Husqvarna Group

Annual and Sustainability Report 2023

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Combining the Annual and Sustainability Reports
As of the 2023 financial year, Husqvarna AB (publ) is combining its annual- and sustainability reports, reflecting the Group's commitment to integrating sustainability across all aspects of its operations. The financial reporting is combined with the sustainability reporting, following the Global Reporting Initiative's (GRI) criteria to track and share the Group's progress toward sustainability targets. The legal Annual Report is found on pages 34–97 and the Statutory Sustainability Report on pages 12, 15–19 and 101–129.

Our approach to sustainable value creation

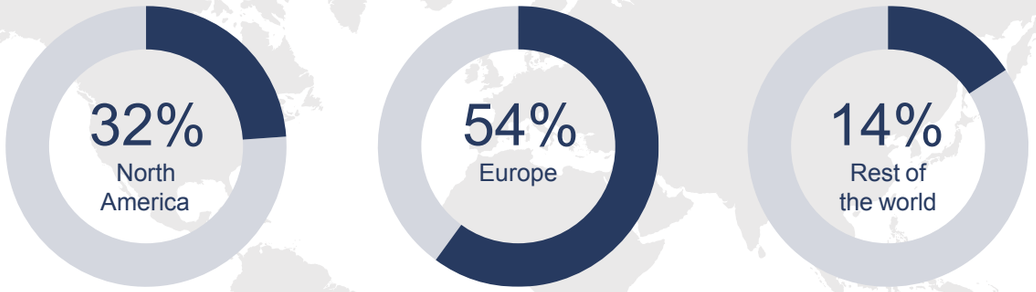
We create sustainable value by consistently delivering returns to our shareholders while contributing to a more sustainable society by pioneering innovative solutions for our customers.

About Husqvarna Group

Founded in 1689, Husqvarna Group is a world-leading provider of innovative products and solutions for forest, park and garden care. The range includes robotic mowers, chainsaws, trimmers, ride-on mowers, hand tools, watering solutions as well as corresponding services. We are also a leader in equipment and diamond tools for the light construction industry and diamond tools for the stone industry. Our products and solutions are mainly sold under the global Husqvarna and Gardena brands.

Net sales SEKbn	Sales in number of countries	Employees	Carbon reduction since 2015
53	+100	14k	–44%

Sales distribution



Husqvarna Forest & Garden Division

Forest and garden products and services for professionals and residential customers. The global market leader in robotic mowers.

→ **Read more** on pages 25–27.

Gardena Division

Residential watering products, garden hand tools and smart garden systems for passionate gardeners. Global leader in residential and smart watering solutions.

→ **Read more** on pages 28–30.

Husqvarna Construction Division

A leader in equipment and diamond tools for the light construction industry and diamond tools for the natural stone processing industry.

→ **Read more** on pages 31–33.

Innovating for success – creating sustainable value, today and in the future

In an exciting year at Husqvarna Group, clearly impacted by a challenging macroeconomic situation, we have delivered solid development in many of our strategic value-creating areas. During the year we have also seen a number of successful product launches and impressive performance in our sustainability focus areas – Carbon, Circular and People – ensuring that we are well positioned to meet the future needs of our customers.

"Sustainable value creation describes our ambition to consistently deliver returns to our shareholders, while contributing to a more sustainable society."

Pavel Hajman, CEO

In his CEO statement, Husqvarna Group's Pavel Hajman talks about the company's transformational journey and progress in key strategic areas.

Husqvarna Group is on a transformational journey to future-proof the company and its customer offering. Where is this journey going, and why?

A number of global trends are changing society at large, and we are continuing to adapt with them. Above all, the global need to transition to a net-zero carbon future will re-shape every company that aims to remain relevant. This forms the foundation of our transformational journey. We want to capture opportunities in a world that is electrifying at a rapid pace and where the use of autonomous, connected and smart products and solutions are increasing day by day. By constantly re-inventing ourselves, and by identifying and capturing market opportunities, we are continuing to future-proof the Husqvarna Group.

At the core of these efforts lies your overall strategy of 'Sustainable value creation'. What do these words mean to you, and for Husqvarna Group as a company?

Sustainable value creation describes our ambition to consistently deliver returns to our shareholders, while contributing to a more sustainable society. It serves as our strategic north star and focuses on how we can deliver innovative products and solutions that create great customer experiences. At the heart of our strategy lies Sustainovate, our sustainability framework with ambitious targets for carbon reduction, for circular innovations, and for inspiring people to make sustainable choices. Closely connected to Sustainovate are our core areas for value creation, namely, robotic mowers, battery-powered products, professional solutions and watering products.

Our strategy, and our ability to innovate toward more sustainable products and solutions, is our way of driving long-term profitability and gaining a competitive edge, regardless of current market conditions. We must of course adapt to short-term fluctuations in the economy, but never compromise on the long-term agenda.

The year in brief 2023

- Group net sales decreased by 1% to SEK 53.3bn (54.0). Organic sales declined 5%.
- Operating income, excluding items affecting comparability, increased to SEK 5.0bn (4.9), representing an operating margin of 9.3% (9.0).
- Direct operating cash flow amounted to SEK 6.5bn (–0.6).
- CO_2 emissions reduced by –44% (–32) compared to the 2015 baseline.
- Robotic mower sales grew to SEK 8.1bn (6.3), the share of sold electrified products was 42% (34) and the number of connected devices was 4.5m (3.6).
- The Board of Directors has proposed an unchanged dividend for 2023 of SEK 3.00 per share (3.00) to the Annual General Meeting.

2023 has, in many ways, been a challenging year, not least due to macroeconomic turbulence. How have you addressed these challenges to create a stronger company?

We have clearly been impacted by the challenging macroeconomic situation and the effect this has on our customers. In some areas, our customers have been more cautious in terms of spending, which affected volumes and sales. At the same time, our retail partners have worked to reduce their inventory levels. In total, our organic sales declined by 5 percent for the year. However, despite lower volumes we improved our operating margin to 9.3 percent (9.0). The improvement was driven by our cost savings, price increases and lower logistics costs. We expanded our Group cost-savings program in the third quarter to SEK 1.2bn, with full effect to be reached by 2025. Importantly, our efficiency measures and operational focus allowed us to complete the year with strong cash flow generation of SEK 6.5bn (–0.6). Overall, we improved the operating margin in all three divisions and we are committed to continue to build a stronger Group.

We stay focused and continue our transformational journey. For example, while we have seen a decline in petrol-powered products, we grew our battery-powered and robotic mower business in 2023.

Looking at the targets set by your Sustainovate framework, how have you delivered on this transformational journey in 2023?

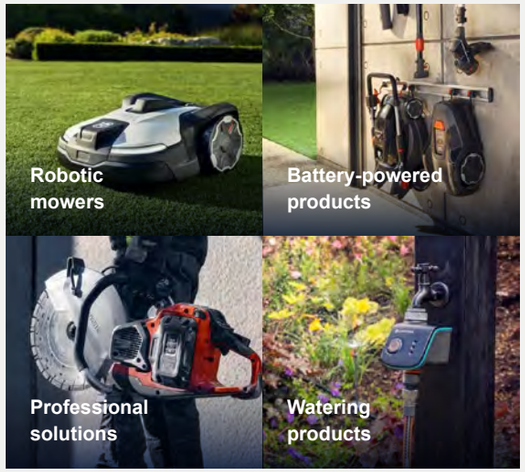
Across the board, we have had strong and solid development toward our 2025 Sustainovate targets. Our 2025 Carbon target is to reduce absolute emissions from our entire value chain by –35 percent compared to 2015, and here we are actually ahead of target. As of year-end we have reduced our absolute emissions by –44 percent. Our target in the Circularity area is to launch 50 circular innovations by 2025, and this year alone we launched 17 circular innovations in the market. In total, we have now reached 27 launched circular innovations. Regarding our People target, we have inspired 2.4 million people to make a more sustainable choice when buying one of our products and are on track to reach our target of 5 million people. These are all accomplishments to be celebrated. Our progress is a sign that we are meeting customer needs, and that we are well-positioned for a future in which sustainability is business critical.

In addition to your financial and Sustainovate targets, you have operational ambitions. One of them is to reach robotic mower sales of SEK 12bn by 2026. How has progress been in relation to this aim?

Net sales of robotic mowers increased to SEK 8.1bn (6.3), an increase of 29 percent compared to last year. We achieved strong growth in both the residential and professional market segments. This is thanks, not least, to several successful product launches, such as Husqvarna Automower® NERA, our first boundary-wire free robotic mower for residential gardens. We are also expanding our offering of solutions for the professional market, where we aim to transform commercial turf care from a manual task into a fully automated one. We are making great inroads here already, one example being the Husqvarna solutions in place to deliver perfect conditions at around 50 of the top 100 golf courses in the U.S.

You also aim to have two thirds of your motorized products sales electrified by 2026. How will you reach this goal?

Electrification is key in our overall transformation journey and of course a key contributor to our sustainability efforts. Reaching our goal here is dependent on a continued high pace of innovation, both inhouse and through partnerships and alliances. In 2020, we co-founded the POWER FOR ALL ALLIANCE together with Bosch. The alliance is one of the



Investing in our value-creation areas

To further accelerate the strategic transformation, increase growth and improve margins, Husqvarna Group is expanding investments in the company's key sustainable value-creation areas: robotic mowers, battery, watering and professional solutions.

Financial targets

Achievements 2023

–5%	9.3%	36.9%
Organic growth Target: 5%	**Operating margin (excluding items affecting comparability)** Target: 13%	**Capital efficiency** Target: 20%

Sustainability targets

Achievements 2023

–44%	27	2.4m
Carbon Target: reduce absolute CO_2 emissions by –35% (scope 1, 2 & 3).	**Circular** Target: launch 50 circular innovations.	**People** Target: empower 5 million customers and colleagues to make sustainable choices.

"A strong company culture is crucial for executing on our strategy, creating lasting value, and attracting and retaining great talent."

Next generation of robotic mowers
Husqvarna Automower® NERA is a robotic mower range that features satellite-based technology. Control is facilitated through the Automower® Connect app, enabling users to establish virtual boundaries, define flexible work areas, and set temporary restricted zones for efficient and customizable lawn maintenance. For the 2024 gardening season, the Automower® NERA range has been expanded with additional models.

world's largest cross-brand 18V battery systems and we have continued to launch products using the battery in both the Gardena and the Husqvarna Forest & Garden divisions. In the Construction Division, we have also expanded the battery-powered assortment with, for example, new products on our 94V Husqvarna PACE battery platform.

Across the Group, the share of electrified solutions grew to 42 percent of our motorized product sales. Progress was driven by strong growth in battery-powered products as well as robotic mowers. However, realizing this ambition will also come down to exploring products using alternative fuels, developing new engine technologies and exiting petrol-powered products where relevant for our business. In 2023 and 2024, we are proactively exiting low-margin petrol-powered consumer wheeled business totalling SEK 2bn in sales.

Adding this together, how have you delivered on your strategy in 2023?

While this year's result was impacted by the general economic decline and weak markets, the long-term execution of our strategy is solid. We have further expanded our offering in the robotics and battery segments, we have increased our number of connected devices by 25 percent (to 4.5 million) and our three divisions are constantly working to enhance the customer experience. We have achieved growth in our smart watering category as well as improved the profitability for our Orbit business. We are developing our business models to meet the changing demand for solutions as a service and other new ways of owning and using our products. Overall, we have shown strong delivery capability, thanks to all the great people working to make this a reality every day.

At Husqvarna Group, every colleague is described as an integral part of the company's overall success. How do you create an outstanding company to work for and how do you develop your culture?

I would like to take this opportunity to thank the entire team for their dedication and efforts this year. Together, we are on a journey to transform our business and our industry. A strong company culture is crucial for executing our strategy, creating lasting value, and attracting and retaining great talent. It unites us and ensures we are all aligned and work together toward our shared long-term ambitions.

This year, we unveiled our updated culture story, a collective effort involving the entire company. Together, we have shared insights on strengths and areas for improvement. Currently, we are actively bringing our culture to life through global team workshops and leadership activities, emphasizing its ongoing significance for years ahead.

We are committed to enhancing our learning mindset and curiosity through training, leadership programs, diversity & inclusion initiatives, and regular employee well-being assessments via the "Our Voice" survey.

Looking ahead, what will be important focus areas in the coming years?

In the short term, it is important that we adapt to the current uncertain market environment. However, this must be achieved without compromising on our long-term agenda. All the signs point to a rapid acceleration in our industry toward more sustainable solutions. This is where our future lies, not least as Husqvarna Group's success is based on shaping green spaces and urban environments of tomorrow. We must therefore aim for a net-zero carbon future, and I look forward to leading our company on that journey together with my great colleagues and teams by offering electrified, automated, and efficient solutions to our customers. To further accelerate our strategic transformation, we will increase investments in our key sustainable value creation levers: robotic mowers, battery, smart watering, and professional solutions. This is how we ensure Husqvarna Group remains a successful company in the years to come.

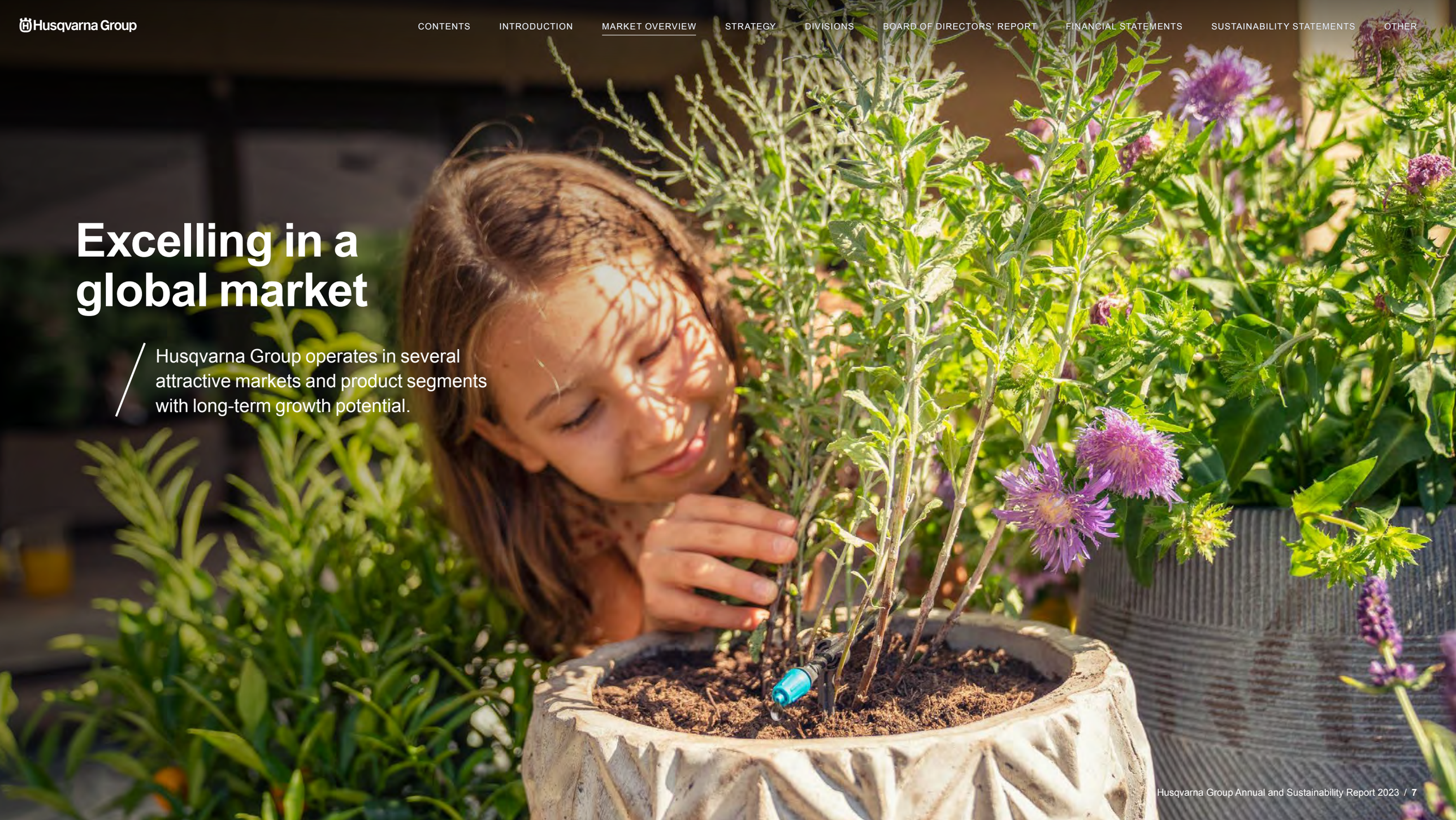
A sustainable expansion
The Husqvarna Construction Division is continuously expanding its range of battery-powered solutions, including further products and applications on the 94V Husqvarna PACE battery platform.

The year in brief

Key figures

SEKm	2023	2022	%
Net sales	53,261	54,037	–1
Organic growth, %*	–5	–1	
Operating income (EBIT)	3,880	3,043	28
Operating margin, %	7.3	5.6	
Operating income excl. items affecting comparability*	4,970	4,853	2
Operating margin excl. items affecting comparability, %*	9.3	9.0	
Income after financial items	2,878	2,581	12
Net income for the period	2,177	1,932	13
Earnings per share before dilution, SEK	3.81	3.39	12
Earnings per share after dilution, SEK	3.81	3.38	13
Direct operating cash flow*	6,541	–572	
Operating working capital / net sales*, %	36.9	30.6	

*Alternative Performance Measure, refer to "Definitions".



Excelling in a global market

Husqvarna Group operates in several attractive markets and product segments with long-term growth potential.

The markets we operate in

Husqvarna Group operates in attractive markets with long-term growth potential, currently valued at approximately SEK 300bn. There are several global trends strengthening our business – including electrification, servitization and connectivity, and an increasing demand for autonomous, low-carbon and resource-smart solutions.

The market for the Husqvarna Forest & Garden and Gardena divisions

The forest and garden market, where both the Husqvarna Forest & Garden and Gardena divisions are active, is valued at approximately SEK 250bn. In addition to the current market size, there is a large untapped market potential in converting professional lawn mowing from a manual task into an automated one. We estimate this potential to SEK 100bn.

In 2023, the value of the market was relatively stable measured in SEK. The market was impacted by a challenging macroeconomic development, leading to lower product volumes. However, this was offset by a combination of price increases and a positive currency effect upon conversion to SEK. Despite the decline in volumes this year, the market has grown over the last years – mainly related to a growing interest in gardening as well as underlying economic growth.

