

A quarter marked by continued supply chain constraints

Second quarter 2022

- Net sales increased by 8% to SEK 15,792m (14,614). The organic growth was -7%, changes in exchange rates contributed with 8% and acquisitions with 8% (growth numbers are rounded).
- Operating income was SEK 2,065m (2,659) and the operating margin was 13.1% (18.2). Excluding items affecting comparability, operating income was SEK 2,075m (2,645) and the operating margin was 13.1% (18.1).
- Items affecting comparability amounted to SEK -10m (14), and related to restructuring costs in Russia, see page 19.
- Earnings per share before dilution amounted to SEK 2.48 (3.49) and earnings per share after dilution amounted to SEK 2.47 (3.48).
- Cash flow from operations and investments was SEK 699m (3,174), the decrease was mainly related to lower operating profit and higher inventories. Direct operating cash flow was SEK 1,803m (2,875).
- Operating working capital / net sales amounted to 25.7% (21.1).
- Husqvarna Group acquired Heger, a leading company specialized in professional diamond tools for the European construction market.

January – June 2022

- Net sales increased by 10% to SEK 31,477m (28,644). The organic growth was -5%, changes in exchange rates contributed with 7% and acquisitions with 8%.
- Operating income was SEK 4,224m (4,952) and the operating margin was 13.4% (17.3). Excluding items affecting comparability, operating income was SEK 4,265m (4,938) and the operating margin was 13.5% (17.2).
- Items affecting comparability amounted to a net of SEK -41m (14), see page 19.
- Earnings per share before dilution amounted to SEK 5.35 (6.39) and earnings per share after dilution amounted to SEK 5.34 (6.37).
- Cash flow from operations and investments was SEK -520m (4,723). Direct operating cash flow was SEK 351m (3,018).

Financial summary

Group, SEKm	Q2 2022	Q2 2021	Δ%	Jan-Jun 2022	Jan-Jun 2021	Δ%	LTM*	Full year 2021
Net sales	15,792	14,614	8	31,477	28,644	10	49,892	47,059
<i>Organic growth*</i> , %	-7	14		-5	19		1	15
Operating income (EBIT)	2,065	2,659	-22	4,224	4,952	-15	5,018	5,746
<i>Operating margin</i> , %	13.1	18.2		13.4	17.3		10.1	12.2
Operating income excl. items affecting comparability*	2,075	2,645	-22	4,265	4,938	-14	5,011	5,684
<i>Operating margin excl. items affecting comparability*</i> , %	13.1	18.1		13.5	17.2		10.0	12.1
Income after financial items	1,978	2,597	-24	4,076	4,829	-16	4,741	5,494
Net income for the period	1,417	2,001	-29	3,055	3,660	-17	3,832	4,437
Earnings per share before dilution, SEK	2.48	3.49	-29	5.35	6.39	-16	6.72	7.76
Earnings per share after dilution, SEK	2.47	3.48	-29	5.34	6.37	-16	6.70	7.73
Direct operating cash flow*	1,803	2,875	-37	351	3,018	-88	984	3,651
Operating working capital / net sales*, %	25.7	21.1		25.7	21.1		25.7	21.8

*Alternative Performance Measure, refer to "Definitions".

A quarter marked by continued supply chain constraints

“The overall demand for Husqvarna Group’s products and services was good during the second quarter. Sales of professional products in the Husqvarna Forest & Garden Division, as well as sales in the Husqvarna Construction Division were good. For ride-on mowers, the supply chain situation improved during the quarter and sales grew strongly. However, for robotic mowers to the residential market, supply chain constraints were exacerbated due to the COVID-related lockdowns in China. This affected our ability to meet customers’ demand and sales decreased significantly. Organic growth for the Group was -7% (14) and the equivalent growth excluding robotic mowers was -1% for the second quarter.

Organic growth amounted to -8% for the Husqvarna Forest & Garden Division and -10% for the Gardena Division in the second quarter. Sales for both divisions were adversely affected by the supply situation in robotics. In the Gardena Division, sales of watering products declined as a result of a delayed season start due to cold weather in combination with our retail partners in the European core markets started the year with relatively high inventory levels. The Husqvarna Construction Division achieved organic growth of 2%, in part driven by strong sales of power cutters.

Operating profit for the second quarter amounted to SEK 2,075m (2,645), excluding items affecting comparability. Price increases continued to offset increased costs for raw materials and logistics, while lower volumes impacted the result. The product mix was unfavorable with lower volumes of robotic mowers and watering solutions and higher volumes of ride-on mowers.

Direct operating cash flow amounted to SEK 1,803m (2,875) for the second quarter. The decline was related to lower operating profit as well as higher inventories of components in general, semi-finished products and goods in transit, all stemming from the unpredictable component supply environment. Our ambition is to reduce the inventory levels for the remainder of the year. Although, this will also be dependent on how the supply chain situation develops.

Focus on sustainable value creation

Our vibrant brands are well positioned in attractive segments and our unique innovation capability enables

us to create value and deliver on our Sustainable targets. Examples of progress on our sustainable value creation strategy are the strong growth of robotic mowers in the professional segment including the successful launch of CEORA™, the robotic mower that provides cost-efficient commercial turf care management. The Husqvarna Forest & Garden Division has also joined the Power for All Alliance we co-founded with Bosch, for consumer 18V battery-powered products, to complement its 36V offering. In the Husqvarna Construction Division, we have launched new ranges of dust extractors, both delivering improved construction site environments as well as a significant improvement in energy efficiency for our end-customers. We are delivering on our CO₂ emission reduction target, achieving a reduction across the value chain (scope 1, 2 and 3) of -30% compared with our 2025 target of -35%. This is despite an unfavorable product mix during the quarter.

In summary, the quarter was marked by continued disturbances in the supply chain. We are doing our utmost to support our customers for the remainder of the season, however the global supply chain situation is still fluid and unpredictable. We have a dedicated and flexible organization that, in parallel with the implementation of short-term measures, is executing on our strategy and our long-term value creation.”



