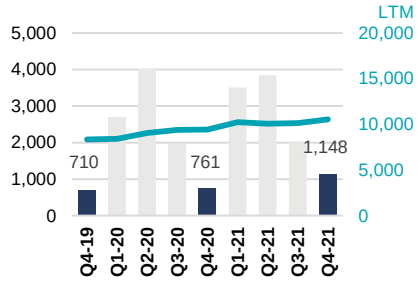
January – December 2021

Net sales increased by 12% to SEK 10,537m (9,427). The organic growth was 14%, currency effects impacted with -4% and acquisitions contributed with 2%. Growth was strong in strategic growth markets, especially in Southern and Northern Europe which compensated for a weak season for watering in Central Europe (due to excessive rainfall). Operating income amounted to SEK 1,552m (1,432). Excluding items affecting comparability, operating income increased 7% to SEK 1,529m (1,432), and the operating margin amounted to 14.5% (15.2). The growth in operating income was driven by strong net sales growth and price increases. This was despite increased raw material and logistics costs. Changes in exchange rates had a negative impact of approximately SEK 25m. Items affecting comparability amounted to SEK 23m (0).

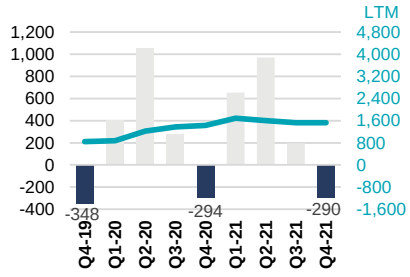
Share of Group operating income, LTM



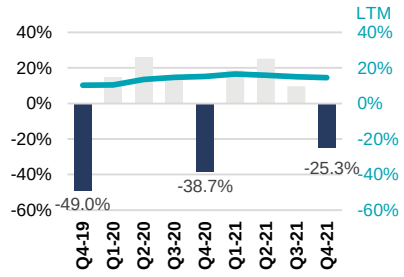
Net sales, SEKm



Operating income excl. IAC, SEKm



Operating margin excl. IAC



Financial Summary

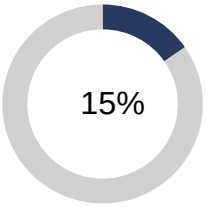
SEKm	Q4 2021	Q4 2020	Δ%	Jan-Dec 2021	Jan-Dec 2020	Δ%
Net sales	1,830	1,403	30	7,210	5,844	23
Organic growth, %*	*21*	*-2*		*18*	*-6*	
Operating income	144	33	337	840	541	55
Operating margin, %	*7.9*	*2.3*		*11.7*	*9.3*	
Operating income excl. items affecting comparability*	144	125	15	840	633	33
Operating margin excl. items affecting comparability, %*	*7.9*	*8.9*		*11.7*	*10.8*	

* Alternative Performance Measure, refer to "Definitions".

Fourth quarter 2021

Net sales increased by 30% to SEK 1,830m (1,403). Organic sales growth was 21%, changes in exchange rates contributed with 2% and acquisitions with 7%. The Division achieved good growth with improved market positions in most key regions. Operating income amounted to SEK 144m (33). Excluding items affecting comparability, operating income increased 15% to SEK 144m (125), where the sales growth and price increases had a positive effect, while higher raw material and logistics costs had a negative effect to operating income. The operating margin was 7.9% (8.9), where the lower margin is mainly related to dilution from consolidating the acquired company Blastrac. Changes in exchange rates had a positive impact of approximately SEK 5m.

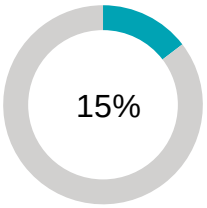
Share of Group net sales, LTM



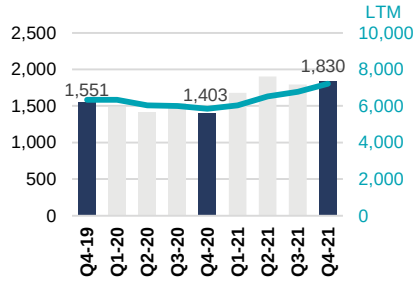
January - December 2021

Net sales increased by 23% to SEK 7,210m (5,844). Organic sales growth was 18%, changes in exchange rates impacted with -5% and acquisitions contributed with 10%. The Division achieved strong growth with improved market positions in all key regions. Most categories had strong sales growth, including power cutters and electrified products. The Division acquired Blastrac at the end of December 2020 and Blastrac currently has a lower operating margin than the average for the Division. Operating income was SEK 840m (541). Excluding items affecting comparability, operating income increased 33% to SEK 840m (633), and the operating margin amounted to 11.7% (10.8). This was driven by sales growth, manufacturing efficiencies and price increases. Higher raw material and logistics costs had a negative effect. Changes in exchange rates had a negative impact of approximately SEK 95m, given the Division's sales in the US.