The forest and garden market includes segments with high structural growth, such as robotic mowers, smart watering systems, and battery-powered products, driven by a transition from petrol-powered products. Demand in general is mainly driven by economic growth, with key indicators being consumer purchasing power, consumer confidence and employment levels. In addition, weather conditions in a given year may impact the gardening season and thereby affect demand both positively and negatively.

Europe and North America are the largest markets and account for around 85 percent of the global market value. Consumers in some of the other markets do not have the same gardening opportunities due to factors such as climate, population density, gardening traditions and purchasing power.

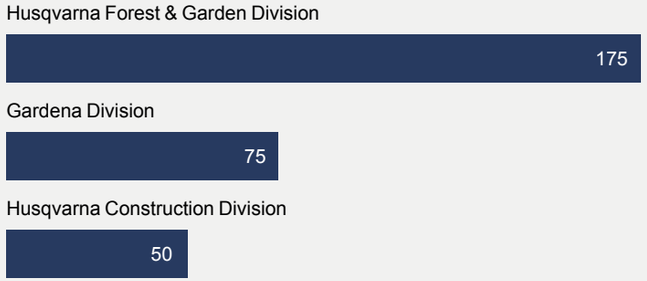
The market for the Husqvarna Construction Division

The Husqvarna Construction Division is a global leader in equipment and diamond tools for the light construction industry and diamond tools for the natural stone processing industry. The market value is estimated at around SEK 50bn. During the year, the market was impacted by a challenging macroeconomic development, leading to lower product volumes, but was offset by a combination of price increases and a positive currency effect upon conversion to SEK. Demand correlates with the development of the light construction industry, which is characterized by cyclical fluctuations. The division's products and solutions primarily address needs arising during renovation (residential and non-residential), infrastructure projects as well as in some industrial segments. Most of our business is thus less cyclical than the broader construction industry, but still impacted by overall economic fluctuations.

Our main markets are Europe and North America, both of which are well-developed and established. Demand is also growing in emerging markets, creating attractive growth opportunities. Apart from equipment, the related aftermarket services and consumables continue to be important opportunities for further growth for the division.

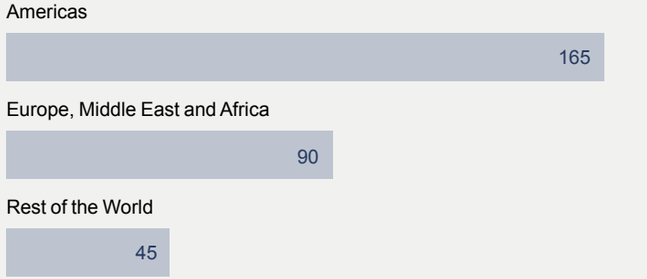
Addressable market by division

Estimated value by division, SEKbn



Addressable market by geography

Estimated value by geography, SEKbn



Segments with major growth potential

Our markets include several attractive product segments with potential for long-term double-digit growth, such as robotic mowers, battery-powered products and smart watering systems.

Robotic mowers

The market for robotic mowers is largely concentrated to Western Europe, however, it is expected to grow significantly in other geographical areas, among them the UK, the Pacific and the U.S. A segment with strong growth potential is robotic mowers for professional use. We estimate the total potential market value for professional turf care at SEK 100bn, the majority of which consists of labor costs for operating the traditional mowers.

We are capitalizing on this opportunity by transforming commercial turf care from a manual to an automated and more efficient process. We focus on areas such as sports fields, golf courses and other green spaces in commercial and public areas. For the home owner and other consumers, robotic mowers save time and simplify daily routines, while producing superior lawn quality. They also offer sustainability benefits such as zero direct emissions and low noise levels.

Battery-powered products

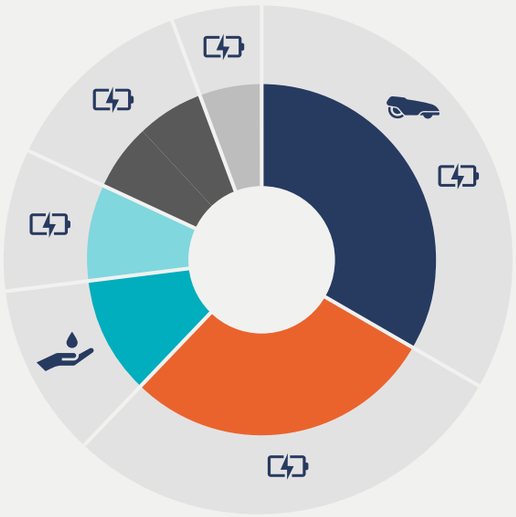
Sales of battery-powered products in the hand held and wheeled product segments are growing rapidly. This is mainly driven by a transition from petrol-powered products which is enabled by development of battery-cell performance, a high innovation pace and customer demand for low-carbon emission and easier-to-use products. For battery-powered professional products, we develop tailor-made battery packages and solutions that meet our customers' high demands for performance and durability. In addition, increased regulation of petrol-powered products supports the growth of electric products. These underlying drivers create substantial growth opportunities in which we are investing significantly. For the residential segment we co-founded and participate in the POWER FOR ALL ALLIANCE, enabling consumers to use the same battery and charger for multiple devices around the home.

Smart watering

The Gardena Division has built a leading position in the residential watering market. The Gardena brand is the market leader in Europe, and Orbit Irrigation – including the B-hyve brand for smart watering – is the leader in consumer watering in North America. We have also established a position and sales to professional customers, which represent a new and significant market potential. Growth is primarily driven by key trends such as resource efficiency and convenience. To capitalize on these trends, we are increasing our investments in smart, automated irrigation solutions that make life easier for our customers and lead to a significant reduction in water consumption.

Global market, total value SEK 300bn

Market divided by segment. The icons indicate categories with high growth potential.



Markets	Segments with double-digit growth potential
Lawn care power equipment	Robotic mowers & battery-powered products
Handheld outdoor power equipment	Battery-powered products
Watering	Smart watering
Garden hand tools	Battery-powered products
Concrete sawing & drilling	Battery-powered products
Concrete surfaces & floors	Battery-powered products

Distribution channels and seasonality

Customers and distribution

Husqvarna Group sells forest, lawn, and garden products and services to around 25,000 dealers and leading retailers worldwide, as well as directly to end users. Of the total addressable market value, dealers represent around 40 percent. They primarily sell products in the high-performance segments to professional users and pro-grade experts (demanding consumers) and offer product services and support. Retailers, who represent slightly less than half of the market value, are selling products in the low to medium price ranges. Online channels, which in addition to dedicated online resellers are also used by dealers and retailers, are growing in significance with sales corresponding to an estimated 15 percent of the total market value.

Light construction and stone industry products and services are sold through specialized dealers, rental companies and directly to contractors as well as to natural stone processing industries.

Seasonality

Forest and garden products and services, which represent around 85 percent of our total sales, are highly seasonal due to end user buying patterns. The majority of sales occur during spring and summer, when most lawn care and gardening activities take place. Since our main markets are in the northern hemisphere, sales are highest toward the end of the first quarter and in the second quarter. The third quarter generally marks the end of the gardening season, given average weather patterns. Demand for forestry products, such as chainsaws, tends to be somewhat higher during the second half of the year. For light construction, demand is more evenly distributed throughout the year, with slightly lower demand during the winter months.

Distribution channels per division

Husqvarna Forest & Garden Division

Distribution through dealers, online sales, and to a lesser extent through retailers.

Gardena Division

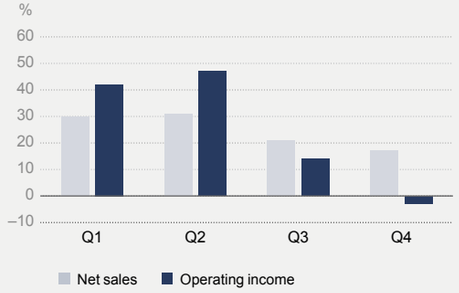
Multichannel distribution, primarily through retailers and online sales.

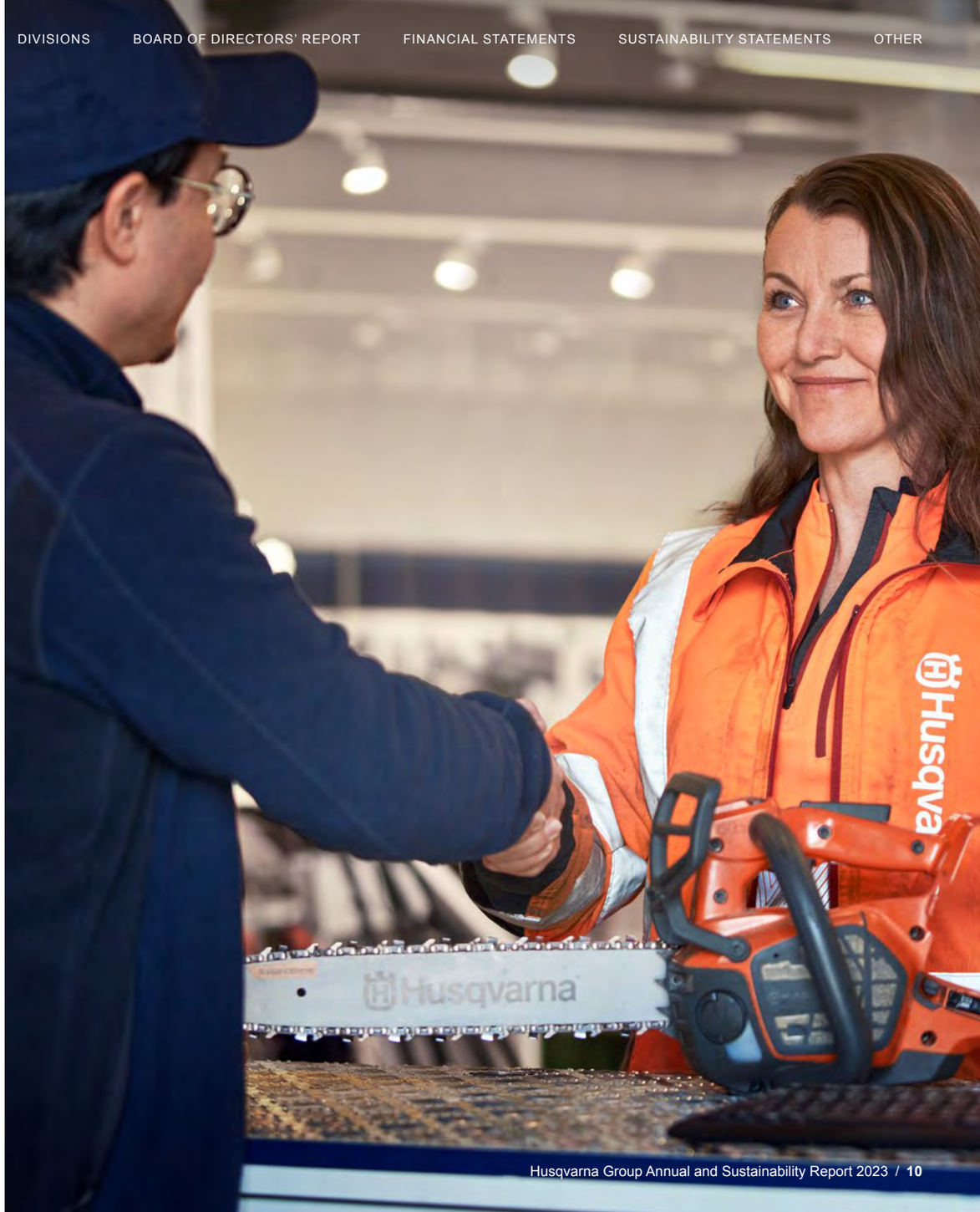
Husqvarna Construction Division

Distribution through construction specialized dealers and retailers, rental companies and directly to contractors.

Net sales and operating income

Average distribution per quarter 2019–2023





A strategy for sustainable value creation

Our Group strategy capitalizes on market trends, sustainability and cutting-edge innovations to deliver sustainable value to all stakeholders.

Strategy for sustainable value creation

By pioneering innovative solutions that address climate change and resource scarcity, we create sustainable value and deliver returns to all stakeholders. Grounded in prevailing market trends and sustainability challenges and opportunities, our strategy combines technological leadership with customer insights to drive long-term growth and profitability.

Group strategy

Financial targets

Growth target
Organic net sales growth
5%

Profitability target
Operating margin
13%

Capital efficiency target
Net working capital / net sales
20%

Sustainability targets to 2025

Carbon
Reduce absolute carbon emissions (scope 1, 2 & 3, baseline 2015)
–35%

Circular
Circular innovations launched
50

People
Empower customers and colleagues to make sustainable choices
5m

Our aim is to deliver great customer experiences – always with a strong commitment to sustainability. We generate value by investing in high-growth segments such as robotics, smart watering, and battery-powered products, while also expanding the winning core of our business. We do this through constant innovation, not least in services and solutions.

At the core of our Group-wide strategy lies Sustainovate, our approach to integrate sustainability deeper into our business and across our value chain. Through innovation, we aspire to lead the transition towards low carbon and resource-smart solutions. Our goal is to drive positive change within Husqvarna Group, as well as influencing and inspiring society at large.

Complementing our financial and sustainability targets, and building on our recent successful transformation, we have identified and established four operational ambitions. They demonstrate our execution and delivery of our strategy in practice. You can read more about them on pages 20–21.

Attracting and retaining key talent is crucial for our ability to deliver on our strategy. We have an attractive employee value proposition and a strong corporate culture. Read more on page 22.

Components of our strategy

Robotics and battery

We are the undisputed global market leader in the fast-growing market for robotic mowers, both for residential and professional use. We continue to grow through a high pace of innovation, technical leadership, investments in our brands and further geographical expansion, and have taken substantial steps to grow the robotic mower segment for professional users. Robotics and battery-powered products are areas where operating efficiency, ease of use, reduced emissions and low noise and vibration all work together to create an excellent customer experience and increased demand. The growth of electrification in the segments in which we operate is evident, both in the shaping of green spaces and in the light construction industry.

"We continue to grow through a high pace of innovation, technical leadership and further geographical expansion."

A winning core

Continuing to grow our winning core means expanding and strengthening our business in product segments where we have strong leadership positions. This includes, for instance, chainsaws and other professional products in the Husqvarna Forest & Garden Division, as well as continued growth in our Gardena and Husqvarna Construction divisions. Our innovative product offering, commitment to sustainability and strong brands are success factors that we will continue to build on in this area. The strong brand equity and our focus on high-performance, low-carbon and resource-smart products allow us to combine a premium offering and solid profitability with increased investments in product development.

"Our innovative product offering and strong brands are success factors."

Whether these products are concrete power cutters, watering solutions or professional chainsaws, our customers expect nothing but the best. Excelling in our core business creates opportunities to drive growth and profitability, and we set high targets for innovation and commitment to our end users in these categories.

Services and solutions

Market demand for various services and solutions provides new opportunities to drive growth and profitability. Examples of these opportunities include lawn care as a service, all-inclusive subscriptions for robotic mowers, leasing solutions, equipment sharing services, as well as more traditional aftermarket parts and services. Such services and solutions go hand in hand with our Sustainovate ambitions and our efforts to create an outstanding customer experience beyond the standalone product. By expanding our offering within services and solutions, we aim to move closer to end users and their experiences. In doing so, we can grow customer loyalty, expand the aftermarket and accessories business and more rapidly adapt to customer needs. Increased connectivity gives us better interaction with customers and enable us to further understand their needs. This also enables deployment of "as-a-service" offerings and generation of new recurring revenue streams.

"By expanding our offering within services and solutions, we aim to move closer to end users and their experiences."

Customer experience

Our aim is to shape great customer experiences. How we connect to our customers and the customer experience we deliver represent crucial factors for growing our business and winning in the markets where we operate. The customer experience encompasses far more than just products and services; it involves meeting and exceeding their expectations, not least in terms of the growing demand for sustainable products and solutions. The purchase and delivery experience, the use of the product and the service level we offer all add up, combining to create a great customer experience. We work tirelessly to meet high expectations regarding productivity, quality, sustainability and convenience.

"Our aim is to shape great customer experiences."

Sustainovate

Sustainovate, is our approach for integrating sustainability deeper into our business and across our value chain. With Sustainovate, we are combining our leading innovation capability with our commitment to sustainability. This year, we have taken great steps forward in all target areas.

Carbon

The world needs to transition to a zero-carbon economy. Our Science-based Carbon target is to reduce our absolute CO_2 emissions by –35% across our value chain between 2015 and 2025.

Circular

Increased circularity will play an important role in a truly sustainable society. We aim to launch 50 circular innovations between 2021 and 2025.

People

A sustainable business requires the participation of our colleagues and customers. By 2025, we aim to have empowered 5 million people to make more sustainable choices.

Responsible business is the foundation

At Husqvarna Group we are committed to protecting people and the planet. Responsible business is the foundation for this and includes:

- Product safety
- Responsible sourcing
- Our employees - grow together
- Health and safety
- Business integrity

Read more about the 2023 progress in the Sustainability statements, page 101.

Sustainovate / Carbon

Making great and absolute progress

The world urgently needs to transition to a zero-carbon economy. At Husqvarna Group, we are ramping up our shift to low-carbon solutions that benefit the planet and our customers while delivering long-term value creation. Battery technology, robotics, and product design have significant roles to play here, as do the way we work with customers, suppliers, lean manufacturing and smart logistics. Our main impact is during customer use and it is also there we focus our efforts. Our 2025 Carbon target is an absolute target, based on and approved by Science Based Targets initiative (SBTi) and reflects our commitment to reducing our fair share of CO_2 in line with society's ambition to limit the global temperature rise to 1.5°C. With a –44 percent reduction in absolute CO_2 emissions since 2015, we are currently ahead of our target. This is an achievement we are proud of, and it inspires us to further accelerate our efforts.

Key actions

- We are using CO_2 forecasting to monitor our business plans' alignment with the Carbon target.
- We have increased the share of electrified motorized products to 42 percent (34).
- We are proactively exiting certain petrol-powered products, and by 2024 we will have exited products representing approximately SEK 2 billion in annual sales.
- Across the Group, we have launched a number of innovative electrical-powered products and solutions, including Husqvarna Automower® NERA and products within the Husqvarna Aspire range and the Husqvarna PACE battery system. The Husqvarna Aspire product range is supporting the POWER FOR ALL ALLIANCE battery system, enabling customers to use the same battery for appliances from different manufacturers.
- We engaged with 358 suppliers to take part in the CDP Supply Chain Program (global environmental disclosure system), an increase from 214 suppliers last year. The response rate continues to increase from 65 to 69 percent, giving us valuable information on their CO_2 emissions and reduction initiatives.
- We have started an internal advanced development program to explore alternative fuels and develop new engine technologies.