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%	10.0%*
Capital efficiency**	20%	25.7%

*Excluding items affecting comparability

**Operating working capital / net sales, rolling 12-months

Second quarter

Net sales

Net sales for the second quarter increased by 8% to SEK 15,792m (14,614). Organic sales growth was -7%, changes in exchange rates contributed with 8% and acquisitions, mainly Orbit Irrigation, with 8%. Sales growth was good for the professional segment such as handheld products, robotic mowers and construction products as well as ride-on mowers. Sales of robotic mowers for the residential segment were materially lower than last year, due to constraints in the supply chain and sales of watering products in European core markets were lower, due to a late start of the season. Performance for Orbit Irrigation was good.

Operating income

Operating income for the second quarter amounted to SEK 2,065m (2,659) and the operating margin was 13.1% (18.2). Excluding items affecting comparability, operating income amounted to SEK 2,075m (2,645) and the operating margin was 13.1% (18.1). Price increases compensated for higher raw material and logistic costs, while lower volumes, especially for robotic mowers, had a negative impact. Unfavorable product mix and dilution from the acquired Orbit Irrigation had a negative impact on the operating margin. Acquisition related amortizations amounted to SEK 54m (24) in the second quarter. Changes in exchange rates had a positive contribution of approximately SEK 260m compared to last year, mainly related to a weakened SEK.

Financial items net

Financial items net amounted to SEK -87m (-62).

Income after financial items

Income after financial items amounted to SEK 1,978m (2,597).

Taxes

Income tax amounted to SEK -561m (-596), corresponding to an effective tax rate of 28.4% (22.9). Income tax was impacted by a non-recurring tax item related to the integration of Orbit Irrigation.

Earnings per share

Net income for the period attributable to equity holders of the Parent Company amounted to SEK 1,417m (2,000), corresponding to SEK 2.47 (3.48) per share after dilution.

January - June

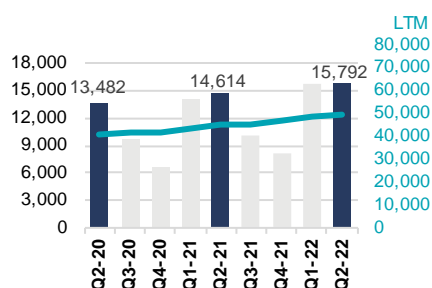
Net sales

Net sales for the period increased by 10% to SEK 31,477m (28,644). Organic sales growth was -5%, changes in exchange rates contributed with 7% and acquisitions, mainly Orbit Irrigation, with 8%. Sales growth was good for the professional segment such as handheld products, robotic mowers and construction products, while sales of robotic mowers for the residential segment were materially lower than last year due to constraints in the supply chain.

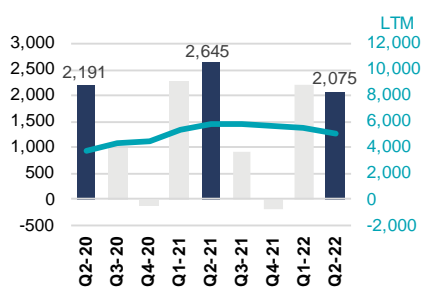
Operating income

Operating income for the period amounted to SEK 4,224m (4,952) and the operating margin was 13.4% (17.3). Excluding items affecting comparability, operating income amounted to SEK 4,265m (4,938) and the operating margin was 13.5% (17.2). Price increases compensated for higher raw material and logistic costs, while lower volumes, especially for robotic mowers, had a negative impact. Unfavorable product mix and dilution from the acquired Orbit Irrigation had a negative impact on the operating margin.

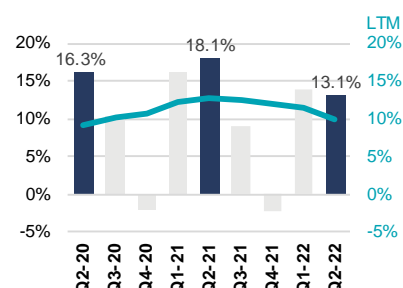
Net sales, SEKm



Operating income excl. IAC, SEKm



Operating margin excl. IAC



Acquisition related amortizations amounted to SEK 103m (42) during the period. Changes in exchange rates had a positive contribution of approximately SEK 390m compared to last year, mainly related to a weakened SEK.

Financial items net

Financial items net amounted to SEK -148m (-123).

Income after financial items

Income after financial items amounted to SEK 4,076m (4,829).

Taxes

Income tax amounted to SEK -1,021m (-1,169), corresponding to an effective tax rate of 25.0% (24.2).

Earnings per share

Net income for the period attributable to equity holders of the Parent Company amounted to SEK 3,054m (3,658), corresponding to SEK 5.34 (6.37) per share after dilution.

Cash flow

Cash flow from operations and investments for January – June amounted to SEK -520m (4,723). Direct operating cash flow was SEK 351m (3,018). 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 quarter was affected by high 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 June 30, 2022, excluding non-controlling interests, increased to SEK 25,021m (20,180), corresponding to SEK 43.7 (35.1) per share after dilution. Net debt increased to SEK 12,501m (3,354). The increase was mainly related to the acquisition of Orbit Irrigation. The net pension liability decreased to SEK 1,258m (2,046). Other interest-bearing liabilities increased to SEK 13,753m (8,763) and liquid funds and other interest-bearing assets decreased to SEK 3,651m (8,371).

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 CO₂ target.

The net debt/EBITDA ratio, excluding items affecting comparability, increased to 1.1 (0.7). The equity/assets ratio was 42% (42).

Financial summary

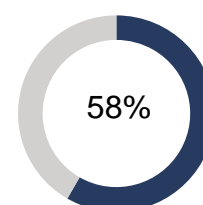
SEKm	Q2 2022	Q2 2021	Δ%	Jan-Jun 2022	Jan-Jun 2021	Δ%	LTM*	Full year 2021
Net sales	8 826	8 836	-0	17 528	17 656	-1	29 089	29 217
Organic growth*, %	-8	18		-8	20		-1	15
Operating income	1 107	1 534	-28	2 499	3 071	-19	3 127	3 699
Operating margin, %	12,5	17,4		14,3	17,4		10,8	12,7
Operating income excl. items affecting comparability*	1 113	1 536	-28	2 396	3 073	-22	3 024	3 701
Operating margin excl. items affecting comparability*, %	12,6	17,4		13,7	17,4		10,4	12,7

* Alternative Performance Measure, refer to "Definitions".