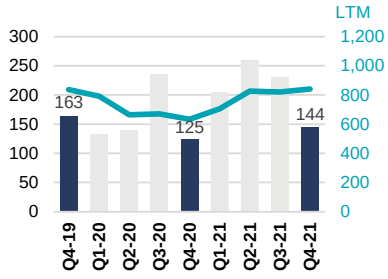
Share of Group operating income, LTM



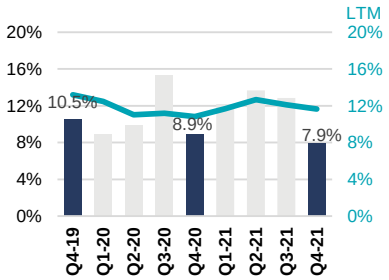
Net sales, SEKm



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 -27%.
- Two approved circular innovations.

Carbon – Drive the transition to low-carbon solutions

As of Q4 2021 (LTM and compared to 2015 baseline), we have reduced our absolute CO_2 emissions from our value chain (suppliers, own operations, transportation and product use) by -27%. The relative increase in CO_2 during 2021, compared to 2020 (-32%) reflects a strong market growth.

Measuring in absolute numbers naturally means a rather volatile progress trajectory, with Q4 as the third consecutive quarter at -27% we can confirm that the temporary increase in CO_2 is stagnating.

We will further increase the share of electrified products in our offering. This is the main contributor to the CO_2 reduction. We continue to see the decoupling between sales growth and CO_2 and we remain committed to our 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. The target is measured against nominated and approved circular innovations that have proof of concept with a paying end-customer.

During Q4 2021, two of the circular innovation nominees passed the gateway of approval and became the first approved circular innovations:

- The Neighbor box, Grannboxen, is a sharing service developed in collaboration with Sweden-based, Ihopa, where neighbors share and get access to battery-powered and manual gardening tools from Husqvarna Forest & Garden Division and Gardena Division.
- The Smart Lawn Service (SLS) from Husqvarna Forest & Garden Division is a service business model for maintaining lawns using robotic lawn mowers and a "pay by square meter"-pricing model.

In addition, one circular innovation also passed the nominee gate in Q4. The Gardena Division nominated another innovation in the field of recycled material. This time, the production process is based on the extrusion of plastic material to provide tubes.

As of Q4 2021, we now have 2 approved and 9 nominee circular innovations.

People – Inspire actions that make a lasting difference

During Q4 we have continued to build the content for our all-employee sustainability training program. Due to a slight delay the program will start in early February 2022. The empowerment of 5m people will start for real in 2022 and will then see an exponential growth leading up to 2025.

Conversion of Shares

According to the Company's articles of association, owners of A-shares have the right to have such shares converted to B-shares. Conversion reduces the total number of votes in the Company. In the fourth quarter 338,882 shares were converted. The total number of shares in the company at December 31, 2021 amounted to 576,343,778 of which 111,088,990 were A-shares and 465,254,788 were B-shares. The total number of votes amounted to 157,614,468.8.

Parent Company

Net sales for January – December 2021 for the Parent Company, Husqvarna AB (publ), amounted to SEK 21,335m (18,341), of which SEK 16,269m (14,336) referred to sales to Group companies and SEK 5,066m (4,005) to external customers. Operating income increased to SEK 3,267m (2,560). Income after financial items increased to SEK 4,818m (3,795), mainly due to Group internal transactions. Income for the year increased to SEK 3,697m (2,643). Investments in property, plant and equipment and intangible assets amounted to SEK 994m (1,126). Cash and cash equivalents amounted to SEK 561m (4,596) at the end of the year. Undistributed earnings in the Parent Company amounted to SEK 30,639m (28,627).

Significant events

Acquisition of Orbit Irrigation

In November 2021, Husqvarna Group acquired 100% of the shares in the U.S. based Orbit Irrigation, a leading provider of residential watering solutions in North America. Orbit now forms a part of the Gardena Division, establishing a global leader in residential watering and creating growth opportunities for both brands. The acquisition provides an excellent position

and the scale to continue to lead and transform the market towards smart, sustainable gardening solutions.