Next steps

- We will continue to refocus our business portfolio toward low-carbon products with higher growth potential, not least by expanding our battery product offering and by continuing to deliver on our electrification efforts.
- We will review our outlook beyond 2025 and we are committed to develop a net-zero transition plan.

Read more about the Carbon progress in the Sustainability statements, page 101.

Our target 2025

Reduce absolute CO_2 emissions by –35 percent across our value chain compared to 2015

Achievement as of 2023

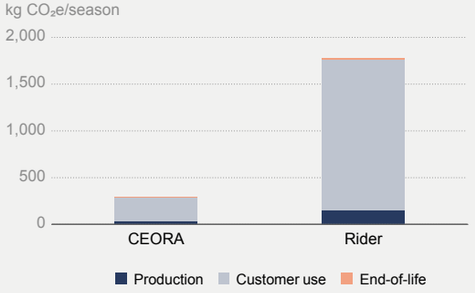
–44%

Milestone moment for professional mowing

Husqvarna CEORA™ is a battery-driven, professional, and autonomous solution for large-scale lawns such as football fields and golf courses. By optimizing time and resource-consuming tasks, CEORA is expected to revolutionize an industry dominated by heavy, conventional fossil fuel-powered mowers.

A lifecycle assessment (LCA) conducted during 2022 shows a reduction in CO_2 emissions by as much as 83 percent during the product's lifecycle, compared to a diesel-driven Husqvarna P 525DX ride-on mower. The greatest reduction is seen during the use phase, where the climate impact for the battery-driven CEORA solution is primarily caused by electricity consumption and for the fossil fuel-powered product by fuel use. The third-party LCA is based on a 30-week cutting season and two football pitches (16,000 sqm) of average grass length. CEORA is powered by an average electricity-grid mix for the EU and the Husqvarna P 525DX is powered by standard diesel. The assessment has also been reviewed by the Research Institute of Sweden (RISE).

The graph indicates the LCA result in global warming potential per season (kg CO_2e/season).



Our climate impact in the value chain

We have put a stake in the ground and committed to net-zero emissions across our value chain – from suppliers and operations to transportation and product use – by 2050 at the latest. Our main impact is during customer use as illustrated by the figures in the model below. The model describes the breakdown of CO_2 emissions in the value chain as well as our approach for how we work to reduce these emissions.

Upstream

Suppliers and transportation

Scope 3 emissions[1)]
Includes supplier emissions (scope 1 and 2) as well as emissions from transportation in form of all air and sea freight as well as road transportation from suppliers to our facilities.

Percentage of current CO_2 emissions

4%

Our approach
We work to engage suppliers in climate disclosures and to collaborate with key suppliers on CO_2 reduction initiatives.

We request that suppliers measure and report CO_2 emissions to the CDP, identify actions to cut emissions and set reduction targets. We follow up throughout the CDP disclosure cycle.

We are optimizing packaging, shifting to sea and road from air freight and enhancing logistics efficiency. In the tendering process, we require new logistics providers to have procedures in place to monitor and control CO_2 emissions.

Own operations

Husqvarna Group

Scope 1 & 2 emissions[1)]
Includes CO_2 emissions energy consumed and managed site-by-site for factories, R&D centers and warehouses larger than 5,000 m^2 as well as offices adjacent to manufacturing facilities.

Percentage of current CO_2 emissions

1%

Our approach
We work to achieve energy-lean operations. We are committed to using renewable energy despite its higher costs.

We are cutting CO_2 emissions through more efficient production, electric vehicles and by heating buildings with renewable energy sources.

Downstream

Customer use and transportation

Scope 3 emissions[1)]
Includes CO_2 emissions calculated over the products' projected lifetime[2)] as well as transportation from our operations to retail stores.

Percentage of current CO_2 emissions

95%

Our approach
We aim to lead the industry in low-carbon solutions and are developing a systematic path for electrification to deliver on this aim. We use CO_2 forecasting aligned with sales volumes to confirm that we are on track to meet our target. We address sustainability criteria and electrification earlier in product development processes, and our Group Battery Competence Center is helping us take the lead in relevant battery innovation.

For transport, see upstream approach.

1) For definition of Scope 1, 2 & 3 see page 108.
2) Product use includes CO_2 emissions calculated using estimates based on available data and our assumption on typical product use which are subject to uncertainties.

Sustainovate / Circular

Creating a resource-smart customer experience

The Circular opportunity allows us to combine our passion for sustainability with our innovation capabilities. We are exploring ways to re-design our products, solutions and business models to create a truly resource-smart customer experience. This year, we launched a further 17 circular innovations, bringing the total to 27 since 2021. Thanks to a robust process and the support of both sustainability leads and business leaders throughout the Group, we continue to generate ideas that push us toward our goal of 50 circular innovations by 2025.

Key actions

- We have launched 27 innovations and currently have another 14 nominees remaining in our innovation funnel.
- We continued the work to implement design guidelines and activities, aimed at enabling more sustainable solutions, earlier in the product design.
- Gardena EcoLine was awarded the Plastics Recycling Award Europe 2023, with the jury motivation: "These high-quality gardening tools made with recycled materials bring a new meaning to sustainability in the garden".
- We took part in various research projects aimed at different aspects of the circular concept. One of the ongoing projects, iCircular3, was undertaken with both academic and industry partners. The project examines how manufacturers can increase component circularity by gaining access to used components in discarded products.

Next steps

- We will further increase the size of our innovation funnel.
- We will work to further broaden the scope of new innovation areas. For example, we will focus even more on innovation in the area of life-time extension, meaning how our products and solutions can last even longer.

Read more about the Circular progress in the Sustainability statements, page 101.

Our target 2025 | Achievement as of 2023

Launch 50 circular innovations | **27**

Three examples of circularity

In line with the target's ambition, we are continuing to explore all aspects of circularity. We believe that the lessons learned will support us in taking the next steps on the path to a more circular model. In 2023, we celebrated a significant leap from 10 to 27 approved circular innovations, exemplified by the below projects.

Reuse – "Farmers Club" is a new business model aimed at providing Husqvarna's range of light agricultural equipment to family farmers with limited income in Latin America. The piloted subscription-based offering aims at granting access to top-tier tools at an economical rate. We, thus, empower multiple users to utilize a single product many times during a season, while extending the product lifetime via proper maintenance.

Remanufacture – Strengthening our offering in the retipping of core drills. In core drilling equipment, the diamond tools naturally experience wear and occasional breakage over extended usage. Retipping is the remanufacturing of core drills where new segments are brazed onto the old drill tube, extending product lifetime and enabling cost efficiency while reducing waste.

Recycle – The lower chassis of a robotic mower in a certain Gardena platform is now made of 60 percent post-consumer recycled plastics. The remaining material is made up of talc, 30 percent and a maximum of 10 percent additives.

Sustainovate / People

Nudging for change

Our customers care for the environment, and together with them we can grow the market for resource-smart and low-carbon solutions. By actively promoting new electric and robotic products and circular solutions, we present opportunities for behavioral changes that reduce our customers' carbon footprint and their water and material consumption. So far, we have inspired more than 2.4 million people to make more sustainable choices and we are well on our way towards reaching our 2025 goal. While this goal is customer-centric, the work starts in our own organization and through the partnerships that we are involved in to inspire change. Our commitment to build diversity and inclusion in our teams enhances our innovation capacity.

Key actions

- We have launched several communication campaigns for our sustainable products and strengthened our sustainability message toward customers both online and in physical sales.
- We have established a People Opportunity Committee to help further develop our capabilities in marketing and communication of sustainable products and our general sustainability efforts.
- Across operations, we have focused on understanding the EU's upcoming Green Claims Directive, to ensure our communication is aligned with this important directive to combat greenwashing.
- In line with our ambition to provide all employees sustainability training, we have rolled out global training courses for employees across our production facilities. Translated into nine languages, these courses will raise awareness throughout the Group.
- Husqvarna Construction Division, together with Atlas Copco and Volvo Construction Equipment, has joined the Green Transition Initiative to support the electrification of the U.S. construction industry.

Next steps

- We will continue to improve sustainability messaging in customer interactions across communications channels.
- We will continue to build our internal sustainability awareness programs.
- We will engage and educate our suppliers about our Sustainovate journey through a training programme.

Read more about the People progress in the Sustainability statements, page 101.

Our target 2025

Empower 5 million customers and colleagues to make more sustainable choices

Achievement as of 2023

2.4m*

Communicating sustainable solutions – on many different levels

One key factor in reaching our people target is to inspire behavioral change through transparent communication - with our end customers, through partnerships, with world media, with influencers, and with our distributors. In 2023, our sustainability communications efforts reached people in more than a hundred countries, and in many different ways. Here are a few examples:

- For some products in our electric offering, we marked price tags with "no CO_2 emissions during use" to influence our customers at the point of purchase.
- Husqvarna Construction Division joined and communicated about the Sweden-US Green Transition Initiative, aimed at supporting the electrification of the U.S. construction sector.
- As a participant at the Chelsea Flower Show, the world's biggest flower event, Gardena Division educated gardeners from around the world on how they can conserve water and generally make more sustainable gardening choices.
- Husqvarna Forest & Garden Division launched sustainability websites in a hundred countries. The division also held its annual Living city event in Paris, with focus on biodiversity and the aim to create more green cities, welcoming over 100 journalists, industry experts and municipalities.

* Restated Year-end 2023 accumulated figure due to corrections of sales figures in 2022 and 2023 after data improvements. The majority of the increase is related to sales in 2023.

Operational ambitions for sustainable value creation

To measure our growth, expansion and transformation, we have identified and established four Group-wide operational ambitions. These demonstrate how we execute and deliver on our strategy in practice.

Operational ambition #1

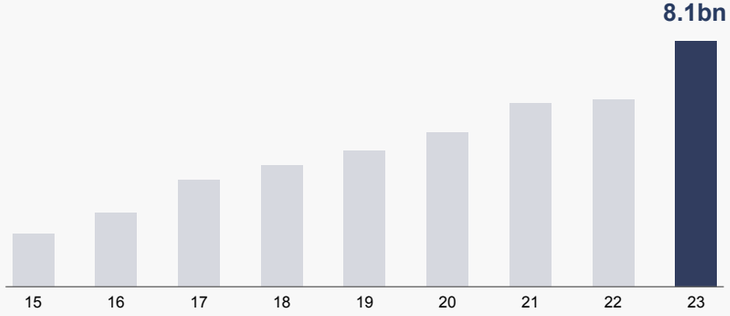
We aim to reach robotic mower sales of SEK 12bn by 2026

In 2023, net sales of robotic mowers increased to SEK 8.1bn (6.3). We achieved strong growth in both the residential and professional market segments. This growth was fueled by several successful product launches, such as Husqvarna Automower® NERA and Husqvarna CEORA™.

Next steps

- We are committed to driving product development, geographic expansion, and market penetration for residential robotic mowers.
- We will transform professional turf care through innovation and expansion of go-to-market capabilities.

Sales of robotic mowers – ambition to reach SEK 12bn by 2026



Operational ambition #2

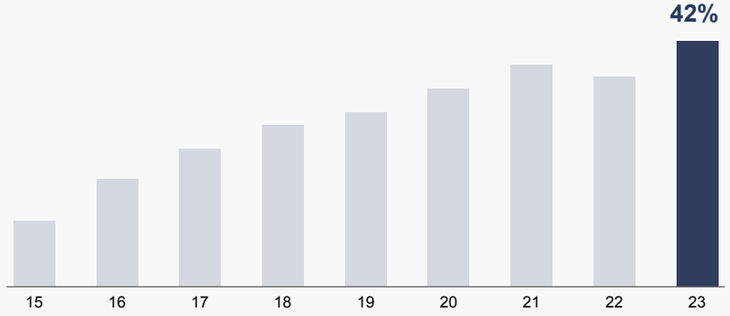
We aim to have 2/3 of our motorized sales electrified by 2026

The share of electrified solutions grew to 42 percent (34) of our motorized products sales. We launched new innovations, which included an expansion of products on our Husqvarna PACE battery platform and new solutions for the 18V POWER FOR ALL ALLIANCE battery system, such as the Husqvarna Aspire range.

Next steps

- We are committed to driving product development, geographic expansion, and market penetration including partnerships and alliances for cost-efficient battery ecosystems in the consumer segments.
- Through in-house development, we will tailor electrified solutions to the premium and professional segments.

Share of electrified solutions – ambition to reach 2/3 by 2026



Transforming commercial turf care

We have expanded our Husqvarna Automower® offering for professional users. It now includes a wide range of high-performance robotic mowers designed for professional landscaping needs. The new additions combine advanced technology with various range capacity and smart software, accessories and services, ensuring efficient and reliable operation in different commercial environments.

Operational ambition #3

Continued growth in our winning core

We will expand our business in product segments where we have strong leadership positions. This includes, for instance, chainsaws and other professional products in the Husqvarna Forest & Garden Division, as well as continued growth in our Gardena and Husqvarna Construction divisions.

Next steps

- We are well positioned to accelerate growth in professional solutions in the Husqvarna Forest & Garden Division.
- Drive geographical expansion with our watering solutions.
- We will continue to expand in existing and into adjacent construction segments.

Operational ambition #4

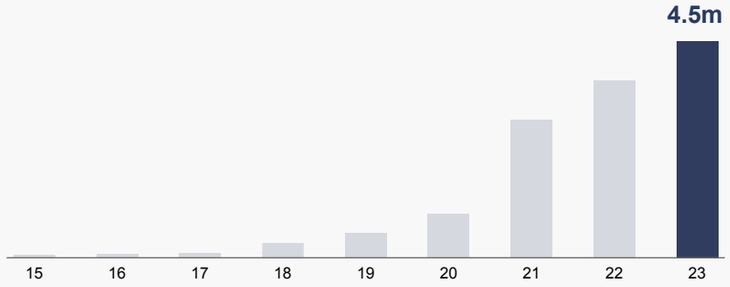
We aim to reach 6m connected devices by 2026

In 2023, we reached 4.5 (3.6) million connected devices. This strong progress is driven by increased sales of connected robotic mowers and smart watering solutions. We are increasing the share of connected devices in the product portfolio to further enhance customer value and to achieve our ambitions.

Next steps

- We will enhance connectivity across our future product portfolio.
- We are committed to advancing and leveraging our data management and artificial intelligence capabilities.
- We strive to optimize our direct connection with our end users and will expand the development of data-driven services.

Number of connected devices – ambition to reach 6m by 2026



Reduced water usage through connected smart watering

The Orbit Irrigation B-hyve smart and connected irrigation systems stand at the forefront of intelligent, sustainable, and efficient watering solutions. Utilizing cutting-edge technology, these systems provide precise and customized irrigation, optimizing water usage for healthier gardens and landscapes. With seamless integration into various devices and smart home ecosystems, B-hyve allows users to remotely control and schedule watering, enhancing convenience and saving water.

Developing our culture to exceed customer expectations

For Husqvarna Group to win in the future, we continuously develop our capabilities and evolve our ways of working to support our strategic transformation. We map capability requirements, ensure we have concrete plans to bridge potential gaps, and closely monitor our progress. We align our organization to execute our strategic goals and ensure all Husqvarna Group employees work in an environment that supports growth and development. Throughout 2023, we further developed our organization to ensure a company culture that is 'fit for future', fosters curiosity and learning, and nurtures all the great talent found across the Group.

Fostering our winning culture

Our culture is the fuel that propels us forward and we actively work with our culture to support our key strategic shifts. Our culture becomes a catalyst for achieving our goals, ensuring that we are a company that generates long-term value for all stakeholders. This year, we launched the Husqvarna Group Winning Culture and engaged all employees in team culture discussions, learnings and collaboration to strengthen our shared cultural foundation. This has resulted in a unified perspective on our culture, guiding our ongoing efforts across the Group to ensure that our ways of working support future requirements. Within our culture framework we continue to make bold actions, be dedicated in our execution, and care about our customers, company, colleagues, and future generations. Our Winning Culture framework establishes clear expectations and aids in maximizing team performance, create an inclusive environment and helps us attract the right individuals for our future growth.