Second quarter 2022

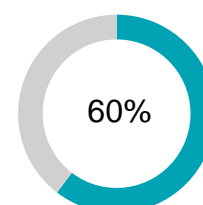
Net sales growth was flat and net sales amounted to SEK 8,826m (8,836) during the quarter. The organic sales growth was -8% and currency effects contributed with 9%. Sales growth was good for the professional segment including handheld products and robotic mowers as well as for ride-on mowers, while sales of robotic mowers for the residential market were materially lower than last year due to supply chain constraints. The professional segment for robotic mowers achieved strong growth and installations of CEORA™ continued successfully during the quarter. The division joined the Power for All Alliance, which has been formed together with Bosch. A new Husqvarna product range for the residential market will be launched next year, which will be compatible with the 18V Power for All battery system. The Husqvarna Forest & Garden Division's 36V battery system will continue to be developed internally.

Share of Group net sales, LTM



Operating income amounted to SEK 1,107m (1,534) and the operating margin was 12.5% (17.4). Excluding items affecting comparability, operating income amounted to SEK 1,113m (1,536) and the operating margin was 12.6% (17.4). The operating income was positively affected by price increases, while negatively impacted by an unfavorable product mix, increased raw material and logistics costs and lower factory utilization. Changes in exchange rates had a positive contribution of approximately SEK 90m.

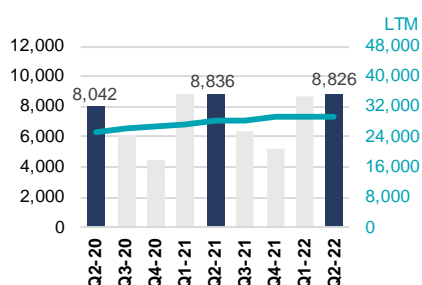
Share of Group operating income excl. IAC, LTM



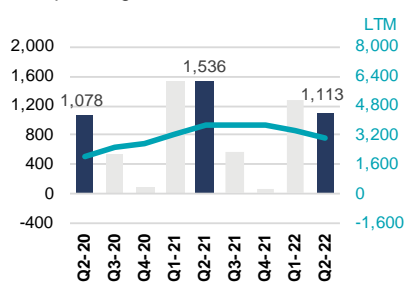
January - June 2022

Net sales decreased by 1% to SEK 17,528m (17,656). The organic sales growth was -8% and currency effects contributed with 7%. The decrease was mainly related to a material decline in sales of robotic mowers to the residential market. Operating income amounted to SEK 2,499m (3,071) and the operating margin was 14.3% (17.4). Excluding items affecting comparability, operating income amounted to SEK 2,396m (3,073) and the operating margin was 13.7% (17.4). The operating income was positively affected by price increases, while negatively impacted by an unfavorable product mix, mainly robotic mowers, increased raw material and logistics costs and lower factory utilization. Changes in exchange rates had a positive contribution of approximately SEK 140m.

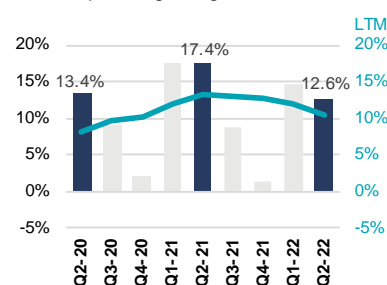
Net sales, SEKm



Operating income excl. IAC, SEKm



Operating margin excl. IAC



Financial summary

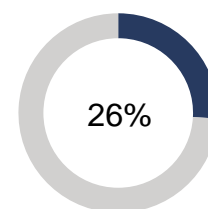
SEKm	Q2 2022	Q2 2021	Δ%	Jan-Jun 2022	Jan-Jun 2021	Δ%	LTM*	Full year 2021
Net sales	4,775	3,851	24	9,735	7,358	32	12,915	10,537
Organic growth*, %	-10	0		-3	15		2	14
Operating income	773	979	-21	1,479	1,633	-9	1,398	1,552
Operating margin, %	16.2	25.4		15.2	22.2		10.8	14.7
Operating income excl. items affecting comparability*	776	969	-20	1,529	1,623	-6	1,434	1,529
Operating margin excl. items affecting comparability*, %	16.3	25.2		15.7	22.1		11.1	14.5

* Alternative Performance Measure, refer to "Definitions".

Second quarter 2022

Net sales increased by 24% to SEK 4,775m (3,851). Organic growth was -10%, currency effects contributed with 5% and the acquisition of Orbit Irrigation with 29%. Volumes for robotic mowers declined materially due to supply chain constraints. Sales of watering products declined as a result of a delayed season start due to cold weather in the beginning of the season. This was combined with our retail partners in the European core markets started the year with relatively high inventory levels, following the extreme weather with heavy rainfall and flooding during the gardening season last year.

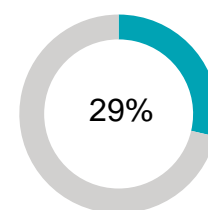
Share of Group net sales, LTM



The acquired Orbit Irrigation achieved good performance in the quarter. Orbit contributed to net sales of SEK 1,130m and an operating income of SEK 111m, including acquisition related amortizations of SEK 28m.

Operating income was SEK 773m (979) and the operating margin was 16.2% (25.4). Excluding items affecting comparability, operating income amounted to SEK 776m (969) and the operating margin was 16.3% (25.2). Contribution from price increases have offset negative effects from higher raw material and logistics costs, while lower volumes, primarily in robotic mowers, had a negative impact on the result. Changes in exchange rates had a positive contribution of approximately SEK 115m in the second quarter.

Share of Group operating income excl. IAC, LTM

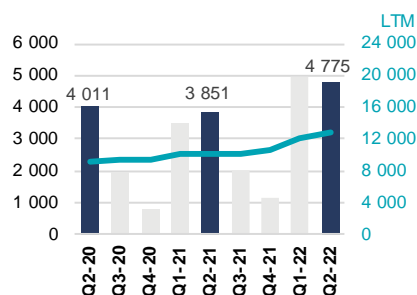


January - June 2022

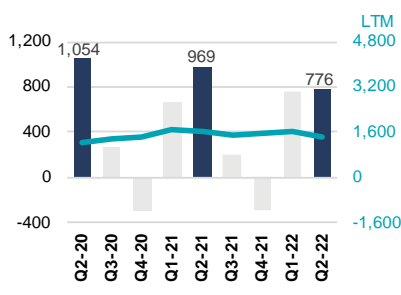
Net sales increased by 32% to SEK 9,735m (7,358). Organic growth was -3%, currency effects contributed with 4% and the acquisition of Orbit Irrigation with 31%. Volumes for robotic mowers declined materially due to supply chain constraints. Sales of the new Gardena EcoLine range were strong during the period.