The purchase price corresponds to an enterprise value of USD 480m on a cash and debt-free basis. Orbit's net sales for 2021 amounted to USD 324m and operating income, adjusted for items affecting comparability, amounted to USD 28m. The items affecting comparability were mainly related to divestment expenses. Orbit contributed with net sales of SEK 184m and operating income of SEK -3m to Husqvarna Group's consolidated financial statements for 2021. The goodwill of SEK 1,907m, generated in connection with the acquisition, refers to future customers, market position and workforce.

Purchase price allocation

mSEK	
Acquisition, paid amount	**4,233**
Acquired net assets	
Deferred tax asset	143
Property, plants and equipment	77
Other non-current assets	12
Inventories	930
Trade receivables	341
Other current assets	11
Trade payables	-439
Other current liabilities	-64
Net acquired assets, total	**1,011**
Acquired surplus values	
Customer relationships	874
Trade names	840
Technology	134
Net deferred tax liability	-533
Goodwill	1,907
Surplus values, total	**3,222**

Orbit, based in Salt Lake City, Utah, U.S., has approximately 300 employees and generates over 95% of its revenues in North America. The Orbit product offering includes watering equipment sold through retail, garden centers, e-commerce and professional channels. In addition, the company's B-hyve® suite of smart products, with 1.5 million connected devices, helps consumers conserve water, promote plant health and save money.

Group management change

Glen Instone, CFO, has been appointed President of the Husqvarna Forest & Garden Division. The appointment was effective January 1, 2022.

Defective component in a limited batch of robotic mowers

During the second quarter, a defective component used in a limited batch of circuit boards for robotic mowers was identified. The issue has been resolved and the full cost related to this issue amounted to SEK 50m in Q2 2021.

Legal settlement in supplier dispute

As previously reported, Husqvarna Group and Briggs & Stratton LLC (B&S) have reached a settlement with regards to the supply of engines for ride-on mowers. Under the terms of the settlement, B&S will provide the majority of the engines needed ahead of the 2022 season. Additionally, the parties have agreed to maintain a modified supply relationship into the 2023 season. Husqvarna Group previously communicated a potential negative financial impact in 2022 as a result of a lack of engine supply. The settlement means that the lawsuit against B&S is withdrawn, and that Husqvarna Group no longer anticipates a material financial impact from the issue.

Annual General Meeting 2022

The AGM of Husqvarna AB (publ) will be held on April 7, 2022. Due to the Covid-19 pandemic, the AGM will be conducted pursuant to so called mail-in procedures.

Capital Markets Day 2021 and new financial targets

Husqvarna Group hosted a Capital Markets Day on December 1, 2021. During the event, investors, financial analysts and media received an update on the Group’s strategy, financial framework, and the Divisions’ business development. The latest product innovations within autonomous, electrification and smart watering were showcased.

New financial targets from 2022 were presented; annual organic net sales growth of 5%, operating margin of 13% and capital efficiency target of 20% (average operating working capital / net sales).

Significant events after the period

Dividend

The Board of Directors will propose a dividend for 2021 of SEK 3.00 (2.40) per share to the AGM, corresponding to a total dividend payment of SEK 1,711m (1,377). It is proposed that the dividend is to be paid in two installments, the first of SEK 1.00 per share in April and the second of SEK 2.00 per share in October. The proposed record dates are April 11, 2022 and October 11, 2022.

Appointment of new CFO

Terry Burke, Vice President Finance Husqvarna Forest & Garden Division, has been appointed CFO of Husqvarna Group effective as of March 1, 2022. Terry has been within the Husqvarna Group since 2010.

Risks and uncertainty factors

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

The situation with Covid-19 can still 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. 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 2020 which is available at www.husqvarnagroup.com.

Accounting Principles

This year-end 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 IFRS Interpretations Committee (IFRS IC) published an agenda decision in April 2021 on "cloud computing arrangement costs", i.e. costs for configuring or adapting software in a cloud-based solution. Husqvarna Group has analyzed the effects of IFRS IC's agenda decision and there is no significant impact on the Group's financial statement.

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

Auditors' review report

This year-end report has not been subject to review by the auditors.