A learning organization

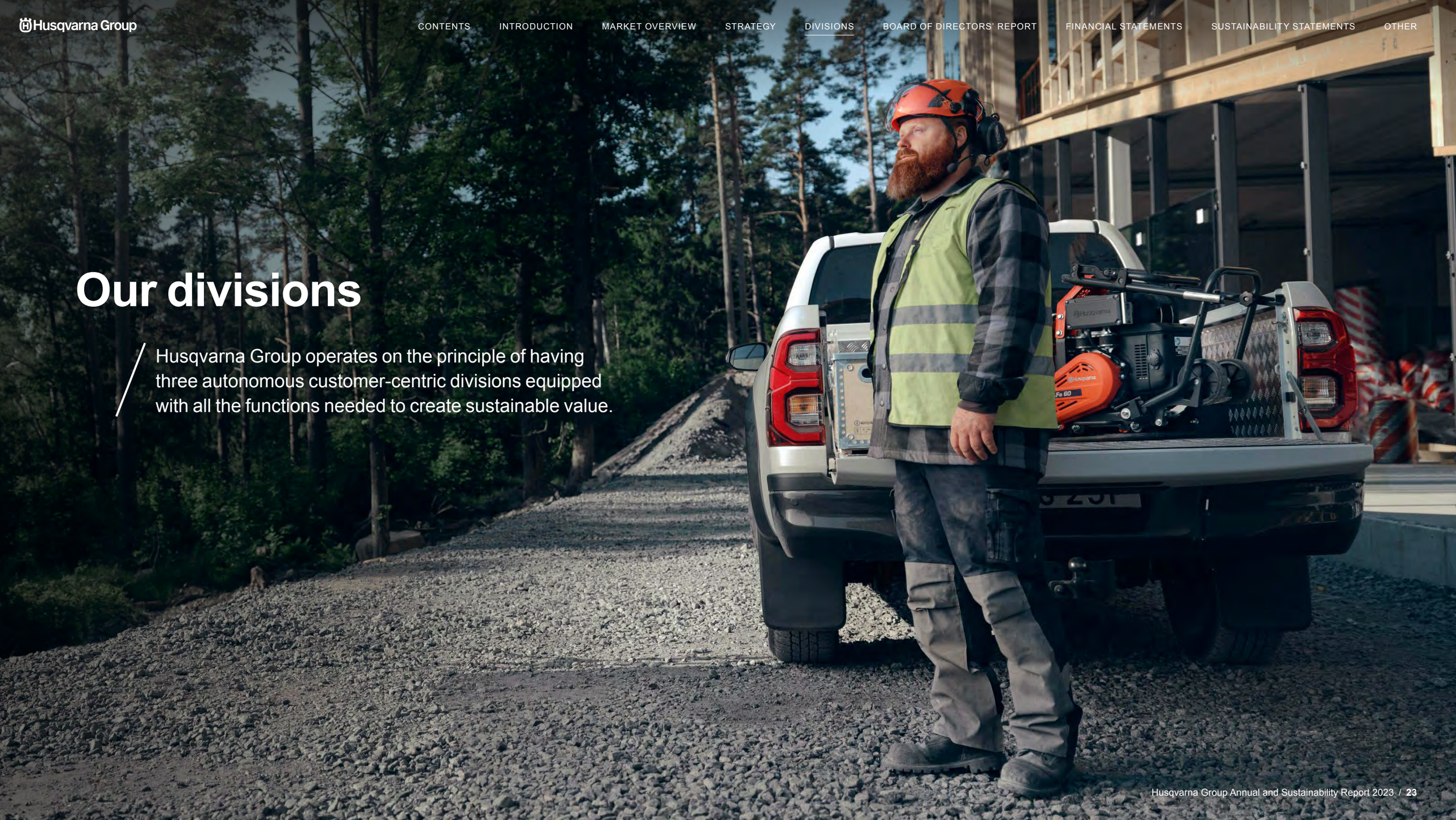
To remain successful in an ever-changing world, we consistently prioritize the development of our teams. In December 2022, we introduced our global learning strategy and roadmap. Our goal is to enhance our employees' learning mindset and behaviors, facilitate necessary capability changes, and ensure our employees have tools and content to learn and develop. During 2023, we rolled out Curious by Nature in most Husqvarna Group countries. This advanced learning ecosystem offers personalized learning paths for everyone. It enables us to monitor user satisfaction, perceived relevance, knowledge sharing, and the development of crucial Group skills. It is an important support in order to nurture the key capabilities necessary to meet future requirements and realize our long-term aspirations. This is pivotal both in terms of our company's development and our appeal as an employer.

Elevating talent attraction

Attracting top talent is a cornerstone of our long-term success. Consequently, we are committed to taking our talent attraction and recruitment endeavors to the next level. We have continued to enhance our global recruitment system and integrated diversity & inclusion measures into our talent attraction processes. Furthermore, we have developed our career website, leveraging our Group employer value proposition to provide potential employees with an enticing glimpse of the opportunities available at Husqvarna Group. These actions are part of an ongoing digital journey to enhance the employee experience and increase operational efficiency when it comes to people management.

Our winning culture framework

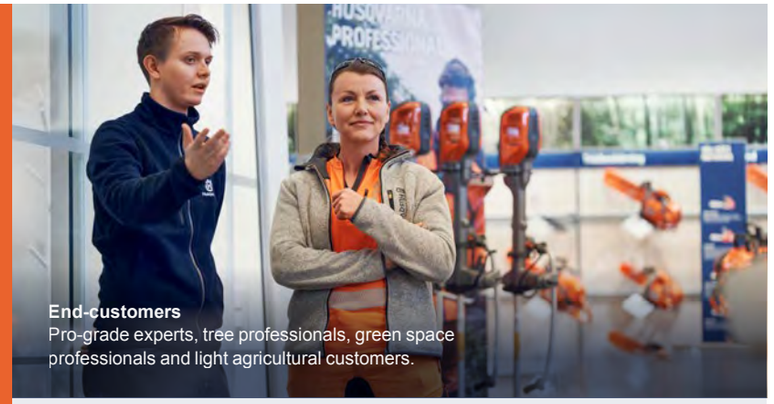
A strong company culture is crucial for executing our strategy, creating lasting value, and attracting and retaining great talent.



Our divisions

Husqvarna Group operates on the principle of having three autonomous customer-centric divisions equipped with all the functions needed to create sustainable value.

Three strong customer-centric divisions



End-customers
Pro-grade experts, tree professionals, green space professionals and light agricultural customers.

Husqvarna Forest & Garden Division

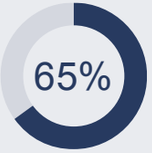
Market position

- Global leader in robotic mowers for both consumers and professionals.
- Global No. 2 in professional handheld products such as chainsaws, brush cutters, trimmers and leaf blowers.
- Strong positions in wheeled products such as front riders and zero-turn mowers.

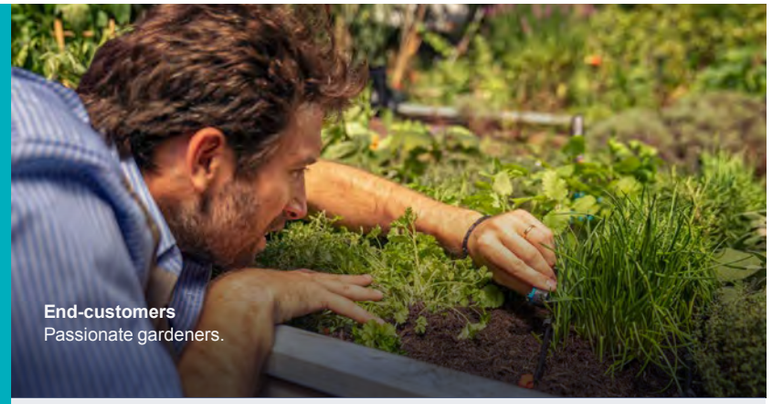
Share of Group net sales

SEK 31,759m

Share of Group operating income



Operating margin: 10.2%*



End-customers
Passionate gardeners.

Gardena Division

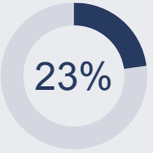
Market position

- Global leader in residential watering and smart watering.
- Leadership position in gardening tools and robotic mowers.
- Strong positions in electric powered gardening tools.

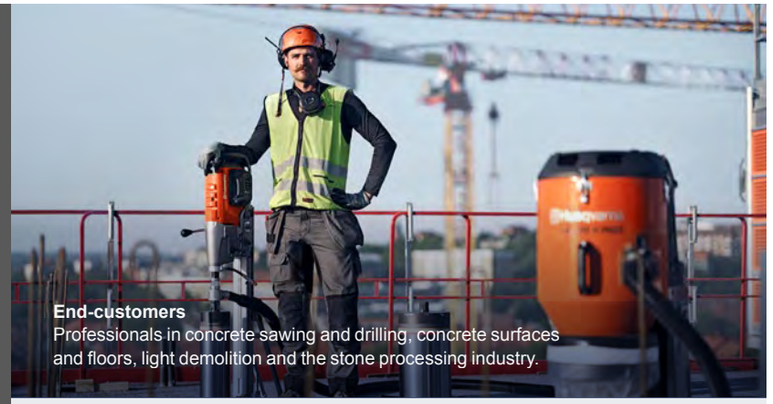
Share of Group net sales

SEK 12,964m

Share of Group operating income



Operating margin: 8.8%*



End-customers
Professionals in concrete sawing and drilling, concrete surfaces and floors, light demolition and the stone processing industry.

Husqvarna Construction Division

Market position

- Leading positions in power cutters, floor saws, surface preparation equipment, dust and slurry solutions.
- Strong market positions in light compaction and concrete placement equipment, demolition robots as well as diamond tools for light construction and stone industries.

Share of Group net sales

SEK 8,398m

Share of Group operating income

Operating margin: 11.9%*

* Excluding items affecting comparability. The divisions' share of operating income adds up to more than 100 percent due to Group-common items.

Husqvarna Forest & Garden Division

A global leader in forest and garden products

The Husqvarna Forest & Garden Division provides products and solutions that increase efficiency, enhance user experience, and aim to lower the overall environmental impact from forestry, tree care, landscaping, and other commercial lawn and garden services. Our offering mainly targets professional users and premium consumer segments.

Brands

Husqvarna's rich heritage dates back more than 330 years and the Husqvarna brand is one of the most well-known in the garden, tree and forestry care industry. Our innovative products and solutions, supported by our customer service organization, make Husqvarna a trusted brand and preferred partner. The brand portfolio also consists of the regional brands Zenoah in Japan and Redmax in North America.

Markets and customer segments

The Husqvarna Forest & Garden Division targets three different customer segments:

- Pro-grade experts (residential landowner users and suburban customers).
- Professional customers (green space professionals and tree professionals).
- Light agricultural customers (mainly in emerging markets).

The Husqvarna brand is primarily sold through independent servicing dealers, with most sales taking place in Europe and North America.

Products and solutions

Husqvarna is the largest global supplier of robotic mowers for residential and professional customers. Leading products and solutions for tree care and forestry are part of the brand's core heritage and we have a leading market position in handheld products such as trimmers, leaf blowers, and other lawn mowing equipment. Furthermore, we have a strong position in high-performance battery-powered products and an attractive offering in connected and digital services.

Offering more sustainable products and solutions, aimed at reducing the environmental impact, is an essential part of our business model. In this respect, electrification is key and it has been further strengthened by joining the POWER FOR ALL ALLIANCE. The first product line using the POWER FOR ALL battery system was launched in 2023, where our suburban customers can now use one battery in a full range of products. The offering has been further expanded ahead of the 2024 season.

Growth opportunities

We see significant growth opportunities across regions and customer segments, particularly for robotic mowers, battery-powered products, service offerings and professional solutions. Digitalization and rising demand for circular solutions create opportunities such as rental services, sharing services, and ways of giving old products a second life.

Strong growth for robotic mowers

As consumer demand and planetary needs for more sustainable solutions increase, we are continuing to raise our pace of innovation. At the same time, we are making tough and necessary priorities to future-proof our operations in line with our strategic transformation.

"We achieved strong growth for robotic mowers, with industry-leading innovations."

Glen Instone, President
Husqvarna Forest & Garden Division

How would you summarize this year for the Husqvarna Forest & Garden Division?
2023 was a year characterized by a challenging macroeconomic situation. We achieved strong growth for our robotic mowers and battery-powered products, improved operating income and expanded our operating margin. In total, our organic sales declined by 4 percent, where the second half of the year was clearly affected by the weak macroeconomic situation.

We continued to execute our strategy and made significant progress toward providing an even more sustainable product offering. Furthermore, we continued to invest in segments with the greatest potential for future value creation, such as robotic mowers, battery-powered products and professional solutions. Consequently, we have taken steps to ensure that we remain the technology leader in our industry.

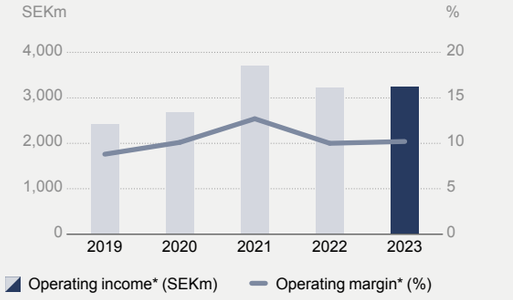
As you mention, one key segment is robotic mowers. How have you driven progress in this area?
I am very pleased with our performance in robotic mowers – in terms of sales, which achieved double-digit growth, and in terms of product development. We launched our Husqvarna Automower® NERA range, and we now offer boundry-wire-free solutions for the residential market. For the upcoming 2024 season, we have expanded the range of Automower® NERA models and we expect this to increase demand for and adoption of robotic mowers over time. The launch demonstrates the division's innovation capacity and technology leadership.

Another interesting innovation is the Husqvarna Rewilding Mode, an important biodiversity feature of our robotic mowers. The Rewilding Mode uses GPS technology to leave 10 percent of your lawn unmown, enabling bees, butterflies, beetles and other pollinators to prosper.

You also aim to transform commercial turf care. How have you worked toward this in 2023?
Despite macroeconomic challenges, we delivered strong double-digit growth in this area in 2023. We have a market-leading offering, including our Husqvarna CEORA™ robotic mowers and additional solutions, that enables us to cater to a wide range of specific customer needs. Interest is strong in such segments as golf and sports, as well as general landscaping and public areas. We have installations in many prestigious sites, such as the gardens of Versailles and the Sydney Opera House grounds.

In many ways, our transformation of commercial turf care represents the establishment of a new market segment. We are gradually broadening our range of mowers and now offer professional robotic mower solutions that cater for areas ranging from 5,000 m² to 75,000 m². In addition, we are expanding our entire range of professional solutions and can satisfy the full spectrum of customer needs. In parallel, we are innovating new business models. This includes leasing and "as-a-service" solutions and we are exploring a range of possibilities that match customer needs as well as our own sustainability ambitions.

Operating income and margin



* Excluding items affecting comparability.

Net sales by region, %

Electrification is yet another area where you have set ambitious targets. How have you delivered on this in 2023?

As a Group, we aim to have two thirds of our sales of motorized products electrified by 2026 and this year we took a significant step on that journey. Growth is accelerated by increasing customer demand for battery-powered solutions, where the customers appreciate lower noise, easy handling, and zero direct emissions. In addition, we are proactively exiting low-margin petrol-powered consumer business and by 2024 we will have exited further business representing approximately SEK 2bn in annual sales. While this affects short-term sales, now is the time to be bold and to make the necessary strategic transitions.

When you have reached this goal, non-electric products will still represent one third of your product sales. How do you make these products as sustainable as possible?

Combustion engines will be part of our offering for some time yet, especially when catering to the professional segment. Innovation in relation to a variety of alternative fuels is crucial here, and we are working along multiple tracks to ensure flexibility in an era of fast technology development adhering to stricter future emission regulations.

What challenges have you faced this year and how have you addressed them to create a stronger division?

One challenge that is becoming more apparent is the pace of competition in the growing market for robotic mowers. This also has benefits, not least because it raises awareness and spurs growth in the product category. Nevertheless, it is important to address this development and we further increase our innovation pace. We have a strong organization of both software and hardware engineers working in robotics for the residential and professional segments. To remain the long-term market leader, we will ensure technology leadership, investing in our brand and driving awareness of the benefits of robotic mowers.

How has your commitment to sustainability supported the development of the division?

This has occurred in many ways. Firstly, customers increasingly prefer products and services that reduce energy consumption, emissions, noise and waste. By offering battery-powered products, robotic mowers, and circular initiatives, we can provide customers with more sustainable solutions that also deliver high performance and value.

Secondly, it helps differentiate the Husqvarna brand from competitors and strengthens our market position. We can also attract new customers who are looking for more sustainable alternatives to traditional products and services.

Thirdly, we can increase efficiency as we optimize the use of resources, R&D, materials, and energy in our production and operations.

Finally, what accomplishments are you most proud of this year?

Above all, I am very proud of our entire team with their customer-centric approach and dedication to meeting our customers' needs. This goes hand in hand with our good progress on each of Husqvarna Group's Sustainovate targets: Carbon, Circular and People.

At a more tangible level, there are several projects and innovations that come to mind, not least our new Husqvarna Automower® NERA range.

Launch and expansion of the Husqvarna Aspire range

Launched in 2023, the Husqvarna Aspire series is a comprehensive product range utilizing the POWER FOR ALL battery system. The range includes a robotic mower, a walk-behind mower, a grass trimmer, a pruner, a hedge trimmer and a leaf blower. As part of the POWER FOR ALL ALLIANCE, established by Husqvarna Group and Bosch in 2020, users can seamlessly use the same 18V battery and charger across various devices, regardless of the manufacturer. Ahead of the 2024 gardening season, the Aspire range has been expanded to include additional gardening tools.

Revolutionizing golf course maintenance

Husqvarna CEORA™ is revolutionizing golf course maintenance with its advanced technology. Designed to navigate and maintain large areas, CEORA ensures precision and efficiency, providing golf courses with a cutting-edge solution for turf management at a lower cost. In 2023, a new cutting deck, optimized for fairway maintenance, was launched.

Gardena Division

The brand of choice for passionate gardeners

The Gardena Division is the global number one in residential watering and smart garden systems for passionate gardeners. In addition, our range includes products and solutions for lawn, tree, hedge and court care as well as digital and connected solutions for planning and automating gardening tasks.

Brands

The Gardena brand is the leading residential gardening brand in Europe and is associated with innovative high-quality products and market-leading innovations. Orbit is the leading residential watering brand in the U.S. market and B-hyve is the leading smart watering technology brand. Flymo is a popular UK brand in lawn, hedge and tree care, and Neta serves the residential watering market in Australia.

Market and consumer segments

We are the global market leader in residential watering and smart watering. We are also the pioneer of smart gardening, connecting hardware and software to automate and coordinate gardening chores like e.g. watering and mowing. Our products and services are designed for passionate gardeners.

Making sustainable choices lies close to the heart of every passionate gardener. Therefore, we are driving the development of more sustainable gardening approaches, tools and equipment. Sustainability is at the center of our strategy, operations and investment decisions.

Products and solutions

The Gardena Division has the market's broadest range of gardening products for residential customers. Much of our success stems from a system approach such as the Original Gardena System for simple click-on watering devices and the Gardena Combisystem that combines different tools and handles. In the same manner, we offer a comprehensive system for smart gardens that combines hardware and software to automate gardening. In 2020, we co-founded the POWER FOR ALL ALLIANCE, which offers a battery system for the entire home for maximum flexibility and convenience. It allows our customers to use the same battery system for over 100 appliances from different participating manufacturers.

Growth opportunities

Within our growth strategy we see three main opportunities: With regards to geographical markets we can significantly expand our business beyond our core markets in central Europe, primarily in the United Kingdom, France and the United States. The acquisition of Orbit Irrigation has given us a channel into the North America market that will enable us to establish Gardena as a premium gardening brand there. Further development of our omnichannel capabilities will support us capturing channel growth opportunities.

For innovation driven growth, sustainable solutions are at the center. Here, smart watering systems are just one example of solutions that drive business growth while simultaneously advancing our sustainability efforts.

Strengthened position and performance in a challenging consumer environment

In a year defined by weakened consumer sentiment, we have managed to strengthen our market position with both consumers and retail customers. The weaker demand post-Covid continued from 2022 into 2023, but with good cost efficiency measures we improved our profitability and we have delivered a record cash flow for the year. At the same time we remained focused on our long-term strategic ambition to offer sustainable solutions to passionate gardeners.

"Passionate gardeners care about the environment and in many ways, gardening is all about circularity."