Operating income was SEK 1,479m (1,633) and the operating margin was 15.2% (22.2). Excluding items affecting comparability, operating income amounted to SEK 1,529m (1,623) and the operating margin was 15.7% (22.1). Contributions from price increases have offset negative effects from higher raw material and logistics costs, while lower volumes had a negative impact on earnings. Orbit had a dilution effect of 1.9 percentage points on operating income in the first half of the year compared to last year. Changes in exchange rates had a positive contribution of approximately SEK 155m for the first half of the year.

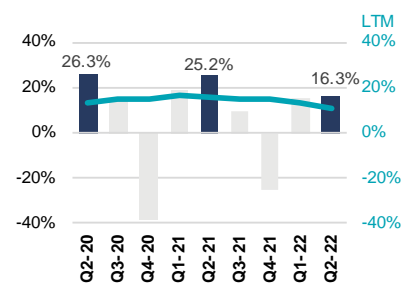
Net sales, SEKm



Operating income excl. IAC, SEKm



Operating margin excl. IAC



Financial summary

SEKm	Q2 2022	Q2 2021	Δ%	Jan-Jun 2022	Jan-Jun 2021	Δ%	LTM*	Full year 2021
Net sales	2,157	1,904	13	4,138	3,584	15	7,763	7,210
<i>Organic growth*</i> , %	2	31		6	23		9	18
Operating income	299	260	15	451	465	-3	826	840
<i>Operating margin</i> , %	13.9	13.7		10.9	13.0		10.6	11.7
Operating income excl. items affecting comparability*	300	260	15	545	465	17	920	840
<i>Operating margin excl. items affecting comparability*</i> , %	13.9	13.7		13.2	13.0		11.9	11.7

* Alternative Performance Measure, refer to "Definitions".

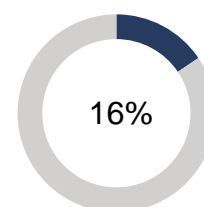
Second quarter 2022

Net sales increased by 13% to SEK 2,157m (1,904). Organic sales growth was 2%, changes in exchange rates contributed with 10% and acquisitions with 1%. The sales of power cutters were strong and the recently launched K 1 PACE battery power cutter was introduced around the world with a good reception. In addition, a new product range of dust extractors has been launched in the market during the quarter.

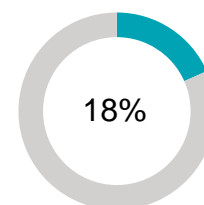
Operating income reached a record level and amounted to SEK 299m (260) and the operating margin was 13.9% (13.7). Excluding items affecting comparability, operating income amounted to SEK 300m (260) and the operating margin was 13.9% (13.7). Price increases compensated for higher raw material and logistics costs. Changes in exchange rates had a positive contribution of approximately SEK 55m.

During the quarter, 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.

Share of Group net sales, LTM



Share of Group operating income excl. IAC, LTM

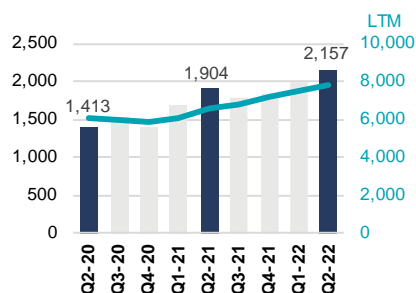


January - June 2022

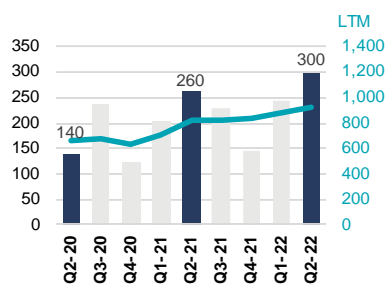
Net sales increased by 15% to SEK 4,138m (3,584). Organic sales growth was 6% and changes in exchange rates contributed with 9%. The division achieved good growth in most key regions and the performance was particularly strong for power cutters. Operating income amounted to SEK 451m (465) and the operating margin was 10.9% (13.0).

Excluding items affecting comparability, operating income amounted to SEK 545m (465) and the operating margin was 13.2% (13.0). Price increases compensated for higher raw material and logistics costs. Changes in exchange rates had a positive contribution of approximately SEK 95m.

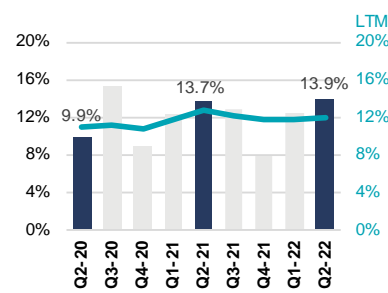
Net sales, SEKm



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 CO₂ emissions across the value chain has been reduced by -30%.
- One new approved circular innovation.
- Progress on delivery on people target.

Carbon – drive the transition to low-carbon solutions

As of Q2 2022 (LTM and compared to 2015 baseline), we have reduced our absolute CO₂ emissions from the value chain (suppliers, own operations, transportation and product use) by -30%. This implies a relative flat development compared to Q1 2022.

The Group's strategy is to further increase the share of electrified products in its offering. This is the main contributor to a continued CO₂ reduction. The Group remain committed to the target to reduce CO₂ 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.

In the second quarter, one circular innovation was approved. This innovation relates to the use of recycled plastics in Gardena's 25 mm pipeline for watering, where the selection of suppliers have been made to aim for a high degree of postconsumer plastic and to reduce transport distances.

In addition, five circular innovation nominees were reviewed in Q2:

The Husqvarna Construction Division nominated a systematic approach on assessment and refurbishment of used larger machines ensuring a second life for these machines.