Stockholm, February 3, 2022

Henric Andersson
President and CEO

Condensed consolidated income statement

SEKm	Q4 2021	Q4 2020	Jan-Dec 2021	Jan-Dec 2020
Net sales	8,234	6,683	47,059	41,943
Cost of goods sold	-6,028	-5,462	-31,546	-29,367
Gross income	**2,206**	**1,221**	**15,513**	**12,576**
Gross margin, %	*26.8*	*18.3*	*33.0*	*30.0*
Selling expenses	-1,709	-1,539	-7,152	-6,596
Administrative expenses	-660	-630	-2,704	-2,335
Other operating income/expense	32	4	89	23
Operating income	**-132**	**-944**	**5,746**	**3,669**
Operating margin, %	*-1.6*	*-14.1*	*12.2*	*8.7*
Financial items, net	-31	-74	-252	-339
Income after financial items	**-163**	**-1,018**	**5,494**	**3,330**
Margin, %	*-2.0*	*-15.2*	*11.7*	*7.9*
Income tax	309	301	-1,057	-835
Net income for the period	**146**	**-718**	**4,437**	**2,495**
Net income for the period attributable to:				
Equity holders of the Parent Company	148	-719	4,437	2,494
Non-controlling interest	-2	1	0	1
Earnings per share:				
Before dilution, SEK	0.26	-1.26	7.76	4.36
After dilution, SEK	0.26	-1.26	7.73	4.35
Weighted average number of shares outstanding:				
Before dilution, millions	571.7	572.6	571.5	572.4
After dilution, millions	574.3	572.6	574.1	572.9

Condensed consolidated comprehensive income statement

SEKm	Q4 2021	Q4 2020	Jan-Dec 2021	Jan-Dec 2020
Net income for the period	**146**	**-718**	**4,437**	**2,495**
Other comprehensive income				
Items that will not be reclassified to the income statement:				
Remeasurements on defined benefit pension plans, net of tax	252	97	674	-27
Total items that will not be reclassified to the income statement, net of tax	**252**	**97**	**674**	**-27**
Items that may be reclassified to the income statement:				
Translation differences	485	-1,606	1,632	-2,347
Net investment hedge, net of tax	-117	727	-634	908
Cash flow hedges, net of tax	-32	76	-19	23
Total items that may be reclassified to the income statement, net of tax	**335**	**-803**	**979**	**-1,416**
Other comprehensive income, net of tax	**588**	**-706**	**1,653**	**-1,443**
Total comprehensive income for the period	**734**	**-1,424**	**6,090**	**1,051**
Total comprehensive income attributable to:				
Equity holders of the Parent Company	736	-1,425	6,089	1,050
Non-controlling interest	-2	1	0	1

Condensed consolidated balance sheet

SEKm	Dec 31 2021	Dec 31 2020
Assets		
Property, plant and equipment	7,309	6,324
Right of use assets	1,814	1,212
Goodwill	9,305	6,905
Other intangible assets	7,680	5,639
Investments in associated companies	36	44
Other non-current assets	892	570
Deferred tax assets	1,534	1,576
Total non-current assets	**28,571**	**22,269**
Inventories	14,030	9,734
Trade receivables	4,310	3,259
Derivatives	324	929
Current tax receivables	194	53
Other current assets	1,283	1,122
Cash and cash equivalents	2,208	6,151
Total current assets	**22,349**	**21,248**
Total assets	**50,920**	**43,517**
Equity and liabilities		
Equity attributable to equity holders of the Parent Company	21,633	17,059
Non-controlling interests	14	3
Total equity	**21,646**	**17,062**
Borrowings	3,772	6,683
Lease liabilities	1,362	991
Derivatives	19	85
Deferred tax liabilities	2,237	1,497
Provisions for pensions and other post-employment benefits	2,192	2,637
Other provisions	634	588
Total non-current liabilities	**10,217**	**12,480**
Trade payables	6,990	4,815
Current tax liabilities	1,636	1,006
Other liabilities	3,936	3,413
Borrowings	4,442	2,853
Lease liabilities	487	376
Derivatives	686	449
Other provisions	878	1,064
Total current liabilities	**19,056**	**13,976**
Total equity and liabilities	**50,920**	**43,517**