Pär Åström, President
Gardena Division

How would you summarize the year for the Gardena Division?

It has been a year where the passion of the team really made a difference as the market continued to be challenging. Firstly, we saw a late start to the gardening season across the northern hemisphere. Secondly, we faced a continued weakening of consumer sentiment, with our customers being more cautious than normal in terms of spending. But in this environment the team managed not only to grow market shares and win new listings, but also to put in place effective cost control measures that offset the volume related cost pressures and we improved the operating margin. In addition, we have delivered a record cash flow for the division driven by our work with reducing inventory levels.

Customer demand for sustainable gardening solutions is rising. How is this transition supporting division growth?

Passionate gardeners care about the environment and in many ways, gardening is all about circularity. For Gardena, this means both a responsibility and an opportunity to innovate more sustainable solutions. Smart watering solutions is one example, with hot and dry weather conditions causing widespread droughts and thus increasing consumer awareness of the need to use water more efficiently.

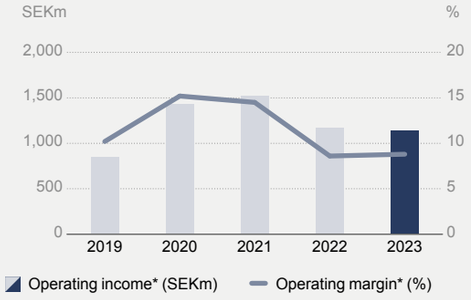
Both our EcoLine product range, which maximizes the use of post-consumer recycled plastics, and the Micro-Drip-System, which reduces water usage, have been in high demand and we have had to scale up production plans. So despite a general sales decline, we are seeing strong growth in efficient watering solutions.

In which way is Gardena a stronger division today than a year ago?

The Gardena Division has taken great steps to meet the evolving customer needs of today's digitized world. We need to be where our customers are, and therefore we have further invested in our e-commerce capabilities.

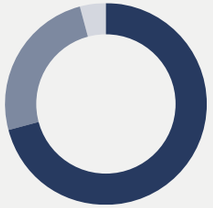
We have grown fast over the last couple of years and our competitive landscape has changed. To reflect these developments, we have put in place a new organization where five business units defined by differentiated consumer use cases and competitive arenas, go to market through a common sales, marketing and logistics function. In watering, hand tools, electric tools, smart and robotics we provide different solutions to gardening tasks and have different market positions, therefore these four areas define our new business units together with Orbit.

Operating income and margin



* Excluding items affecting comparability.

Net sales by region, %



New products for the 2024 season

At Gardena, the 2024 season is all about cleaning and care, and with the help of Gardena solutions this can be achieved effectively and conveniently at the touch of a button. In 2024, our family of cordless tools will continue to grow and Gardena's customers will be able to choose from an additional six new products on the POWER FOR ALL battery platform, including a new battery wall-mounted hose box.

The new organization also recognizes that the customer interaction needs to be seamless. Our new go to market unit offers one face to the customer throughout the entire purchase experience, including advertising, sales, ordering, delivery, and aftersales service.

What are the sustainability focus areas for Gardena?

For us, financial and sustainability progress go hand in hand. Gardena has the ambition, drive and skill to define sustainable gardening approaches. We have four focus areas that all tie into business growth. Firstly, in line with the Group's Sustainovate agenda, we want to lead the way toward low-carbon solutions by expanding our electric offering with products featuring higher energy efficiency, for example, our latest range of garden pumps. Secondly, as the market leader in residential irrigation, we want to help gardeners use water in an efficient way. The third focus area is plastics, where we work to increase circularity by identifying ways to use more recycled post-consumer plastics in our products. Today, our recycled plastics meet quality requirements of virgin plastics. This in itself is a great achievement and one that allows us to step-by-step reduce the amount of virgin plastics in our value chain.

Lastly, we want to educate and inspire people in the area of sustainable gardening through our different communication channels.

What other actions have you taken within your strategic priorities and what have they resulted in?

Most importantly, we have continued to bring innovation to our markets. Examples include our launch of even more products on the POWER FOR ALL battery system. In our core offering, we have introduced new cutting tools and expanded our Micro-Drip-System offering for water-conserving garden irrigation. And for the U.S. market, a professional irrigation offering was successfully launched under our B-hyve brand.

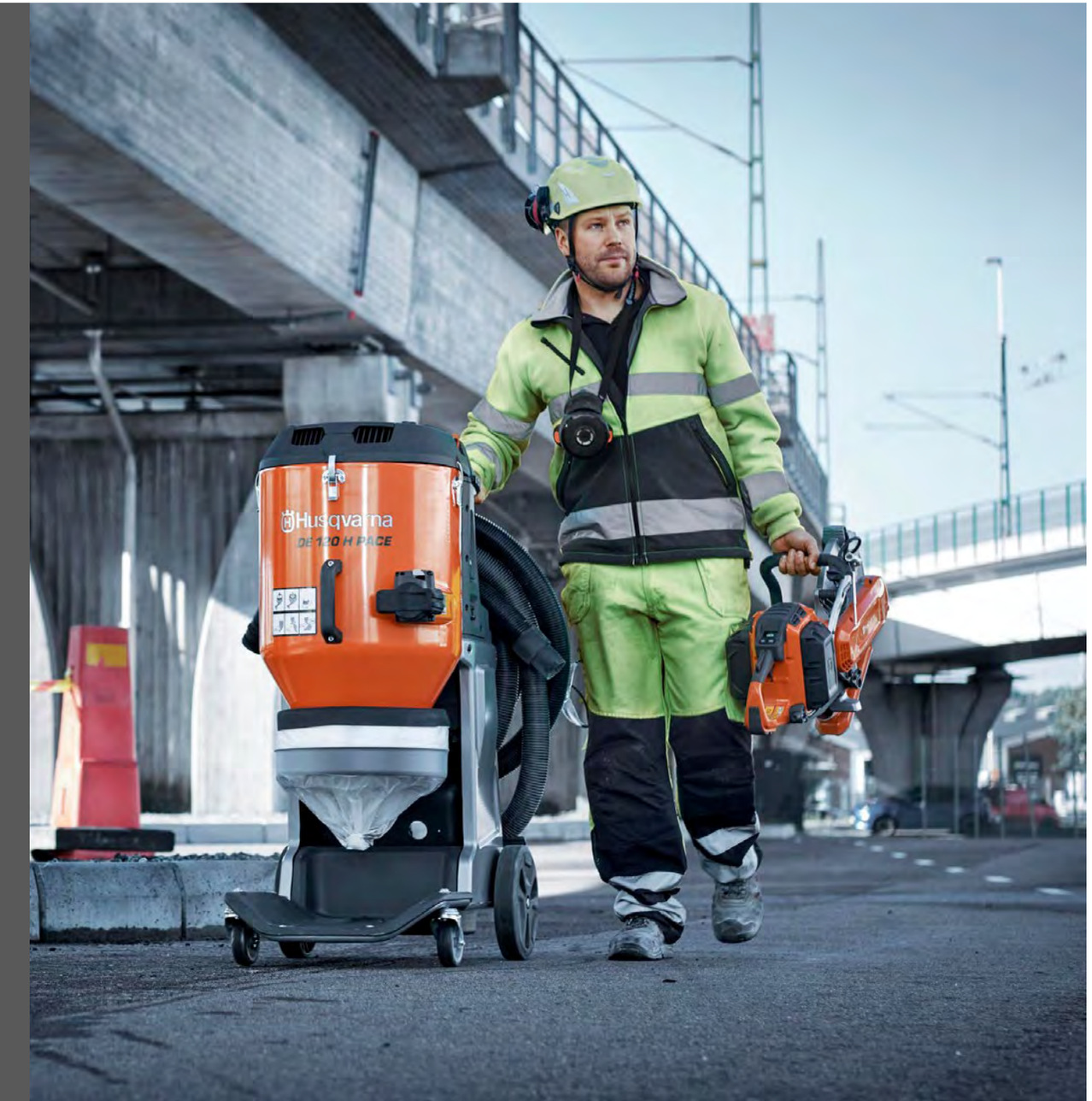
> "We continued to invest and build our position in the markets where we primarily focus our geographic expansion: France, the UK, and the U.S."

Lastly, geographic expansion is a strategic lever for growth. How have you delivered on that ambition in 2023?

We continued to invest and build our position in the markets where we primarily focus our geographic expansion: France, the UK and the U.S. We see the multi-year committed investments into these markets bear fruit. In UK and France we continued to build out our distribution and during the year, we started to build the Gardena brand in the U.S., leveraging Orbit's market know-how and infrastructure and this resulted in our first listing of the Gardena watering offering at a major U.S. retailer. Simultaneously, we are strengthening the brand positioning of the Orbit brand in North America, focusing the brand on watering and smart watering with more emphasis on consistent design and innovation.

The award-winning EcoLine

Gardena EcoLine is a range of high-quality hand tools and watering products that are largely produced from post-consumer recycled materials. For the 2023 season, the range was expanded to include the new EcoLine hose, which is made of thermo plastic elastomer (TPE) and recycled plastic sourced from household waste such as foils and packaging. The range was rewarded with the German Sustainability Award Design in 2022.



Husqvarna Construction Division

A full-service provider in the light construction industry

The Husqvarna Construction Division provides equipment and diamond tools for the light construction industry and diamond tools for the natural stone processing industry. With a passion for innovation and sustainability, we offer efficient, high-quality products and services for professionals.

Brands

Husqvarna is our primary brand. We offer market-leading products for the light construction industry. This includes equipment, diamond tools, and services for concrete sawing and drilling, preparation and finishing of concrete surfaces and floors, and remote demolition. We also offer diamond tools for a variety of applications in the natural stone processing industry.

Market and customer segments

We are mainly present in the infrastructure, renovation (residential and non-residential) and some industrial segments, with a high share of recurring revenue from diamond tools, spare parts and accessories. The largest markets are North America, Europe and Australia. To meet the needs of our customers, we have developed a customer-centric global network of distributors and dealers, combined with our own sales force and service centers, as well as a global supply chain.

Products and solutions

As a total solutions provider and partner, our offering is divided into four core areas: Concrete Sawing & Drilling, Concrete Surfaces & Floors, Light Demolition and Diamond Tools. We continuously develop our service offering, with digital services and service contracts, to support our customers' entire business needs. The equipment and the diamond tools in our product range are developed and optimized to work together to deliver high-level performance, reliability and productivity.

Growth opportunities

As a division, we are focused on growing both organically and through acquisitions. Over the past years, we have built a new core business in concrete surfaces and floors, where we now have a wide range of solutions that make us a complete partner in this area. In addition, in recent years we have also expanded our diamond tools business.

Another strategic priority is to support the transformation of our industry and support professional customers in the shift to a low-carbon, resource-smart economy. We view this as a strategic growth opportunity and we continuously work to reduce the environmental footprint of our products along the entire value chain – from production to end usage.

Solid financial performance and strategy execution

Despite macroeconomic challenges, we achieved a solid result for the year, including improved profitability and cash flow. By delivering on customer expectations, we have expanded our market-leading positions in core markets.

"We aim to be a frontrunner in our industry's transition to low-carbon and resource-smart solutions."

Karin Falk, President
Husqvarna Construction Division

How would you summarize the year for the Husqvarna Construction Division?
2023 was a year characterized by continued macroeconomic instability and challenging market conditions. Our team successfully mitigated the impact on our business, not least by adopting a customer-centric mindset and constantly driving efficiency in our operations. A combination of a stabilized supply chain, solid sales in emerging markets and North America, and good cost control enabled us to deliver a record result for the year. All in all, we delivered on our strategy and strengthened our market-leading positions in core markets and product areas.

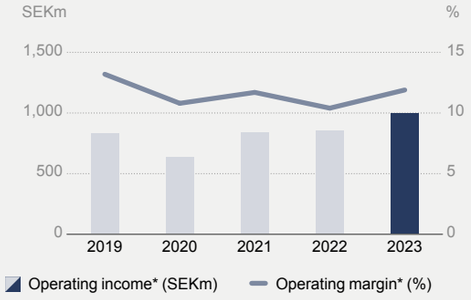
Progress was also driven by a growing product portfolio – for instance in the concrete surfaces and floors area. How has this area developed in 2023?
Over the past years, we have built a new core in the concrete surfaces and floors area, with the latest addition being the complimentary products and solutions coming from the acquisition of Blastrac. This year, we took the final step in the integration of the Blastrac offering under the Husqvarna brand and during the summer, we announced the complete partner offering in surface preparation to the market. It is the most comprehensive range of solutions in the industry, complementing our previous offering with scarifiers, concrete and steel shot blasters, and scrapers.

How is the increasing demand for sustainable products and solutions impacting the light construction industry?
Throughout the value chain, customer demand, technical development and increased regulation are driving the industry toward more sustainable solutions. We aim to be a frontrunner in our industry's transition to low-carbon and resource-smart solutions.

We believe partnerships will play a key role in supporting the construction industry to lower its fossil dependency. This year, we decided to team up with the Green Transition Initiative (GTI) and other leading companies on the forefront of developing cutting-edge electrified construction equipment.

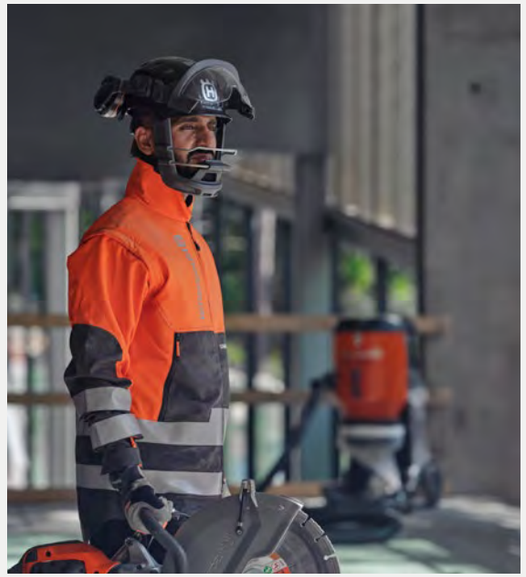
How has this strategic aim been translated into product development?
Sustainability has been an integral part of our product development for a long time. Since most CO_2 emissions arise during product use, our focus is to enable customers to reduce emissions through the transition to battery and corded equipment, digital solutions and by improving energy efficiency across our product range. Today, over 40 percent of

Operating income and margin



* Excluding items affecting comparability.

Net sales by region, %



Safety first
Our Husqvarna SmartGuard™ personal protective equipment range is designed to improve the power cutter operators' safety when cutting into concrete and other hard materials. The helmet, jacket and blade cover work together as a system and are setting a new standard for safety in the construction industry. Designed for people who prioritize operational safety, the SmartGuard range helps professionals work more responsibly and efficiently.

Husqvarna Construction's solutions are powered by electricity, either battery or corded.

The growing interest in electrified equipment is also driven by many other factors besides reduced emissions, including an improved operator experience and the benefits of reduced noise levels. As an important sustainability area in itself, our aim is to always develop products and more sustainable solutions that prioritize worker health and safety. We combine our innovation capacity with a deep understanding of everyday customer challenges to develop solutions that meet both current and future customer needs.

Can you provide an example of this innovation capacity in this area of electrification?

A great example is the growing range of heavy-duty machines that run on the Husqvarna PACE battery system. With three power cutters, a core drill, and a dust extractor on our 94V Husqvarna PACE battery system, we are demonstrating our commitment to offer electric equipment for the more demanding jobs in the construction industry.

What strategic actions have you taken in 2023?

As a division, we are focused on growing organically as well as through targeted complementary acquisitions. In 2022, our offering for sawing and drilling contractors in Central Europe was strengthened by the acquisition of diamond tools company Heger, and this was followed by the addition of the UK business Total Diamond Products this year. Organically, we continue to grow in emerging markets, which is an important part of our strategy.

We have also continued to invest in R&D, with a focus on services, solutions, and diamond tools. These areas are essential for our ability to create sustainable value, both from a financial and customer perspective.

Finally, what challenges have you had to deal with and how have you addressed them to create a stronger division?

The main challenge has been to manage our business in a time of macroeconomic instability. This year, volumes were lower than last year and because we are built for growth, even slightly lower volumes are noticeable throughout our production chain.

We build a stronger division by capturing growth opportunities and driving operational efficiency. This, combined with our passion for innovation and commitment to deliver productivity to our customers create an even stronger division. We will continue to stay close to our customers, and focus on strategic areas where we identify opportunities, such as aftermarket, emerging markets and diamond tools. I am particularly proud that we have delivered a strong year despite challenges and we are well positioned for the future.

> "We stay close to our customers, and we focus on strategic areas, such as aftermarket, emerging markets, and diamond tools."

Making concrete floors the preferred choice
Husqvarna Superfloor™ is our complete concept for concrete flooring surfaces. It brings together machines and tools and, through a specific process, enables flooring professionals to deliver cost-effective and high-quality floors demanded by their customers. A benefit from a sustainability perspective is that it enables the refining of existing construction materials, extending the lifetime of concrete and thereby reducing the need for new materials. Husqvarna Superfloor is an example of how we address the entire floor construction process, in this case by providing the processes, equipment and support needed to offer a flooring solution with a focus on functionality, aesthetics and sustainability.

Board of Directors' Report

Founded in 1689, Husqvarna Group is a world-leading provider of innovative products and solutions for forest, park and garden care. The range includes robotic mowers, chainsaws, trimmers, ride-on mowers, hand tools, watering solutions as well as corresponding services. Husqvarna Group is also a leader in equipment and diamond tools for the light construction industry and diamond tools for the stone industry. The Group's products and solutions are mainly sold under the global Husqvarna and Gardena brands. The Group has a brand-driven organization and structure with three separate reporting divisions. The Board of Directors (Board) and the CEO of Husqvarna AB (publ), corporate registration number 556000-5331, with its registered office in Jönköping, Sweden, hereby submit the Annual Report and consolidated financial statements for the 2023 financial year.

THE YEAR IN BRIEF 2023

- Net sales decreased by 1% to SEK 53,261m (54,037). Changes in exchange rates contributed with 5%. Planned exits impacted with –1%.
- Organic sales declined by 5%.
- Operating income was SEK 3,880m (3,043) and the operating margin was 7.3% (5.6).
- Excluding items affecting comparability, the operating income amounted to SEK 4,970m (4,853) and the operating margin was 9.3% (9.0).
- Items affecting comparability amounted to SEK –1,090m (–1,810), and was mainly related to the expansion of the Group's cost savings initiatives, announced in October 2023 and a write-down related to the acceleration of the strategic transformation, announced in October 2022.
- Earnings per share before dilution amounted to SEK 3.81 (3.39) and earnings per share after dilution amounted to SEK 3.81 (3.38).
- Cash flow from operations and investments was SEK 4,414m (–4,009). Direct operating cash flow was SEK 6,541m (–572).
- The Board of Directors proposed a dividend for 2023 of SEK 3.00 per share (3.00) to the Annual General Meeting.