The Husqvarna Forest & Garden Division has one innovation prospect targeting to substantially prolong the lifetime of a significant component and one prospect called Tools as a service where garden tools are shared between facility managers and private residentials in a smaller Proof of Concept in Sweden.

Finally the Gardena Division nominated two innovations in the area of recycled materials.

With this we are continuing the journey towards 50 circular innovations, with five innovations approved and additional sixteen nominees in the pipeline.

People – inspire actions that make a lasting difference

During the second quarter, the Group has continued the roll-out of the all-employee sustainability training program. Additional language versions of the training have been developed in order to adopt the training globally.

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.

With 545,000 Sustainable Choices sold during the second quarter 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 second quarter 1,260 shares were converted. The total number of shares in the company at June 30, 2022 amounted to 576,343,778 of which 110,108,389 were A-shares and 466,235,389 were B-shares. The total number of votes amounted to 156,731,927.9.

Parent Company

Net sales for January – June 2022 for the Parent Company, Husqvarna AB (publ), amounted to SEK 12,795 (12,580), of which SEK 9,863m (9,588) referred to sales to Group companies and SEK 2,932m (2,992) to external customers. Income after financial items decreased to SEK 1,524m (2,088). Income for the period decreased to SEK 417m (1,264). Investments in property, plant and equipment and intangible assets amounted to SEK 2,652m (439). The increase was mainly related to transfer of assets for the integration of Orbit Irrigation. Cash and cash equivalents amounted to SEK 230m (5,787) at the end of the quarter. Undistributed earnings in the Parent Company amounted to SEK 30,008m (28,874).

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. The Group has decided to stop all investments in and exports into Russia. During the first half of 2022, restructuring costs and write-downs of SEK 129m 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.

Acquisition of Heger

In April 2022, Husqvarna Group acquired 100 % of the shares in Heger, including two legal entities. 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 June 2022 the company has contributed to the Group with SEK 14m in net sales and a result of SEK -2m.

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.

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.

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

Stockholm, July 14, 2022

Tom Johnstone
Chairman of the Board

Ingrid Bonde
Board member

Katarina Martinson
Board member

Bertrand Neuschwander
Board member

Daniel Nodhäll
Board member

Lars Pettersson
Board member

Christine Robins
Board member

Henric Andersson
President and CEO
and Board member

Dan Byström
Board member and
employee representative

Tina Helmke Hallberg
Board member and
employee representative

Auditors' review report

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

Introduction

We have reviewed the condensed interim financial information (interim report) of Husqvarna AB (publ) as of 30 June 2022 and the six-month period then ended. The Board of Directors and the President & CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

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

Conclusion

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

Stockholm July 14, 2022

KPMG AB

Joakim Thilstedt
Authorized Public Accountant

Condensed consolidated income statement

SEKm	Q2 2022	Q2 2021	Jan-Jun 2022	Jan-Jun 2021	LTM*	Full year 2021
Net sales	15,792	14,614	31,477	28,644	49,892	47,059
Cost of goods sold	-10,580	-9,234	-21,286	-18,364	-34,468	-31,546
Gross income	5,212	5,380	10,191	10,280	15,424	15,513
<i>Gross margin, %</i>	33.0	36.8	32.4	35.9	30.9	33.0
Selling expenses	-2,344	-2,025	-4,545	-3,902	-7,795	-7,152
Administrative expenses	-815	-746	-1,616	-1,480	-2,840	-2,704
Other operating income/expense	11	50	194	54	229	89
Operating income	2,065	2,659	4,224	4,952	5,018	5,746
<i>Operating margin, %</i>	13.1	18.2	13.4	17.3	10.1	12.2
Financial items, net	-87	-62	-148	-123	-276	-252
Income after financial items	1,978	2,597	4,076	4,829	4,741	5,494
<i>Margin, %</i>	12.5	17.8	12.9	16.9	9.5	11.7
Income tax	-561	-596	-1,021	-1,169	-908	-1,057
Net income for the period	1,417	2,001	3,055	3,660	3,833	4,437
Net income for the period attributable to:						
Equity holders of the Parent Company	1,417	2,000	3,054	3,658	3,833	4,437
Non-controlling interest	1	1	1	2	-1	0
Earnings per share:						
Before dilution, SEK	2.48	3.49	5.35	6.39	6.72	7.76
After dilution, SEK	2.47	3.48	5.34	6.37	6.70	7.73
Weighted average number of shares outstanding:						
Before dilution, millions	570.4	572.8	570.4	572.8	571.4	571.5
After dilution, millions	572.5	574.2	572.5	574.1	573.6	574.1

Condensed consolidated comprehensive income statement

SEKm	Q2 2022	Q2 2021	Jan-Jun 2022	Jan-Jun 2021	LTM*	Full year 2021
Net income for the period	1,417	2,001	3,055	3,660	3,833	4,437
Other comprehensive income						
<i>Items that will not be reclassified to the income statement:</i>						
Remeasurements on defined benefit pension plans, net of tax	504	110	480	385	769	674
Total items that will not be reclassified to the income statement, net of tax	504	110	480	385	769	674
<i>Items that may be reclassified to the income statement:</i>						
Translation differences	1,908	-359	2,472	685	3,419	1,632
Net investment hedge, net of tax	-690	194	-867	-285	-1,217	-634
Cash flow hedges, net of tax	44	28	32	-49	62	-19
Total items that may be reclassified to the income statement, net of tax	1,262	-137	1,637	351	2,265	979
Other comprehensive income, net of tax	1,766	-27	2,117	736	3,033	1,653
Total comprehensive income for the period	3,183	1,974	5,172	4,396	6,866	6,090
Total comprehensive income attributable to:						
Equity holders of the Parent Company	3,182	1,973	5,171	4,394	6,867	6,089
Non-controlling interest	1	1	1	2	-1	0

Alternative Performance Measure, refer to "Definitions"