Condensed consolidated cash flow statement

SEKm	Q4 2021	Q4 2020	Jan-Dec 2021	Jan-Dec 2020
Cash flow from operations				
Operating income	-132	-944	5,746	3,669
Non cash items	238	1,247	2,312	3,344
Cash items				
Paid restructuring expenses	-39	-90	-192	-244
Net financial items, received/paid	-22	-86	-180	-327
Taxes paid	152	105	-198	-291
Cash flow from operations, excluding change in operating assets and liabilities	**197**	**232**	**7,487**	**6,150**
Operating assets and liabilities				
Change in inventories	-2,742	-2,279	-2,695	278
Change in trade receivables	1,130	1,238	-528	55
Change in trade payables	1,304	1,092	1,476	1,014
Change in other operating assets/liabilities	-1,165	-567	-76	584
Cash flow from operating assets and liabilities	**-1,474**	**-516**	**-1,824**	**1,931**
Cash flow from operations	**-1,276**	**-284**	**5,664**	**8,081**
Investments				
Acquisitions of subsidiaries/operations	-3,935	-410	-3,935	-410
Divestments of subsidiaries/operations	-	-	73	-
Proceeds from sale of property, plant and equipment	-1	1	8	12
Investments in property, plant and equipment and intangible assets	-1,259	-689	-2,524	-1,994
Investments and divestments of financial assets	51	-4	2	-2
Cash flow from investments	**-5,144**	**-1,102**	**-6,376**	**-2,395**
Cash flow from operations and investments	**-6,420**	**-1,386**	**-713**	**5,686**
Financing				
Dividend paid to shareholders	-917	-1,288	-1,375	-1,288
Dividend paid to non-controlling interests	-	-	-2	-
Other financing activities	2,187	-170	-1,980	5
Cash flow from financing	**1,270**	**-1,458**	**-3,357**	**-1,284**
Total cash flow	**-5,150**	**-2,844**	**-4,070**	**4,403**
Cash and cash equivalents at the beginning of the period	7,315	9,064	6,151	1,911
Exchange rate differences referring to cash and cash equivalents	43	-69	126	-162
Cash and cash equivalents at the end of the period	**2,208**	**6,151**	**2,208**	**6,151**

Operating cash flow, SEKm	Q4 2021	Q4 2020	Jan-Dec 2021	Jan-Dec 2020
Cash flow from operations	-1,276	-284	5,664	8,081
Investments in property, plant and equipment and intangible assets	-1,259	-689	-2,524	-1,994
Operating cash flow	**-2,535**	**-973**	**3,140**	**6,087**

Direct operating cash flow, SEKm	Q4 2021	Q4 2020	Jan-Dec 2021	Jan-Dec 2020
EBITDA excl. items affecting comparability	436	453	7,922	6,718
Change in inventories	-2,742	-2,279	-2,695	278
Change in trade receivables	1,130	1,238	-528	55
Change in trade payables	1,304	1,092	1,476	1,014
Investments in property, plant and equipment and intangible assets	-1,259	-689	-2,524	-1,994
Direct operating cash flow	**-1,131**	**-185**	**3,651**	**6,071**

Key performance indicators

Income statement

EBITDA*, SEKm	**Q4 2021**	Q4 2020	**Jan-Dec 2021**	Jan-Dec 2020
Operating income	-132	-944	5,746	3,669
Reversal of depreciation, amortization and impairment	612	885	2,241	2,537
EBITDA*	**480**	**-59**	**7,987**	**6,206**
Excl. items affecting comparability*	436	453	7,922	6,718
EBITDA margin, %	*5.8*	*-0.9*	*17.0*	*14.8*
Excl. items affecting comparability, %*	*5.3*	*6.8*	*16.8*	*16.0*

*Alternative Performance Measure, refer to "Definitions".

Organic growth*

Net sales, January - December

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
2021	47,059	-804	46,254		46,254
2020	41,943		41,943	-1,855	40,088
Growth	5,116		4,311		6,166
Growth, %	***12***		***10***		***15***

Net sales, fourth 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
2021	8,234	-285	7,950		7,950
2020	6,683		6,683	126	6,809
Growth	1,551		1,267		1,141
Growth, %	***23***		***19***		***17***

*Alternative Performance Measure, refer to "Definitions".

Balance sheet

Key data	Dec 31 2021	Dec 31 2020
Operating working capital, SEKm	11,350	8,179
Operating working capital / net sales, %*	*21.8*	*24.4*
Return on capital employed [1], %	*17.9*	*10.9*
Excl. items affecting comparability, %*	*17.4*	*13.3*
Return on equity, %	*22.2*	*13.5*
Excl. items affecting comparability, %*	*22.4*	*16.8*
Capital turn-over rate, times	1.9	1.6
Equity/assets ratio, %	*42*	*39*
Equity per share after dilution, SEK	37.7	29.8
Average number of employees	13,873	12,374

* Alternative Performance Measure, refer to "Definitions".