NET SALES AND INCOME

Net sales

Net sales for the period decreased by 1% to SEK 53,261m (54,037). Planned exits impacted with –1% and changes in exchange rates contributed with 5%. Organic sales declined 5%. Sales growth was strong for robotic mowers both for the residential and professional segments as well as for battery-powered products.

Operating income

Operating income for the period amounted to SEK 3,880m (3,043) and the operating margin was 7.3% (5.6). Excluding items affecting comparability, operating income increased to SEK 4,970m (4,853) and was driven by price increases, lower costs for logistics and cost savings. The operating margin excluding items affecting comparability was 9.3% (9.0), with improved operating margin in all divisions. Acquisition-related amortizations amounted to SEK –230m (–225). Changes in exchange rates had a negative effect of approximately SEK –35m compared to last year.

Financial items net

Financial items net amounted to SEK –1,002m (–461). The change was related to higher interest rates.

Key figures

SEKm	2023	2022	2021	2020	2019
Net sales	53,261	54,037	47,059	41,943	42,277
Gross margin, %	*30.3*	*27.0*	*33.0*	*30.0*	*29.6*
EBITDA *	6,985	6,385	7,987	6,206	5,779
EBITDA margin, %	*13.1*	*11.8*	*17.0*	*14.8*	*13.7*
Items affecting comparability * [1]	–1,090	–1,810	62	–815	–225
Operating income	3,880	3,043	5,746	3,669	3,690
Operating income, excl. items affecting comparability *	4,970	4,853	5,684	4,484	3,915
Operating margin, %	*7.3*	*5.6*	*12.2*	*8.7*	*8.7*
*Operating margin, excl. items affecting comparability *, %*	*9.3*	*9.0*	*12.1*	*10.7*	*9.3*
Income after financial items	2,878	2,581	5,494	3,330	3,122
Net income for the period	2,177	1,932	4,437	2,495	2,528
Earnings per share after dilution*, SEK	3.81	3.38	7.73	4.35	4.42
Dividend per share, SEK [2]	3.00	3.00	3.00	2.40	2.25
*Return on capital employed *, %*	*8.4*	*7.3*	*17.9*	*13.3*	*12.9*
Return on equity, %	*8.5*	*7.9*	*22.2*	*13.5*	*14.7*
Net debt/equity ratio	0.66	0.74	0.44	0.38	0.65
Direct operating cash flow *	6,541	–572	3,651	6,071	3,849
Average number of employees	13,755	14,416	13,873	12,374	12,708

[1] Items affecting comparability* are provided on page 35.
[2] 2023 as proposed by the Board.
* Alternative Performance Measure, refer to "Financial definitions".

Income after financial items

Income after financial items amounted to SEK 2,878m (2,581).

Taxes

Income tax amounted to SEK –702m (–649), corresponding to an effective tax rate of 24.4% (25.1).

Earnings per share

Net income for the period attributable to equity holders of the Parent Company amounted to SEK 2,177m (1,935), corresponding to SEK 3.81 (3.38) per share after dilution.

Net sales by region

%	2023	2022
Germany	14.3	12.9
France	6.7	5.9
Sweden	3.8	3.9
Austria	3.3	3.0
Rest of Europe	25.5	26.1
Europe	**53.6**	**51.7**
Asia/Pacific	9.2	8.9
Canada	3.3	3.7
US	29.1	30.9
Latin America	4.2	4.2
Rest of the world	0.7	0.7
Total	**100.0**	**100.0**

EBITDA*

SEKm	2023	2022
Operating income	3,880	3,043
Reversals		
Depreciation	1,992	1,769
Amortization	931	821
Impairments	182	753
Depreciation, amortization and impairment	3,105	3,342
EBITDA*	**6,985**	**6,385**
Excl. items affecting comparability*	7,911	7,450
EBITDA margin, %	*13.1*	*11,8*
*Excl. items affecting comparability**	*14.9*	*13,8*

* Alternative Performance Measure, refer to "Financial definitions".

Items affecting comparability*

SEKm	2023	2022	2021	2020	2019
Restructuring costs	–1,002	–1,852	–17	–815	–225
Non-recurring costs relating to Russia	–88	–137	—	—	—
Other	—	178	79	—	—
Total	**–1,090**	**–1,810**	**62**	**–815**	**–225**

* Alternative Performance Measure, refer to "Financial definitions".

SEKm	2023	2022
Restructuring costs		
Impairment of non-current assets	–163	–745
Write down of inventory	–272	–249
Other restructuring costs	–567	–858
Non-recurring costs relating to Russia		
Write-down / reversal of current assets	15	–59
Write-down / reversal of inventory	0	–11
Other restructuring costs	–102	–67
Other		
Sale of property	—	178
Total items affecting comparability*	**–1,090**	**–1,810**

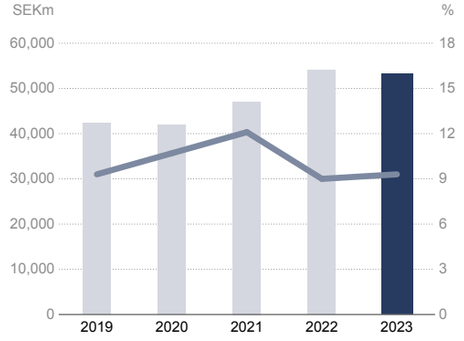
* Alternative Performance Measure, refer to "Financial definitions".

Classification in the income statement

SEKm	2023	2022
Cost of goods sold	–725	–1,610
Selling expenses	–172	–277
Administrative expenses	–193	–103
Other operating income/expense	—	178
Total items affecting comparability*	**–1,090**	**–1,810**

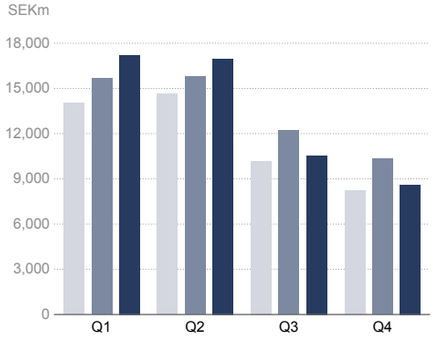
* Alternative Performance Measure, refer to "Financial definitions".

Net sales and operating margin



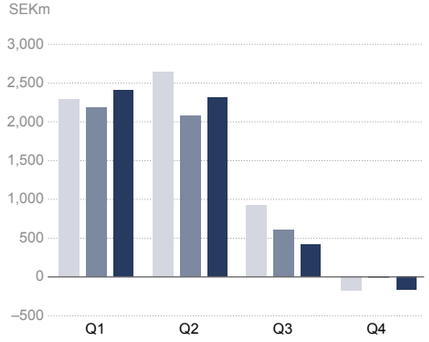
Net sales, SEKm
Operating margin, excluding items affecting comparability*, %
* Alternative Performance Measure, refer to "Definitions".

Net sales by quarter



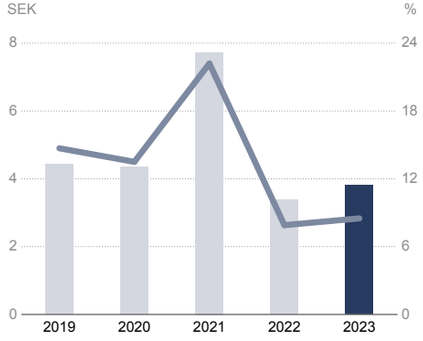
2021 2022 2023

Operating income by quarter[1]



2021 2022 2023
[1] Excluding items affecting comparability*.
* Alternative Performance Measure, refer to "Definitions".

Earnings per share and return on equity



Earnings per share after dilution, SEK
Return on equity, %

Cash flow

Cash flow from operations and investments for the year amounted to SEK 4,414m (–4,009). Direct operating cash flow was SEK 6,541m (–572). The improvement was related to a higher operating income and improved cash flow from working capital changes.

Direct operating cash flow*

SEKm	2023	2022
EBITDA excl. items affecting comparability	7,911	7,450
Change in inventories	1,918	–3,832
Change in trade receivables	917	–1,511
Change in trade payables	–1,579	–336
Investments in property plant and equipment and intangible assets	–2,627	–2,344
Direct operating cash flow*	**6,541**	**–572**

* Alternative Performance Measure, refer to "Financial definitions".

Capital expenditure and Research & Development (R&D)

Capital expenditure in 2023 amounted to SEK 2,627m (2,344m), corresponding to 4.9% (4.3) of net sales. Investments in property, plant and equipment amounted to SEK 1,540m (1,382) and investments in intangible assets was SEK 1,087m (962), of which SEK 596m (602) was related to product development, SEK 419m (336) to IT/software and SEK 72m (24) to other intangibles. Approximately 40% (44) of capital expenditure was related to new products, 17% (18) to rationalization and replacement of production equipment, 16% (15) to expansion of capacity, 17% (15) to IT systems and 11% (8) to other capital expenditure.

R&D expenses, which are included in cost of goods sold, amounted to SEK 2,515m (2,177), of which SEK 494m (425) was amortization of capitalized product development (intangible assets). The total R&D expenses thus corresponded to 4.7% (4.0) of net sales.

FINANCIAL POSITION

Operating working capital*

Operating working capital* at year-end amounted to SEK 16,986m (18,490). Inventories decreased to SEK 17,184m (19,334), trade receivables decreased to SEK 5,289m (6,267) and trade payables decreased to SEK 5,487m (7,111).

Change in operating working capital*

SEKm	
December 31, 2022	**18,490**
Changes in exchange rates	–334
Changes in working capital	–1,169
December 31, 2023	**16,986**

* Alternative Performance Measure, refer to "Financial definitions".

Equity

Group equity as of December 31, 2023, excluding non-controlling interests, decreased to SEK 23,770m (24,002), corresponding to SEK 41.6 (41.9) per share after dilution.

Net debt*

Net debt decreased to SEK 15,640m (17,709). The decrease was mainly related to the strong cash flow. The net pension liability increased to SEK 1,994m (1,431). Other interest-bearing liabilities decreased to SEK 17,245m (19,897) and liquid funds and other interest-bearing assets decreased to SEK 3,600m (3,618).

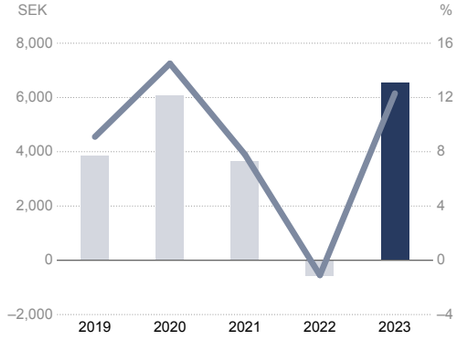
The net debt/EBITDA ratio, excluding items affecting comparability, increased to 2.1 (1.8), mainly due to higher borrowings on average. The equity/assets ratio was 41% (39).

Net debt*

SEKm	2023	2022
Net pension liability	1,994	1,431
Other interest-bearing liabilities	17,245	19,897
Less: Liquid funds and other interest-bearing assets	–3,600	–3 618
Net debt*	**15,640**	**17,709**
Net debt/equity ratio, times	0.66	0.74
Equity/assets ratio, %	*41*	*39*
Net debt/EBITDA excl. Item affecting comparability	2.1	1.8

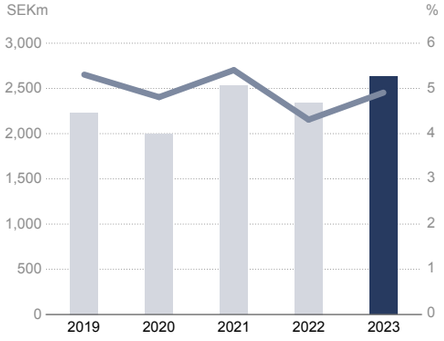
* Alternative Performance Measure, refer to "Financial definitions".

Direct operating cash flow*



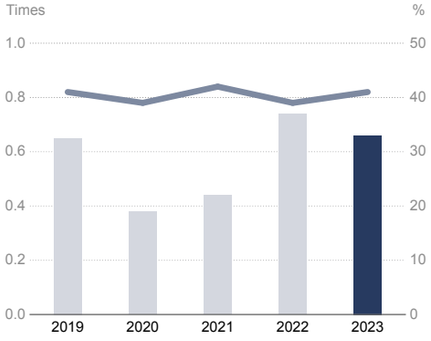
Direct operating cash flow, SEKm
Direct operating cash flow/net sales, %
* Alternative Performance Measure, refer to "Definitions".

Capital expenditure



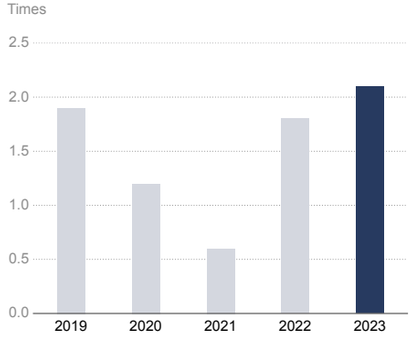
Capital expenditure, SEKm
Capital expenditure/net sales, %

Net Debt/Equity and Equity/Assets ratio



Net debt/equity ratio
Equity/assets ratio, %

Net Debt/EBITDA[1]



Net debt/EBITDA[1] ,SEKm
[1] Excluding items affecting comparability*.
* Alternative Performance Measure, refer to "Definitions".

PERFORMANCE BY BUSINESS SEGMENT

Husqvarna Forest & Garden Division

Net sales decreased by 1% to SEK 31,759m (32,082). Planned exits impacted with –1% and changes in exchange rates contributed with 4%. Organic sales declined by 4%. Sales of robotic mowers and battery-powered products were strong during the year, supported by the fact that a growing number of customers are choosing robotic mowers rather than traditional wheeled lawn mowers. Growth was solid in the professional segment of robotic mowers, including Husqvarna CEORA™. Husqvarna Automower® NERA was launched as the Group's first robotic mower to offer virtual boundary technology for the residential market.

Operating income amounted to SEK 2,706m (1,807) and the operating margin was 8.5% (5.6). Excluding items affecting comparability, operating income amounted to SEK 3,236m (3,224) and the operating margin to 10.2% (10.0). The improvement was mainly related to price increases, cost savings and lower logistics costs. Changes in exchange rates had a positive contribution of approximately SEK 80m compared with the preceding year.

Husqvarna Forest & Garden Division

SEKm	2023	2022	Change, %
Net sales	31,759	32,082	–1
*Organic growth *, %*	*–4*	*0*	
Operating income	2,706	1,807	50
Operating margin, %	*8.5*	*5.6*	
Operating income excl. items affecting comparability *	3,236	3,224	0
*Operating margin excl. items affecting comparability *, %*	*10.2*	*10.0*	

Gardena Division

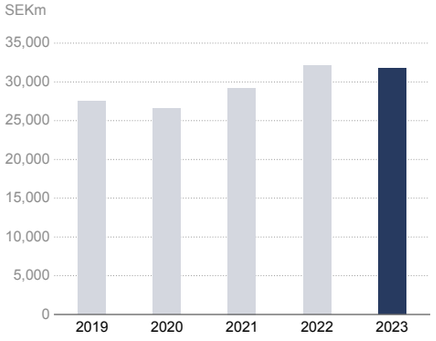
Net sales decreased by 5% to SEK 12,964m (13,606). Currency effects contributed with 5%. Organic sales declined by 10%.

Operating income was SEK 950m (918) and the operating margin amounted to 7.3% (6.8). Excluding items affecting comparability, operating income amounted to SEK 1,136m (1,173) and the operating margin improved to 8.8% (8.6). Price increases, good cost control and lower logistics costs had a positive impact, while lower volumes had a negative impact. The dilution effect from Orbit Irrigation was 0.3 ppts on the operating margin, excluding acquisition-related amortization, which amounted to SEK –121m (–115). Changes in exchange rates had an impact of approximately SEK –265m compared with the preceding year.

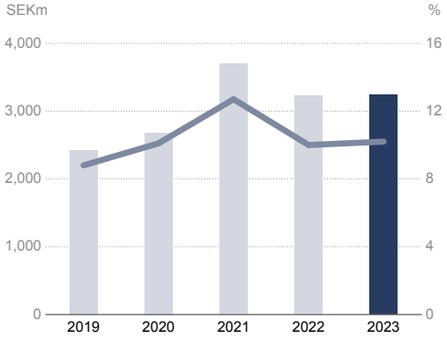
Gardena Division

SEKm	2023	2022	Change, %
Net sales	12,964	13,606	–5
*Organic growth *, %*	*–10*	*–7*	
Operating income	950	918	3
Operating margin, %	*7.3*	*6.8*	
Operating income excl. items affecting comparability *	1,136	1,173	–3
*Operating margin excl. items affecting comparability *, %*	*8.8*	*8.6*	

Net sales, Husqvarna Forest & Garden Division

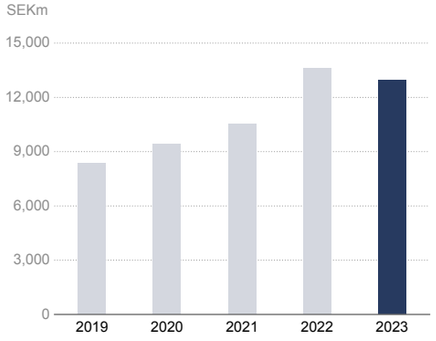


Operating income and margin, Husqvarna Forest & Garden Division

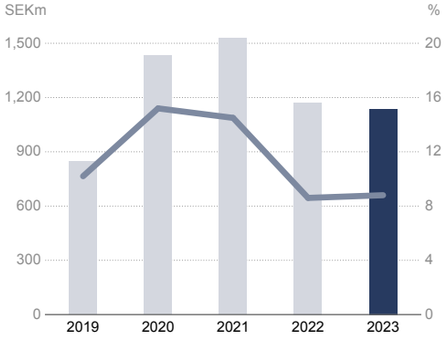


1 Excluding items affecting comparability*.
* Alternative Performance Measure, refer to "Financial definitions".

Net sales, Gardena Division



Operating income and margin, Gardena Division



1 Excluding items affecting comparability*.
* Alternative Performance Measure, refer to "Financial definitions".

Husqvarna Construction Division

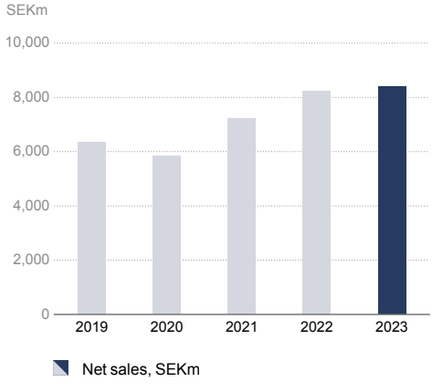
Net sales increased by 2% to SEK 8,398m (8,232). Changes in exchange rates and acquisitions contributed with 5%. Organic sales declined by 3%. The division has expanded its range of battery-powered products.