Condensed consolidated balance sheet

SEKm	Jun 30 2022	Jun 30 2021	Dec 31 2021
Assets			
Property, plant and equipment	7,668	6,408	7,309
Right of use assets	1,786	1,425	1,814
Goodwill	10,090	7,067	9,305
Other intangible assets	8,114	5,632	7,680
Investments in associated companies	24	56	36
Derivatives	47	1	-
Other non-current assets	1,061	633	892
Deferred tax assets	986	1,354	1,534
Total non-current assets	29,776	22,577	28,571
Inventories	16,455	9,458	14,030
Trade receivables	8,204	6,910	4,310
Derivatives	622	218	324
Current tax receivables	477	116	194
Other current assets	1,296	982	1,283
Cash and cash equivalents	2,558	7,780	2,208
Total current assets	29,611	25,464	22,349
Total assets	59,387	48,041	50,920
Equity and liabilities			
Equity attributable to equity holders of the Parent Company	25,021	20,180	21,633
Non-controlling interests	13	3	14
Total equity	25,034	20,183	21,646
Borrowings	3,933	4,525	3,772
Lease liabilities	1,312	1,178	1,362
Derivatives	73	55	19
Deferred tax liabilities	1,907	1,521	2,237
Provisions for pensions and other post-employment benefits	1,701	2,229	2,192
Other provisions	641	624	634
Total non-current liabilities	9,567	10,134	10,217
Trade payables	7,918	5,791	6,990
Current tax liabilities	1,289	1,765	1,636
Other liabilities	5,062	5,017	3,936
Dividend payable	1,141	916	-
Borrowings	6,914	2,296	4,442
Lease liabilities	539	385	487
Derivatives	980	324	686
Other provisions	942	1,230	878
Total current liabilities	24,787	17,724	19,056
Total equity and liabilities	59,387	48,041	50,920

Condensed consolidated cash flow statement

SEKm	Q2 2022	Q2 2021	Jan-Jun 2022	Jan-Jun 2021	Full year 2021
Cash flow from operations					
Operating income	2,065	2,659	4,224	4,952	5,746
Non cash items	433	672	1,094	1,528	2,312
<i>Cash items</i>					
Paid restructuring expenses	-29	-61	-72	-121	-192
Net financial items, received/paid	-29	-45	-86	-125	-180
Taxes paid	-451	-163	-1,465	-263	-198
Cash flow from operations, excluding change in operating assets and liabilities	1,988	3,061	3,695	5,971	7,487
Operating assets and liabilities					
Change in inventories	-372	377	-1,219	528	-2,695
Change in trade receivables	643	139	-3,469	-3,569	-528
Change in trade payables	-596	-404	549	886	1,476
Change in other operating assets/liabilities	-280	360	883	1,679	-76
Cash flow from operating assets and liabilities	-606	473	-3,256	-476	-1,824
Cash flow from operations	1,382	3,534	439	5,494	5,664
Investments					
Acquisitions of subsidiaries/operations	-52	-0	-85	-	-3,935
Divestments of subsidiaries/operations	-	73	-	73	73
Proceeds from sale of property, plant and equipment	-	8	212	8	8
Investments in property, plant and equipment and intangible assets	-567	-420	-993	-833	-2,524
Investments and divestments of financial assets	-64	-19	-93	-19	2
Cash flow from investments	-683	-359	-959	-772	-6,376
Cash flow from operations and investments	699	3,174	-520	4,723	-713
Financing					
Dividend paid to shareholders	-570	-458	-570	-458	-1,375
Dividend paid to non-controlling interests	-1	-	-1	-	-2
Other financing activities	-453	-2,973	1,172	-2,691	-1,980
Cash flow from financing	-1,025	-3,431	601	-3,149	-3,357
Total cash flow	-326	-257	81	1,574	-4,070
Cash and cash equivalents at the beginning of the period	2,659	8,067	2,208	6,151	6,151
Exchange rate differences referring to cash and cash equivalents	226	-30	270	55	126
Cash and cash equivalents at the end of the period	2,558	7,780	2,558	7,780	2,208
	Q2 2022	Q2 2021	Jan-Jun 2022	Jan-Jun 2021	Full year 2021
Operating cash flow, SEKm					
Cash flow from operations	1,382	3,534	439	5,494	5,664
Investments in property, plant and equipment and intangible assets	-567	-420	-993	-833	-2,524
Operating cash flow	816	3,113	-554	4,661	3,140
	Q2 2022	Q2 2021	Jan-Jun 2022	Jan-Jun 2021	Full year 2021
Direct operating cash flow, SEKm					
EBITDA excl. items affecting comparability	2,695	3,183	5,483	6,006	7,922
Change in inventories	-372	377	-1,219	528	-2,695
Change in trade receivables	643	139	-3,469	-3,569	-528
Change in trade payables	-596	-404	549	886	1,476
Investments in property, plant and equipment and intangible assets	-567	-420	-993	-833	-2,524
Direct operating cash flow	1,803	2,875	351	3,018	3,651

Key performance indicators

Income statement

	Q2 2022	Q2 2021	Jan-Jun 2022	Jan-Jun 2021	LTM*	Full year 2021
EBITDA*, SEKm						
Operating income	2,065	2,659	4,224	4,952	5,018	5,746
Reversal of depreciation, amortization and impairment	620	545	1,234	1,075	2,399	2,241
EBITDA*	2,685	3,204	5,457	6,028	7,417	7,987
Excl. items affecting comparability*	2,695	3,183	5,483	6,006	7,399	7,922
<i>EBITDA margin, %</i>	<i>17.0</i>	<i>21.9</i>	<i>17.3</i>	<i>21.0</i>	<i>14.9</i>	<i>17.0</i>
<i>Excl. items affecting comparability*, %</i>	<i>17.1</i>	<i>21.8</i>	<i>17.4</i>	<i>21.0</i>	<i>14.8</i>	<i>16.8</i>

Organic growth*

Net sales, Second 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	15,792	-1,147	14,645		14,645
2021	14,614		14,614	1,166	15,780
Growth	1,178		31		-1,135
Growth, %	8		0		-7

Net sales, January - June

SEKm	Reported Net sales	Acquisitions / divestments	Net sales adjusted for acquisitions / divestments	Currency translation effect	Net sales adjusted for acquisitions / divestments and changes in exchange rates
2022	31,477	-2,302	29,176		29,176
2021	28,644		28,644	1,928	30,572
Growth	2,833		531		-1,397
Growth, %	10		2		-5

*Alternative Performance Measure, refer to "Definitions".