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

Net debt*, SEKm	Dec 31 2021	Dec 31 2020
Net pension liability	1,777	2,483
Other interest-bearing liabilities	10,769	11,437
Less: Liquid funds and other interest-bearing assets	-2,923	-7,426
Net debt*	**9,623**	**6,493**
Net debt/equity ratio	0.44	0.38
Net debt/EBITDA excl. Items affecting comparability*	0.6	1.2

* Alternative Performance Measure, refer to "Definitions".

Return on capital employed*, SEKm	Dec 31 2021	Dec 31 2020
Total equity and liabilities	50,920	43,517
Deduction; Non interest bearing liabilities:	-16,312	-12,382
Deferred tax liabilities	-2,237	-1,497
Other provisions	-1,512	-1,651
Trade payables	-6,990	-4,815
Current tax liabilities	-1,636	-1,006
Other liabilities	-3,936	-3,413
Capital employed*	**34,608**	**31,135**
Capital employed (LTM Average)	**32,116**	**33,611**
Operating income, LTM	5,746	3,669
Return on capital employed*, %	**17.9**	**10.9**
Items affecting comparability* within Capital employed, LTM	-466	-109
Capital employed (LTM Average) excl. items affecting comparability*	**32,582**	**33,721**
Operating income excl. items affecting comparability*, LTM	5,684	4,484
Return on capital employed excl. items affecting comparability*, %	**17.4**	**13.3**

* 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, 2020	**17,281**	**2**	**17,283**
Share-based payment	17	-	17
Dividend	-1,288	-	-1,288
Total comprehensive income	1,050	1	1,051
Closing balance December 31, 2020	**17,059**	**3**	**17,062**
Opening balance January 1, 2021	**17,059**	**3**	**17,062**
Share-based payment	194	-	194
Hedge for LTI-programs	-335	-	-335
Dividend	-1,375	-2	-1,377
Total comprehensive income	6,089	0	6,090
Acquisition of non-controlling interest	-	12	12
Closing balance December 31, 2021	**21,633**	**14**	**21,646**

Fair value of financial instruments

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

	Dec 31 2021		Dec 31 2020	
SEKm	**Carrying value**	**Fair value**	Carrying value	Fair value
Non-current borrowings				
Loans	3,772	3,806	6,683	6,755