Operating income was SEK 755m (713) and the operating margin was 9.0% (8.7). Excluding items affecting comparability, operating income increased to SEK 1,002m (854) and the operating margin was 11.9% (10.4). The margin improvement was supported by price increases, good cost control and lower logistics costs. Acquisition-related amortization amounted to SEK –103m (–104). Changes in exchange rates had a positive contribution of approximately SEK 150m compared to preceding year.

Husqvarna Construction Division

SEKm	2023	2022	Change, %
Net sales	8,398	8,232	2
*Organic growth *, %*	*–3*	*2*	
Operating income	755	713	6
Operating margin, %	*9.0*	*8.7*	
Operating income excl. items affecting comparability *	1,002	854	17
*Operating margin excl. items affecting comparability *, %*	*11.9*	*10.4*	

Net sales, Husqvarna Construction Division



Operating income and margin, Husqvarna Construction Division

1 Excluding items affecting comparability *.
* Alternative Performance Measure, refer to "Financial definitions".

SIGNIFICANT EVENTS

Henric Andersson passed away in February 2023

Henric Andersson, our dear colleague and Husqvarna Group's CEO, passed away in February 2023. Husqvarna Group has lost a dear friend and a visionary leader whom we had the privilege of working together with for over 25 years.

Pavel Hajman appointed CEO of Husqvarna Group

Pavel Hajman was appointed CEO of Husqvarna Group in May 2023. He has been a part of the Group Management team since 2014 and has a history within Husqvarna Group as President Husqvarna Forest & Garden, SVP Operations Development and EVP GIS/CIO. Prior to joining Husqvarna Group, Pavel held various leading positions within Seco Tools and Assa Abloy in Europe and Asia.

Changes to Group Management

The Group Strategy & Innovation function was dissolved and Erik Winberg, Executive Vice President Strategy & Innovation, left Husqvarna Group on December 31, 2023. The sub-functions previously contained within the Group Strategy & Innovation function were distributed into other existing Group function management structures as described on page 54 of this report.

Expansion of cost saving initiatives

The Group's cost saving initiatives were expanded with additional targeted savings of SEK 400m, including a reduction of approximately 300 positions. Combined with the Group's prior programs, total targeted savings are SEK 1.2bn with full effect in 2025 and a total reduction of 1,300 positions.

Bosch

Bosch issued a press release in January 2023, stating that they have agreed to acquire shares in Husqvarna AB (publ). Their shareholding amounts to roughly 12 percent of the share capital.

SIGNIFICANT EVENTS AFTER THE PERIOD

See note 28.

OTHER INFORMATION

Parent Company

Net sales for January – December 2023 for the Parent Company, Husqvarna AB (publ), amounted to SEK 23,454m (23,308), of which SEK 18,358m (18,195) referred to sales to Group companies and SEK 5,096m (5,113) to external customers. Income after financial items increased to SEK 1,711m (1,378). The administrative costs have increased mainly due to a Group internal transaction. Income for the period increased to SEK 1,525m (507). Investments in property, plant and equipment and intangible assets amounted to SEK 1,915m (3,423). Cash and cash equivalents amounted to SEK 136m (410) at the end of the year. Undistributed earnings in the Parent Company amounted to SEK 29,042m (29,250).

The Husqvarna share

At year-end 2023, the share capital in Husqvarna AB (publ) amounted to SEK 1,153m (1,153), comprised of 109,451,449 A-shares (110,106,194) and 466,892,329 B-shares (466,237,584).

For further information on the change in the number of shares during the year, see note 19. Each A-share carries one vote and each B-share carries 1/10th of a vote. All shares enjoy equal rights in terms of the assets and earnings. There are no restrictions on the transfer of shares, voting rights or the right to participate in the Annual General Meeting (AGM).

Husqvarna AB (publ) is not aware of any agreements between shareholders that may limit the right to transfer shares. In addition, there are no stipulations in the Articles of Association regarding appointment or dismissal of Board members or agreements between Husqvarna AB (publ) and Board members or employees that require remuneration if such persons

leave their posts, or if employment is terminated, as a result of a public bid to acquire shares in Husqvarna AB (publ).

As of December 31, 2023, the largest shareholders in terms of voting rights were Investor AB, with 33.5% (33.4) of the votes, and L E Lundbergföretagen, with 25.5% (25.4) of the votes. No other shareholder held more than 5% of the votes. Market capitalization amounted to SEK 48bn (42) at the end of 2023. Husqvarna AB (publ) did not own any own shares at the end of 2023. For more information on major shareholders, see section “The share”.

Authorization for new share issue and equity swaps of B-Shares

The 2023 AGM resolved to authorize the Board to decide on one or more occasions, until the next AGM, to have the Group enter into one or more share swap agreements with third parties on terms consistent with market practice. The purpose is to secure the Group’s obligations due to adopted incentive programs.

The participants in the Group’s long-term incentive programs have been granted share awards and when the conditions of the performance period for each program ends, shares are transferred to them in accordance with the conditions of the programs and made without consideration.

The participants in the Husqvarna LTI 2020 program were granted performance share awards in 2020 and then on the vesting day in July 2023, 1,065,384 share awards were exchanged for Husqvarna AB (publ) shares and transferred to the participants.

At year-end 2023, Husqvarna AB (publ) had equity-swap agreements whereby a third-party bank had acquired 4,825,197 B-shares to cover obligations under Husqvarna long-term incentive programs.

In addition, the 2023 AGM authorized the Board to resolve to issue not more than 57.6 million B-shares, representing 10% of the total number of shares in Husqvarna AB (publ), to facilitate acquisitions where the consideration will be paid with own shares. No such issuance was made in 2023.

Legal matters and compliance

Husqvarna Group and its worldwide subsidiaries are involved in commercial, product liability, regulatory and other disputes in the ordinary course of business. Such disputes can involve claims for compensatory damages, fines and penalties, property damage or personal injury compensation and occasionally also punitive damages. For certain types of claims (primarily product liability litigation), the Group has self-insurance, up to certain limits, as well as external “excess” coverage. The Group continuously monitors and evaluates pending claims and disputes, and acts when deemed necessary. The Group believes that these activities help to minimize such risks. It is difficult to predict the outcome of each dispute, but based on its present knowledge, the Group estimates that none of the disputes in which it is currently involved will have a material adverse effect on the consolidated financial position or result.

Husqvarna Group is committed to a culture of compliance. Honesty and fairness have always characterized the Group’s way of doing business and the highest standards of integrity are expected of every employee in every country where the Group does business.

Husqvarna Group provides training to its employees on its Code of Conduct and related policies.

Husqvarna Group requires that suppliers, agents, distributors and other business partners (“Third-Parties”) comply with the business and workplace standards as defined in the Code of Conduct and Group policies on Third-Party Due Diligence and Export Controls and Trade Sanctions.

Husqvarna Group's Compliance & Regulatory function continuously evaluates its compliance program in light of changes in the Group's business operations and regulatory landscape. The result of these efforts is a rolling three-year plan to continuously improve the compliance. Focus areas for such plan during 2023 included preparations for and compliance with supply chain due diligence regulatory requirements, expansion of the program's efforts to mitigate bribery and corruption risks, and enhanced communications regarding a broad cross-section of compliance related topics to reinforce the Group's commitment to business integrity.

Sustainability & Sustainability Report

In contrast to prior years, the Husqvarna Group has this year decided to publish its statutory "sustainability report" as an integrated part of this Annual & Sustainability Report. In accordance with the Annual Accounts Act Chapter 6 Section 11, Husqvarna Group has chosen to prepare the statutory sustainability report as a separate report from the legal Annual Report. The Statutory Sustainability Report can be found in this document on pages 12, 15–19 and 101–129.

Task Force on Climate-Related Financial Disclosures (TCFD)

Husqvarna Group supports the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), which are intended to ensure that investors and other stakeholders are informed about short, medium and long-term climate change risks posed to companies. In line with the TCFD recommendations, this Annual & Sustainability Report presents disclosure on the strategy, governance and risk management of climate-related topics. See the Risk Management section on page 42.

Environmental permits

In 2023, Husqvarna Group operated 33 production facilities, of which 21 were in Europe, 5 in the U.S., 3 in China, and one each in Brazil, Japan, India and Australia. All facilities have the environmental permits required for current operations.

Husqvarna Group included in CSR indexes

Husqvarna Group is a member of the FTSE4Good Index Series and a member of the STOXX Global ESG Leaders index. These indexes are designed to facilitate investments in companies that meet globally recognized corporate responsibility standards in environmental stewardship, social due diligence and corporate governance.

Employees

The average number of employees (full-time equivalents) in 2023 was 13,755 (14,416), of which 2,607 (2,476) were employed in Sweden. At year-end, the total number of employees was 12,757 (13,499). Of the total average number of employees in 2023, 9,421 (9,823) were men and 4,333 (4,593) were women.

Salaries and remuneration in 2023 amounted to SEK 9,875m (9,279), of which SEK 1,974m (1,810) refers to Sweden. For more information on employees, see note 4.

Annual General Meeting 2024

The AGM of Husqvarna AB (publ) will be held at 4:00 p.m. on April 18, 2024 at the Jönköping Concert & Congress hall at Elmia, Hammarskjöld Hall, Elmiavägen 15 in Jönköping, Sweden.

Notification and proposals to the AGM

The notification to attend the 2024 AGM has been available on the Group’s website, www.husqvarnagroup.com, since March 14, 2024. The full proposal to the AGM will be published on the Group’s website at the latest by March 28, 2024.

Proposed distribution of earnings

The Board proposed a dividend for 2023 of SEK 3.00 per share (3.00) corresponding to a total dividend payment of SEK 1,715m

(1,714) based on the number of outstanding shares at the end of 2023. It is also proposed that the dividend will be paid in two instalments to better match the Group's cash flow profile, with one payment of SEK 1.00 per share in April and the remaining SEK 2.00 per share in October. The proposed record dates are April 22, 2024, for the first payment and October 22, 2024, for the second payment.

SEKt	
The following profits are at the disposal of the AGM:	
Share premium reserve	2,605,747
Retained earnings	24,739,635
Net income for the period	1,524,821
Total profit available for allocation	**28,870,203**

SEKt	
The Board proposes the following allocation of available profits:	
Dividend to the shareholders of SEK 3.00 per share [1]	1,714,556
To be carried forward	27,155,647
Total	**28,870,203**

[1] Calculated on the number of outstanding shares as of December 31, 2023.

The Board is of the opinion that the dividend proposed above is justifiable on both the Company and the Group level with regard to the demands on the Company and Group equity imposed by the type, scope and risks of the business and with regard to the Company and the Group's financial strength, liquidity and overall position.

Remuneration guidelines for Group Management and remuneration to the Board 2023

The guidelines were approved by the 2021 AGM and apply until the 2025 AGM unless any changes are proposed. These guidelines do not apply to any remuneration otherwise decided or directly approved by the AGM or other general meeting.

For more information on principles for remuneration to Group Management and remuneration to the Board, refer to note 4.

Fixed cash salary

Fixed salary shall constitute the basis for total remuneration and may amount to not more than 70% of the total remuneration. The salary shall be related to the relevant market and shall reflect the degree of impact, contribution and knowledge involved in the position. The salary levels shall be reviewed regularly (normally annually) in order to ensure continued competitiveness and reward performance.

Variable cash remuneration (Short-term Incentive, "STI")

The satisfaction of criteria for awarding variable cash remuneration shall be measured over a period of one year. The variable cash remuneration may amount to not more than 150% of the fixed salary and not more than 50% of the total remuneration. The Board decides whether the maximum levels shall be utilized or if a lower level shall be used. The level of STI is set by the Board based on the position held, taking into account degree of impact, contribution and knowledge involved in the position but also country of employment.

Variable cash remuneration shall be conditional upon the fulfilment of defined financial criteria – such as operating income, cash conversion cycle – as well as non-financial criteria, to promote the Group's business strategy including its sustainability. The Board and the People & Sustainability Committee shall establish these criteria for the Group and/or for the business unit for which the member of Group Management is responsible and define the minimum/entry level, which must be exceeded for variable remuneration to be paid, and a maximum/stretch level relevant for the upcoming measurement period.

Up to a maximum of 20% of the CEO's and other Group Management member's total STI opportunity may be based on financial or non-financial individual key performance indicators (KPIs).

The criteria shall be designed so as to contribute to the Group's business strategy and long-term interests, including its sustainability. The extent to which the criteria for awarding variable remuneration has been satisfied shall be evaluated/determined when the applicable one-year measurement period has ended. The People & Sustainability Committee is responsible for the evaluation and it shall be based on the latest financial information made public by the Group. Any individual KPIs for the CEO shall be determined and evaluated by the Board and the People & Sustainability Committee while the CEO shall be responsible for determining and evaluating individual KPIs for other members of Group Management.

Long-term incentive

The Board will annually evaluate whether a long-term incentive program should be offered and be proposed to the AGM. The award level of such long-term incentive program may amount to not more than 120% of the fixed salary when the program is launched.

Pension and other benefits

Pension and disability benefits shall be designed to reflect regulations and practice in the country of employment. Pension plans shall be defined contribution plans and the employer contribution, including contributions for disability pension/insurance, may amount to not more than 40% of the fixed cash salary and not more than 30% of the total remuneration.

Other benefits may include, for example, life and healthcare insurance, housing allowance and company cars. Costs relating to such benefits may amount to not more than 20% of the fixed cash salary and not more than 15% of the total remuneration. For employments governed by mandatory rules, pension and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

Group Management members who are expatriates may receive additional remuneration and benefits to the extent reasonable in light of the special circumstances associated with the expatriate arrangement, taking into account, to the extent possible, the overall purpose of these guidelines. Such remuneration and benefits may not in total exceed 80% of the fixed cash salary.

Termination of employment

The notice period may not exceed 12 months if notice of termination of employment is made by the Group. Fixed cash salary during the period of notice and severance pay may together not exceed an amount equivalent to fixed salary for two years. The

period of notice may not exceed six months when termination is made by the Group Management member, unless there is a right to severance pay to compensate for a longer notice period. Members of Group Management shall be obliged not to compete with the Group during the notice period. Based on the circumstances in each case, a non-compete obligation with continued severance pay may be applied also after the end of the notice period. Non-compete obligation shall not apply for more than 12 months from the end of the notice period and the severance pay during such non-compete period may not exceed an amount equivalent to the fixed salary.

Additional remuneration may be paid for non-compete undertakings to compensate for loss of income and shall only be paid in so far as the previously employed Group Management member is not entitled to severance pay. The remuneration shall amount to not more than 60% of the fixed salary at the time of termination of employment, unless otherwise provided by mandatory collective agreement provisions, and be paid during the time the non-compete undertaking applies, however not for more than 12 months following termination of employment.

Salary and employment conditions for employees

In the preparation of the Board's proposal for these remuneration guidelines, salary and employment conditions for employees of the Group have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the People & Sustainability Committee's and the Board's basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable. The development of the gap between the remuneration to executives and remuneration to other employees will be disclosed in the remuneration report to be published in accordance with the EU Shareholder Rights Directive.

The decision-making process to determine, review and implement the guidelines

The Board has established a People & Sustainability Committee (Committee), which qualifies as a "remuneration committee" within the meaning of the Swedish Code of Corporate Governance. The Committee's tasks include preparing the Board's decision to propose guidelines for Group Management remuneration. The Board shall prepare a proposal for new guidelines at least every fourth year and submit it to the general meeting. The guidelines shall be in force until new guidelines are adopted by the general meeting. The Committee shall also monitor and evaluate programs for variable remuneration for Group Management, the application of the guidelines for Group Management remuneration as well as the current remuneration structures and compensation levels in the Group.

The members of the Committee are independent of Husqvarna Group and its Group Management. The CEO and other members of Group Management do not participate in the Board's processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

Derogation from the guidelines

The Board may resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the Group's long-term interests, including its sustainability, or to ensure the Group's financial viability. As set out above, the Committee's tasks include preparing the Board's resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines. Any derogation from the guidelines must not cause any of the remuneration elements to exceed two times the maximum level specified in these guidelines

Remuneration to the Board 2023

Remuneration to AGM-elected Board members is resolved by the AGM based on proposals from the Nomination Committee. The 2023 AGM resolved on fees of SEK 7,790,000. No consulting fees were paid to Board members and no Board fees are paid to Board members who are also employed by the Group. For more information concerning remuneration, see note 4.

Risk Management

IN THIS SECTION

Task Force on Climate-Related Financial Disclosures
Responsibilities and accountability
Integration in core business processes

Risks across the value chain
A. Product and Solutions Development
B. Sourcing
C. Manufacturing
D. Transportation
E. Customer interaction
F. Customer use
G. End-of-life Product Recycling

Other risk areas across the value chain
Risks related to information systems, personal data and cybercrime
Integrity and compliance risks
Environmental, health and safety risks and human rights
Risks related to acquisitions, restructuring and organizational changes
Certain risks in the Husqvarna Construction Division

Financial risks
General
Financing risks
Interest-rate risk
Foreign exchange risk
Credit risks
Tax risks

Sustainability related policies

All business operations involve risk. The goal of risk management is therefore not to eliminate risk, but rather to identify and optimize an organization's risk portfolio to best secure its business goals. Husqvarna Group has therefore implemented controls and governance processes to identify and prioritize material risks that may affect its operations and to limit, control and proactively manage these risks.

Task Force on Climate-Related Financial Disclosures (TCFD)

The Task Force on Climate-Related Financial Disclosures (TCFD) is a set of recommendations on how companies should improve disclosures relating to risks and opportunities posed by climate change, including disclosures relating to governance, strategy, risk management, metrics and targets. Husqvarna Group has formally endorsed the recommendations of TCFD and works to implement those recommendations in its annual reporting process.