Balance sheet

Key data	Jun 30 2022	Jun 30 2021	Dec 31 2021
Operating working capital, SEKm	16,741	10,577	11,350
<i>Operating working capital / net sales*</i> , %	25.7	21.1	21.8
<i>Return on capital employed</i> , %	14.0	15.4	17.9
<i>Excl. items affecting comparability*</i> , %	14.0	17.8	17.7
<i>Return on equity</i> , %	17.2	19.3	22.2
<i>Excl. items affecting comparability*</i> , %	17.2	22.5	21.9
Capital turn-over rate, times	1.6	1.9	1.9
<i>Equity/assets ratio</i> , %	42	42	42
Equity per share after dilution, SEK	43.7	35.1	37.7
Average number of employees	14,799	13,717	13,873

Net debt*, SEKm	Jun 30 2022	Jun 30 2021	Dec 31 2021
Net pension liability	1,258	2,046	1,777
Other interest-bearing liabilities	13,753	8,763	10,769
Dividend payable	1,141	916	-
Less: Liquid funds and other interest-bearing assets	-3,651	-8,371	-2,923
Net debt*	12,501	3,354	9,623
Net debt/equity ratio	0.50	0.17	0.44
Net debt/EBITDA excl. Items affecting comparability*	1.1	0.7	0.6

Return on capital employed*, SEKm	Jun 30 2022	Jun 30 2021	Dec 31 2021
Total equity and liabilities	59,387	48,041	50,920
Deduction; Non interest bearing liabilities:	-17,759	-15,949	-16,312
Deferred tax liabilities	-1,907	-1,521	-2,237
Other provisions	-1,583	-1,855	-1,512
Trade payables	-7,918	-5,791	-6,990
Current tax liabilities	-1,289	-1,765	-1,636
Other liabilities	-5,062	-5,017	-3,936
Capital employed*	41,628	32,091	34,608
Capital employed* (LTM Average)	35,743	32,566	32,116
Operating income, LTM	5,018	5,005	5,746
Return on capital employed*, %	14.0	15.4	17.9
Operating income excl. items affecting comparability*, LTM	5,011	5,806	5,684
Return on capital employed excl. items affecting comparability*, %	14.0	17.8	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	102	-	102
Dividend	-1,374	-2	-1,376
Total comprehensive income	4,394	2	4,396
Closing balance June 30, 2021	20,180	3	20,183
Opening balance January 1, 2022	21,633	14	21,646
Share-based payment	20	-	20
Hedge for LTI-programs	-92	-	-92
Dividend	-1,711	-	-1,711
Total comprehensive income	5,171	1	5,172
Dividend to non-controlling interest	-	-2	-2
Closing balance June 30, 2022	25,021	13	25,034

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			
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Group										
Net sales	15,792	15,685	8,234	10,180	14,614	14,030	6,683	9,570	13,482	12,208
Net sales, LTM*	49,892	48,714	47,059	45,507	44,897	43,764	41,943	41,667	40,526	40,834
Operating income	2,065	2,159	-132	926	2,659	2,293	-944	997	2,191	1,424
Operating margin, %	13.1	13.8	-1.6	9.1	18.2	16.3	-14.1	10.4	16.3	11.7
Operating income excl. IAC*	2,075	2,190	-180	926	2,645	2,293	-129	997	2,191	1,424
Operating margin excl. IAC*, %	13.1	14.0	-2.2	9.1	18.1	16.3	-1.9	10.4	16.3	11.7
Operating income, LTM*	5,018	5,612	5,746	4,934	5,005	4,538	3,669	4,119	3,536	3,470
Operating margin, LTM*, %	10.1	11.5	12.2	10.8	11.1	10.4	8.7	9.9	8.7	8.5
Operating income, LTM excl. IAC*	5,011	5,580	5,684	5,734	5,806	5,353	4,484	4,302	3,719	3,653
Operating margin, LTM excl. IAC*, %	10.0	11.5	12.1	12.6	12.9	12.2	10.7	10.3	9.2	8.9
Net income for the period	1,417	1,638	146	631	2,001	1,659	-718	653	1,567	992
Husqvarna Forest & Garden	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	8,826	8,701	5,231	6,331	8,836	8,820	4,496	6,069	8,042	8,001
Net sales, LTM*	29,089	29,099	29,217	28,483	28,220	27,427	26,607	26,219	25,355	26,001
Operating income	1,107	1,392	70	558	1,534	1,537	-614	543	1,078	972
Operating margin, %	12.5	16.0	1.3	8.8	17.4	17.4	-13.6	8.9	13.4	12.2
Operating income excl. IAC*	1,113	1,283	70	558	1,536	1,537	89	543	1,078	972
Operating margin excl. IAC*, %	12.6	14.7	1.3	8.8	17.4	17.4	2.0	8.9	13.4	12.2
Operating income, LTM	3,127	3,554	3,699	3,015	3,000	2,544	1,979	2,368	1,907	2,046
Operating margin, LTM*, %	10.8	12.2	12.7	10.6	10.6	9.3	7.4	9.0	7.5	7.9
Operating income, LTM excl. IAC*	3,024	3,447	3,701	3,720	3,705	3,247	2,682	2,493	2,032	2,171
Operating margin, LTM excl. IAC*, %	10.4	11.8	12.7	13.1	13.1	11.8	10.1	9.5	8.0	8.3
Gardena	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	4,775	4,960	1,148	2,031	3,851	3,506	761	1,948	4,011	2,708
Net sales, LTM*	12,915	11,991	10,537	10,150	10,067	10,226	9,427	9,377	9,058	8,421
Operating income	773	706	-277	196	979	654	-294	274	1,054	398
Operating margin, %	16.2	14.2	-24.1	9.6	25.4	18.7	-38.7	14.1	26.3	14.7
Operating income excl. IAC*	776	752	-290	196	969	654	-294	274	1,054	398
Operating margin excl. IAC*, %	16.3	15.2	-25.3	9.6	25.2	18.7	-38.7	14.1	26.3	14.7
Operating income, LTM	1,398	1,603	1,552	1,534	1,613	1,688	1,432	1,378	1,223	872
Operating margin, LTM*, %	10.8	13.4	14.7	15.1	16.0	16.5	15.2	14.7	13.5	10.4
Operating income, LTM excl. IAC*	1,434	1,627	1,529	1,524	1,603	1,688	1,432	1,378	1,224	873
Operating margin, LTM excl. IAC*, %	11.1	13.6	14.5	15.0	15.9	16.5	15.2	14.7	13.5	10.4
Husqvarna Construction	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	2,157	1,981	1,830	1,795	1,904	1,680	1,403	1,541	1,413	1,487
Net sales, LTM*	7,763	7,511	7,210	6,782	6,528	6,037	5,844	5,992	6,026	6,333
Operating income	299	152	144	231	260	205	33	236	140	132
Operating margin, %	13.9	7.7	7.9	12.9	13.7	12.2	2.3	15.3	9.9	8.9
Operating income excl. IAC*	300	245	144	231	260	205	125	236	140	132
Operating margin excl. IAC*, %	13.9	12.4	7.9	12.9	13.7	12.2	8.9	15.3	9.9	8.9
Operating income, LTM	826	787	840	729	734	613	541	614	608	734
Operating margin, LTM*, %	10.6	10.5	11.7	10.7	11.2	10.2	9.3	10.2	10.1	11.6
Operating income, LTM excl. IAC*	920	880	840	821	826	705	633	670	664	791
Operating margin, LTM excl. IAC*, %	11.9	11.7	11.7	12.1	12.7	11.7	10.8	11.2	11.0	12.5
Group Common,	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	34	43	26	23	22	24	23	12	15	13
Operating income	-114	-90	-69	-59	-114	-103	-69	-55	-80	-78
Operating income excl. IAC*	-114	-90	-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	Q2 2022	Q2 2021	Jan-Jun 2022	Jan-Jun 2021	Full year 2021
Restructuring costs					
Impairment of non-current assets	-	-7	-15	-7	-3
Write-down of inventory	-	0	-28	0	1
Other restructuring costs	-10	-23	-57	-23	-15
Write-down relating to Russia and Ukraine					
Write-down of current assets	0	-	-33	-	-
Write-down of inventory	0	-	-86	-	-
Other					
Sale of property	-	-	178	-	-
Sale of business	-	44	-	44	44
Insurance refund	-	-	-	-	35
Total items affecting comparability	-10	14	-41	14	62