Net sales and income by quarter

	2021				2020			
Group, SEKm	**Q4**	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	**8,234**	10,180	14,614	14,030	6,683	9,570	13,482	12,208
Net sales, LTM*	**47,059**	45,507	44,897	43,764	41,943	41,667	40,526	40,834
Operating income	**-132**	926	2,659	2,293	-944	997	2,191	1,424
Operating margin, %	***-1.6***	*9.1*	*18.2*	*16.3*	*-14.1*	*10.4*	*16.3*	*11.7*
*Operating income excl. IAC**	**-180**	926	2,645	2,293	-129	997	2,191	1,424
Operating margin excl. IAC, %*	***-2.2***	*9.1*	*18.1*	*16.3*	*-1.9*	*10.4*	*16.3*	*11.7*
Operating income, LTM*	**5,746**	4,934	5,005	4,538	3,669	4,119	3,536	3,470
Operating margin, LTM, %*	***12.2***	*10.8*	*11.1*	*10.4*	*8.7*	*9.9*	*8.7*	*8.5*
Operating income, LTM excl. IAC*	**5,684**	5,734	5,806	5,353	4,484	4,302	3,719	3,653
Operating margin, LTM excl. IAC, %*	***12.1***	*12.6*	*12.9*	*12.2*	*10.7*	*10.3*	*9.2*	*8.9*
Net income for the period	**146**	631	2,001	1,659	-718	653	1,567	992
Husqvarna Forest & Garden Division, SEKm	**Q4**	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	**5,231**	6,331	8,836	8,820	4,496	6,069	8,042	8,001
Net sales, LTM*	**29,217**	28,483	28,220	27,427	26,607	26,219	25,355	26,001
Operating income	**70**	558	1,534	1,537	-614	543	1,078	972
Operating margin, %	***1.3***	*8.8*	*17.4*	*17.4*	*-13.6*	*8.9*	*13.4*	*12.2*
Operating income excl. IAC*	**70**	558	1,536	1,537	89	543	1,078	972
Operating margin excl. IAC, %*	***1.3***	*8.8*	*17.4*	*17.4*	*2.0*	*8.9*	*13.4*	*12.2*
Operating income, LTM	**3,699**	3,015	3,000	2,544	1,979	2,368	1,907	2,046
Operating margin, LTM, %*	***12.7***	*10.6*	*10.6*	*9.3*	*7.4*	*9.0*	*7.5*	*7.9*
Operating income, LTM excl. IAC*	**3,701**	3,720	3,705	3,247	2,682	2,493	2,032	2,171
Operating margin, LTM excl. IAC, %*	***12.7***	*13.1*	*13.1*	*11.8*	*10.1*	*9.5*	*8.0*	*8.3*
Gardena Division, SEKm	**Q4**	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	**1,148**	2,031	3,851	3,506	761	1,948	4,011	2,708
Net sales, LTM*	**10,537**	10,150	10,067	10,226	9,427	9,377	9,058	8,421
Operating income	**-277**	196	979	654	-294	274	1,054	398
Operating margin, %	***-24.1***	*9.6*	*25.4*	*18.7*	*-38.7*	*14.1*	*26.3*	*14.7*
Operating income excl. IAC*	**-290**	196	969	654	-294	274	1,054	398
Operating margin excl. IAC, %*	***-25.3***	*9.6*	*25.2*	*18.7*	*-38.7*	*14.1*	*26.3*	*14.7*
Operating income, LTM	**1,552**	1,534	1,613	1,688	1,432	1,378	1,223	872
Operating margin, LTM, %*	***14.7***	*15.1*	*16.0*	*16.5*	*15.2*	*14.7*	*13.5*	*10.4*
Operating income, LTM excl. IAC*	**1,529**	1,524	1,603	1,688	1,432	1,378	1,224	873
Operating margin, LTM excl. IAC, %*	***14.5***	*15.0*	*15.9*	*16.5*	*15.2*	*14.7*	*13.5*	*10.4*
Husqvarna Construction Division, SEKm	**Q4**	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	**1,830**	1,795	1,904	1,680	1,403	1,541	1,413	1,487
Net sales, LTM*	**7,210**	6,782	6,528	6,037	5,844	5,992	6,026	6,333
Operating income	**144**	231	260	205	33	236	140	132
Operating margin, %	***7.9***	*12.9*	*13.7*	*12.2*	*2.3*	*15.3*	*9.9*	*8.9*
Operating income excl. IAC*	**144**	231	260	205	125	236	140	132
Operating margin excl. IAC, %*	***7.9***	*12.9*	*13.7*	*12.2*	*8.9*	*15.3*	*9.9*	*8.9*
Operating income, LTM	**840**	729	734	613	541	614	608	734
Operating margin, LTM, %*	***11.7***	*10.7*	*11.2*	*10.2*	*9.3*	*10.2*	*10.1*	*11.6*
Operating income, LTM excl. IAC*	**840**	821	826	705	633	670	664	791
Operating margin, LTM excl. IAC, %*	***11.7***	*12.1*	*12.7*	*11.7*	*10.8*	*11.2*	*11.0*	*12.5*
Group Common, SEKm	**Q4**	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	**26**	23	22	24	23	12	15	13
Operating income	**-69**	-59	-114	-103	-69	-55	-80	-78
Operating income excl. IAC*	**-104**	-59	-120	-103	-49	-55	-80	-78

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

*Alternative Performance Measure, refer to "Definitions".

Items affecting comparability

SEKm	**Q4 2021**	Q4 2020	**Jan-Dec 2021**	Jan-Dec 2020
Impairment of non-current assets[1]	4	-303	-3	-303
Write-down of inventory[1]	1	-98	1	-98
Other restructuring costs[1]	8	-414	-15	-414
Sale of business	-	-	44	-
Insurance refund	35	-	35	-
Total items affecting comparability	**48**	**-815**	**62**	**-815**

[1] For the fourth quarter the impairment of non-current assets, write down of inventory and other restructuring costs totalling SEK 13m refer to reversals of previous provisions.

Classification in the income statement

SEKm	**Q4 2021**	Q4 2020	**Jan-Dec 2021**	Jan-Dec 2020
Cost of goods sold	13	-521	-18	-521
Selling expenses	0	-82	0	-82
Administrative expenses	0	-212	1	-212
Other operating income/expense	35	0	79	0
Total items affecting comparability	**48**	**-815**	**62**	**-815**

Net assets by segment [1]

	Assets		**Liabilities**		**Net Assets**	
SEKm	**Dec 31 2021**	Dec 31 2020	**Dec 31 2021**	Dec 31 2020	**Dec 31 2021**	Dec 31 2020
Husqvarna	20,422	18,155	6,765	5,727	13,657	12,427
Gardena	17,395	9,229	3,655	2,579	13,740	6,650
Construction	7,994	6,874	1,713	1,266	6,281	5,608
Other [2]	1,771	1,679	4,179	2,809	-2,408	-1,130
Total	**47,581**	**35,937**	**16,312**	**12,382**	**31,270**	**23,555**

[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	Q4 2021	Q4 2020	Jan-Dec 2021	Jan-Dec 2020
Net sales	4,214	4,054	21,335	18,341
Cost of goods sold	-2,922	-2,590	-14,623	-13,034
Gross income	**1,292**	**1,463**	**6,712**	**5,307**
Selling expense	-442	-348	-1,702	-1,439
Administrative expense	-587	-435	-1,744	-1,308
Other operating income/expense	1	-	1	-
Operating income	**264**	**680**	**3,267**	**2,560**
Financial items, net	1,989	876	1,552	1,235
Income after financial items	**2,253**	**1,557**	**4,818**	**3,795**
Appropriations	-779	-445	-842	-506
Income before taxes	**1,474**	**1,112**	**3,976**	**3,290**
Tax on profit for the year	151	-243	-280	-647
Income for the period	**1,625**	**869**	**3,697**	**2,643**

Condensed balance sheet

SEKm	Dec 31 2021	Dec 31 2020
Non-current assets	39,079	38,099
Current assets	17,361	14,476
Total assets	**56,441**	**52,575**
Equity	33,318	31,211
Untaxed reserves	1,275	794
Provisions	139	89
Non-current liabilities	3,627	6,606
Current liabilities	18,082	13,875
Total equity and liabilities	**56,441**	**52,575**

Number of shares

	Outstanding A-shares	Outstanding B-shares	Repurchased B-shares [1]	Total
Number of shares as of December 31, 2020	**111,690,460**	**460,887,468**	**3,765,850**	**576,343,778**
Conversion of A-shares into B-shares	*-601,470*	*601,470*	-	-
Shares allocated to 2018 LTI-program	-	*344,521*	*-344,521*	-
Hedge for LTI-programs	-	*-2,500,000*	*2,500,000*	-
Number of shares as of December 31, 2021	**111,088,990**	**459,333,459**	**5,921,329**	**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.

Growth measures

Net sales growth

Change in net sales compared to previous period in percent.

Organic growth

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

Profitability measures

EBITDA

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

EBITDA margin

EBITDA as a percentage of net sales.

Gross margin

Gross income as a percentage of net sales.

Last twelve months (LTM)

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

Operating margin

Operating income as a percentage of net sales.

Return on capital employed

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

Return on equity

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

Share-based measures

Earnings per share, after dilution

Net income attributable to equity holders of the Parent Company divided by the weighted average number of shares outstanding (net of treasury shares), after dilution. See further IAS 33 Earnings per share.

Equity per share, after dilution

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

Capital indicators

Capital employed

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

Capital expenditure

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

Interest bearing liabilities

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

Liquid funds

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

Net assets

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

Net debt
Net debt describes the Group's gearing and its ability to repay its debts from cash generated from the Group´s ordinary business (see operating cash flow below), if they were all due today. It 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.

Capital measures

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

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

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

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

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

Other measures

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

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

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



Telephone Conference

A conference call, hosted by Henric Andersson, President & CEO, and Glen Instone, CFO, will be held at 10:00 CET on February 3, 2022.

To participate, please dial +46 (0) 8 505 583 58 (Sweden) or +44 333 300 9270 (UK) ten minutes prior to the start of the conference. Conference ID: Husqvarna.

The conference call is also available through https://husqvarna-group.creo.se/220203. A replay will be available later the same day.

Dates for Financial Reports 2022

April 21	Interim report for January-March
July 15	Interim report for January-June
October 21	Interim report for January-September

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This report contains insider information that Husqvarna AB is required to disclose under the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the contact person set out above, at 07.30 CET on February 3, 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.