The first quarter included non-recurring restructuring costs of SEK 90m related to integration costs from the acquisition of Blastrac within the Husqvarna Construction Division. The costs related to restructuring costs for consolidating the Blastrac manufacturing and warehouse sites in Europe. Write-downs relating to Russia and Ukraine amounted to SEK 119m, of which SEK 55m pertained to the Husqvarna Forest & Garden Division, SEK 59m to the Gardena Division and SEK 5m to the Husqvarna Construction Division. During the first quarter, a property in Norway was sold with a capital gain of SEK 178m. The second quarter included other restructuring costs related to operations in Russia of SEK 10m.

Classification in the income statement

SEKm	Q2 2022	Q2 2021	Jan-Jun 2022	Jan-Jun 2021	Full year 2021
Cost of goods sold	0	-31	-151	-31	-18
Selling expenses	-10	0	-68	0	0
Administrative expenses	0	1	0	1	1
Other operating income/expense	0	44	178	44	79
Total items affecting comparability	-10	14	-41	14	62

Net assets by segment ¹

SEKm	Assets		Liabilities		Net Assets	
	Jun 30 2022	Jun 30 2021	Jun 30 2022	Jun 30 2021	Jun 30 2022	Jun 30 2021
Husqvarna	25,413	20,535	8,213	7,519	17,200	13,016
Gardena	19,454	10,169	4,593	3,699	14,861	6,470
Construction	9,065	7,418	1,757	1,440	7,308	5,978
Other ²	1,362	1,361	3,196	3,290	-1,834	-1,930
Total	55,294	39,484	17,760	15,949	37,534	23,534

¹ Liquid assets, other interest-bearing assets, interest-bearing liabilities and equity are not included in the table above.

² Other includes tax items, associates and common Group functions such as Treasury and Risk Management.

Parent Company

Condensed income statement

SEKm	Q2 2022	Q2 2021	Jan-Jun 2022	Jan-Jun 2021	Full year 2021
Net sales	6,312	6,394	12,795	12,580	21,335
Cost of goods sold	-4,112	-4,277	-8,458	-8,506	-14,623
Gross income	2,199	2,116	4,337	4,074	6,712
Selling expense	-444	-471	-902	-875	-1,702
Administrative expense	-399	-439	-867	-826	-1,744
Other operating income/expense	-	-0	0	0	1
Operating income	1,356	1,206	2,568	2,373	3,267
Financial items, net	-817	355	-1,044	-285	1,552
Income after financial items	540	1,561	1,524	2,088	4,818
Appropriations	-41	-25	-66	-46	-842
Income before taxes	499	1,536	1,458	2,041	3,976
Tax on profit for the year	-82	-273	-282	-379	-280
Income for the period	417	1,264	1,177	1,662	3,697

Condensed balance sheet

SEKm	Jun 30 2022	Jun 30 2021	Dec 31 2021
Non-current assets	41,301	38,856	39,079
Current assets	18,676	15,407	17,361
Total assets	59,978	54,263	56,441
Equity	32,714	31,505	33,318
Untaxed reserves	1,275	794	1,275
Provisions	253	149	139
Non-current liabilities	3,820	4,416	3,627
Current liabilities	21,916	17,399	18,082
Total equity and liabilities	59,978	54,263	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
<i>Conversion of A-shares into B-shares</i>	-980,601	980,601		0
<i>Shares allocated to 2019 LTI-program</i>		1,002,638	-1,002,638	0
<i>Hedge for LTI-programs</i>		-971,890	971,890	0
Number of shares as of June 30, 2022	110,108,389	460,344,808	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 Q2 report, hosted by Henric Andersson, President & CEO, and Terry Burke, CFO, will be held at 10:00 CET on July 15, 2022.

To view the presentation, please use the link:
<https://husqvarna-group.creo.se/220715>

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 2022

October 21 Interim report for January-September



Contacts

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

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

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

Reg. Nr: 556000-5331
NASDAQ OMX Stockholm: HUSQ A, HUSQ B

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 July 15, 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.