The Group continues to engage both senior management and subject-matter experts to ensure that climate-related risks are identified and managed as an integrated part of overall risk management efforts. Beyond improving transparency via public disclosures, these efforts have also spurred Group Management to develop plans for addressing risks related to climate change and, where possible, to take advantage of potential business opportunities.

To ensure an integrated approach, the Group has decided to make TCFD disclosures part of the overall risk management section and, where applicable, elsewhere in this Annual & Sustainability Report. To facilitate ease of reference, the Group has indicated below the specific disclosures that are particularly relevant to TCFD with the symbol "►".

The Group's primary medium and long-term responses to transitional risks and opportunities are threefold: (1) to electrify two thirds of our sales of motorized products by 2026 (a doubling of the share compared to 2020 and a leap from 11% in 2015); (2) to reduce CO_2 emissions by -35% across our value chain by 2025 compared to 2015, and; (3) to commit to net-zero emissions by 2050.

At present, the majority of our TCFD-related disclosures are qualitative in nature. As work on these topics matures, the Group aims to provide quantitative disclosures, including potential financial impacts based on future scenarios and, possibly, more specific targets and metrics.

Responsibilities and accountability

The Board is ultimately responsible for ensuring effective risk management. The Board has delegated responsibility, in part, to the CEO, who must act in accordance with the Board's guidelines and instructions. The three divisional Presidents and the other members of Group Management are responsible for risk management implementation within their respective divisions and areas of responsibility. The Group also has a dedicated risk management function that:

- oversees the Group's overall Enterprise Risk Management program,
- secures appropriate insurance coverage for insurable risks, and
- assesses and facilitates the prioritization of the Group's risks.

Management of financial risks, including currency exchange rate exposure, is primarily the responsibility of Group Treasury.

► Integration in core business processes

The process for identifying, assessing, managing and reporting risk (including climate-related risk) is an integral part of our core business processes, including periodic strategy updates, the annual budget process and project management. Risk management is integrated in the annual budget process in order to capture events and circumstances with potential for material financial and operational impact. This means quantifying potential impacts and the likelihood of each risk and applying simulations to understand potential exposures to financial targets, thereby contributing to a proactive response. Risk management conducted as part of periodic strategy updates (both Group and divisional) helps capture events and circumstances that could significantly hinder longer term strategic priorities and goals. Risk management as part of more day-to-day activities is guided by a comprehensive set of Group policies and related procedures. Husqvarna Group has several specialist functions – notably Internal Audit, Compliance & Regulatory, Information Security, Internal Control and Sustainability – that oversee the effectiveness of risk management activities within their respective competency areas.

RISKS ACROSS THE VALUE CHAIN

The following sections highlight risks across the value chain that are deemed material for the Group over the next five years, unless otherwise indicated.

A. Product and solutions development

Time to market

Husqvarna Group, like any company, is subject to the risk that its competitors can develop and offer alternative products or solutions at a better cost-to-performance ratio. Product lifecycles are becoming shorter, requiring more efficient product-development processes. Certain Group products have relatively long development lead times, thus requiring a deep understanding of the end-customers' likely needs in the future.

Product compliance

Husqvarna Group is subject to a vast array of laws, regulations and industry standards, which vary from jurisdiction to jurisdiction and frequently change. These laws typically apply to the Group products in terms of design, operation, chemical content, noise, safety and (in the case of petrol products) exhaust emissions. Such regulations have also recently expanded to cover additional aspects of the value chain of our products, including how components and raw materials for such products are sourced, as well as recycling and other end-of-product-life responsibilities. Any failure to comply with such product standards could harm end-customers and result in significant costs, e.g., as a result of "stop sale" orders, product recalls, fines and damage to the Group's brand and reputation. Product standards are often subject to interpretation and frequently change, typically becoming stricter. When appropriate, the Group supplements its existing governance structures with dedicated cross-divisional project teams to proactively mitigate risks associated with major regulatory challenges and/or legislative changes, with regular reporting to Group Management.

Servitization

Many industries are experiencing a shift in customer preference from buying physical products to purchasing services (e.g. in the form of monthly subscription fees, leases or uptime). This shift, which is sometimes referred to as "servitization", adds new risks and regulatory exposures. For example, by offering leasing and other financial solutions, the Group may become subject to additional financial and credit risks as well as banking regulations (e.g., those related to anti-money laundering). Likewise, the expansion of online and digital services exposes the Group to increased liability under applicable data and privacy regulations, especially in relation to the processing of customer data. However, the Group is still heavily reliant on traditional business models of selling products to generate revenue and there is a risk that competitors may be able to develop service offerings more quickly or more effectively.

► Future CO_2 emissions regulation and bans of petrol-powered products

The Group anticipates more stringent emissions regulations, particularly applicable to its petrol-powered products. Innovation related to low-emission technology reduces the Group's vulnerability to such stricter emissions legislation in the short term. However, in addition to regulations that impose more stringent standards (i.e. the level of emissions that a petrol-powered product may produce), we are also seeing new legislative initiatives that aim to entirely ban the sale of petrol-powered products in certain market segments. For example, the State of California in the US, recently enacted legislation that effectively bans the sale of new petrol-powered gardening tools, including mowers and handheld equipment. We can expect this trend to continue and accelerate in other jurisdictions. Partly in response to this trend, the Group has proactively discontinued (or planned the discontinuation of) certain petrol-powered products that use outdated emissions technology or where an electric product offers similar performance. In October 2022, for example, the Group announced that it would adjust its value chain for petrol-powered consumer products, including a reduction in installed production capacity and a plan to exit approximately SEK 2bn in annual sales of low-margin petrol-powered consumer products by 2024. Planned savings from these changes are being partially reinvested in the Group's key sustainable value-creation levers, namely robotic mowers and battery, watering and professional products.

This shift in product portfolio also supports our efforts to reduce CO_2 and related greenhouse gas (GHG) emissions. In 2020, the Group updated its analysis to better understand required CO_2 reductions from its product portfolio, using a 2035 horizon. This analysis confirmed that the Group is on the right path to transition to a low-carbon economy in line with the latest climate science and the multilateral ambitions of the Paris Agreement to limit a temperature rise to 1.5 °C. Using this analysis, the Group secured verification of its revised science-based targets in 2020 and thereby also committed to climate neutrality by 2050.

► Shift from petrol to battery products

Many traditional market segments are affected by the "petrol-to-battery" shift. Products historically powered by petrol engines now have battery-driven motor alternatives. This trend has accelerated in recent years as batteries have become more powerful, more reliable and less expensive. As one of four stated strategic priorities, the Group has decreased its share of petrol products through robotics and battery-powered products. Today, approximately 42% (34%) of our business of motorized products is represented by battery-powered robotics and corded products – up from 11% in 2015 and with the ambition to further increase this percentage to 67% to 2026. Steps taken to further promote this shift include a significant expansion of internal resources dedicated to robotics and battery products and a sharp increase in the related R&D spend. The Group has, for the most part, achieved a leading position in battery products in relevant market segments. At the same time, there is increased competition from new entrants, such as power hand-tool players, many of whom have significant scale in designing, manufacturing or sourcing battery-powered indoor products, including cordless drills, which can to some extent also be applied to outdoor products. A counterbalance to this risk is the Group's deep application knowledge of the particular products in question (e.g., chainsaws and trimmers). Our future success in these market segments will thus depend on our continued ability to design the entire end-product (including the battery power source) better than most competitors.

B. Sourcing

Component supply and quality

A shortfall in deliveries or quality-related issues from a supplier may have negative consequences for production and for deliveries of finished products. This risk is exacerbated where the Group relies on a few (or even single) suppliers to deliver key materials or components. To address these risks, the Group has begun to shift its risk management evaluations (e.g. site visits) from its own production sites, which are often already deemed "highly protected", to those of major suppliers. The divisions' purchasing organizations work closely with suppliers to manage deliveries and monitor the suppliers' financial stability, quality-assurance systems and flexibility of production. The Group has also recently initiated efforts to reduce its reliance on certain geographical areas that may have long lead times and/or be subject to the risk of trade tariffs, by securing additional sources of supply that are closer to our manufacturing sites. The divisions build buffer stock of critical components to reduce impacts of supply disruption.

► Electronic components

Electronic components, including batteries and related parts, are becoming increasingly important for the Group's products and services. Worldwide demand for such components – especially battery cells and computer chips – is also increasing dramatically due to the ongoing electrification of society. As with all direct material, the availability of such components is dependent on supplier performance and global demand. Supply interruptions or lack of capacity may have an adverse effect on the Group's production and deliveries. In the 2020–2022 period, the Group, like other manufacturers worldwide, experienced supply chain disruptions and higher prices for key components due to a combination of increased demand and global supply chain disruptions, initially linked to the Covid-19 pandemic. We have taken a number of steps to remediate these risks, including: (1) re-engineering products to enable use of a much wider range of electronic components; (2) developing direct relationships with sub-suppliers of certain critical components (e.g. chips and semi-conductors), with whom we previously only had an indirect relationship via our tier 1 suppliers; and (3) where necessary, building additional levels of buffer stock.

Supply chain compliance

A broad supplier base, especially in less developed countries, potentially increases the risk that products or components are not produced sustainably. The Group and its suppliers must share the same high standards for the environment, labor and human rights as stated in Group policies and procedures and in the Supplier Code of Business Ethics. The Group has historically mitigated these risks through supplier audits and supplier self-assessments. The Group will continue to improve and expand its supplier due diligence efforts (including supplier audits), not least to be able to demonstrate compliance with the EU's pending Corporate Sustainability Due Diligence Directive (CSDDD) and corresponding national laws.

Prices for materials and components

The Group's operations and its performance are affected by fluctuations in the price of raw materials and components. The most important raw materials are steel, aluminum and various types of plastic. The cost of these raw materials can fluctuate considerably over the course of a year, due to changes in world prices for raw materials or the ability of suppliers to deliver them. Total consumption is linked to production volume and production mix. The Group does not use financial instruments to hedge prices for raw materials, but endeavors to manage risks through bilateral agreements with suppliers.

C. Manufacturing

Footprint and fixed costs

The Group maintains a relatively large manufacturing base with corresponding fixed costs and is subject to risks from fluctuations in demand resulting from economical, seasonal and weather variations, as well as the availability and applicable lead times of key components. Handheld products such as chainsaws and trimmers, for which the Group also manufactures engines, contain a higher proportion of specialized components that are produced in-house, as do watering products. Any material decline in overall sales volumes can therefore have a significant negative impact on factory absorption and, in turn, on profitability.

► Natural disasters

The Group's and its suppliers' facilities are subject to disruption for a variety of reasons, including wind, wildfires, earthquakes or extreme rain and flooding. Such disruption may interrupt Husqvarna Group's ability to manufacture certain products. Any significant disruption could negatively impact the Group's sales and earnings. The Group currently has 18 manufacturing sites and warehouses that are deemed "exposed to climate risk", i.e. snow loading, flooding due to nearby rivers and hail. The combined insured value of these sites is SEK 33bn. The Group works proactively to reduce these exposures by avoiding establishing new operations in high-risk zones, proactive maintenance, snow load-capacity analyses for roofs, installation of sprinklers, insurance and establishing business continuity plans.

► Climate change impact 2030 and 2050

The Group's property insurer completed a study in 2023 to identify which of our current locations could be exposed to increased physical risk due to future climate change. This study was based on expected climate change 2030 and 2050 under the scenarios RCP 2.6, 4.6 and 8.5. The study identified that one location (already on the list of exposed locations today) and one additional location can expect increased future exposure. The one already exposed to climate risk today has an insured value of SEK 500m and is experiencing increased severity of storms. The additional location has an insured value of SEK 270m and is expected to experience an increase of drought. This insight will support the Group to proactively reduce these exposures by roof structure analysis and reduce water demand.

D. Transportation

Tariffs and trade disputes

The Group's operation involve the movement of products, components and raw materials across national boundaries. Such goods may be subject to import and export duties or similar tariffs. Normally, the costs of such tariffs are incorporated into product pricing. However, abrupt changes to – or unclarity regarding – such tariffs expose the Group to risks. In some cases, it may be difficult to pass on such higher product costs or it may take a significant period of time to do so. Likewise, competitors may have a different supply-chain structure and be able to produce similar goods that are not subject to such tariffs. In either case, the Group may be forced to absorb such extra tariff costs, thereby lowering the gross margin on products sold. Whenever and wherever possible, the Group strives to adjust its supply chain and manufacturing footprint to minimize the impact from such tariffs.

Logistics disruption

The Group depends on freight forwarders, shipping hubs, ports and transportation companies for delivery of components and finished products. The Group is vulnerable to logistic disruptions and spot freight-rate increases. Contracts are in place to secure volumes and rates for major shipping routes.

► CO_2 impact of logistics suppliers

The Group relies on air, road, rail and sea transport, some of which are carbon intensive. The Group foresees higher costs and levies for fossil-fuel-based transport, especially air freight. Increased local production in North America and Europe helps to reduce transport dependency. Supply chain constraints, such as shipping container shortages, may increase air freight, resulting in higher CO_2 emissions. Accordingly, the Group is developing mitigation plans to minimize these risks.

E. Customer interaction

Customer preferences

The Group's strategy is founded on product innovation, utilization of strong brands and global distribution to create differentiated product and solution offerings for different end-customer segments. Long-term profitability depends on the ability to successfully develop, manufacture and market new products and solutions that meet customers' performance needs and price requirements. Digitalization has opened up significant opportunities to improve customer interaction and to customize advice and support. The Group works with digital solution providers to ensure that products are integrated with digital platforms preferred by our customers.

Digitalization increases the risk that traditional business models are disrupted by new market entrants that may have new product (or service) offerings and/or more effective go-to-market strategies. However, it is also an important enabler to deliver more circular solutions that reduce waste, extend the product lifecycle and reduce the Group's impact on the environment. Accordingly, the development of circular innovations is a key component of the Group's Sustainovate strategy.

Retail channel

Consumer products are sold mainly through large retail chains. This market is highly consolidated in North America and the UK, while in the rest of Europe market consolidation is largely still ongoing. The Group's retail customers, such as large DIY chains, are becoming larger and fewer in number, which gives them greater bargaining power. Several large retailers also source products that are then marketed under their own brands. Large retailers offer Husqvarna Group the opportunity to display its products in more retail outlets in a wider geographical area. However, this also entails risks. Most obviously, the failure to build or maintain strong supplier relationships with DIY retailers could have significant negative effects on volumes and, in turn, on profitability. Conversely, successfully maintaining such customer relationships could lead to a greater dependence on fewer customers, with higher levels of trade receivables and credit risks related to these customers. The Group is taking a number of measures to reduce sales channel risks, including setting annual credit limits for customers and ensuring that the Group develops its overall omnichannel market approach.

Dealer channel

The Group's professional products are sold mainly through local independent dealers, which also service and install the Group's products. In some cases, we sell directly to end-customers, which means that these customers purchase smaller volumes and are generally not as significant for the Group on an individual basis. The cost to serve dealers is generally higher than for retail accounts but the level of risk related to receivables and credit is lower.

Omnichannel & online

Internet commerce is growing and becoming more important for the Group, partly as a result of increased online sales activities of trade partners in both the dealer and retail channel, but also due to growing, direct-to-consumer e-commerce channels run by the divisions. This trend accelerated during the Covid-19 pandemic, with end-customers preferring to order products online to avoid personal exposure, and it is continuing. The shift to online purchasing gives rise to opportunities and risks. The challenge is to ensure that relevant products are offered to all customer segments in all relevant purchasing channels. The failure to build or maintain strong supplier relationships with key online resellers can have significant negative effects on volumes and profitability.

F. Customer use

Product safety

The Group is exposed to product liability in the event that its products are alleged to have caused injury to persons or damage to property. The Group is insured to a large degree against such claims, partly through insurance in its own captive insurance company, and partly through external insurers. However, there is no guarantee that such insurance coverage is in force or sufficient in a specific case or that claims regarding product liability may not have an adverse effect on the Group's earnings and financial position. In addition, such insurances do not cover the costs for warranty repair, recall exposure or any adverse effect on brand value. External insurance is subject to availability and pricing, which may vary over time. The Group has established a committee on product safety (COPS), the tasks of which include monitoring product safety issues and overseeing any needed product recalls or related market interventions.

► Weather/climate

Demand for the Group's products is dependent on weather. Unexpected or unusual weather conditions in core markets can affect sales either adversely or positively. Dry weather can reduce demand for products such as lawn mowers and tractors but can also stimulate demand for watering products. However, excessive dry weather or droughts may result in regulatory actions, such as water-bans, that have a negative effect on the sale of watering products. Demand for chainsaws normally increases after storms and during cold winters. Husqvarna Group strives for a flexible production and supplier structure that can be adjusted at short notice to meet actual demand

without the burden of excess buffer stock. Reducing lead times and improving responsiveness heightens the Group's agility and helps get the right products to the market by matching not only the season but also current weather conditions.

▶ Climate-change impact on gardens

End-customers will likely reduce the purchase of lawn equipment if the weather is too hot and dry for the grass to grow.

Based on internal and external studies, we believe that over the next decade, summer and late-summer months in our core markets (e.g. central Europe) are likely to be characterized by slightly lower grass growth than today due to reduced rainfall. However, reduced growth during summer and early autumn will essentially be offset by increased growth in late autumn and early spring, which will likely experience warmer weather.

We will continue to study and gain knowledge on the long-term impact of climate change on gardens.

G. End-of-life product recycling

▶ Future regulation of product take-back

The Group participates in recycling schemes for electrical equipment and batteries in markets in North America and Europe under product-stewardship regulations. Regulations on recycling will likely expand to other markets as the focus on waste and resource efficiency grows. Future regulation of product stewardship may increase costs for premiums for disposal and product redesign for recyclability. The Group has defined a 2025 target to launch 50 circular innovations. This will include opportunities for increasing the use of recycled plastics in products and increasing the recyclability of the products, as well as developing solutions for sharing or extending product lifespan.

OTHER RISK AREAS ACROSS THE VALUE CHAIN

Risks related to information systems, personal data and cybercrime

The Group relies heavily on its IT systems to operate its business. Disruptions or faults in critical IT systems may have a direct impact on operations, such as production and logistics. Cybersecurity risks are increasing in society in general, especially due to cybercriminals who can use a variety of means, ranging from sophisticated virus attacks to simple email fraud. Any of these criminal activities, if successful, could have an adverse impact on the Group's operations, financial position or reputation. The Group works continuously to keep systems protected and is also investing in a number of cybersecurity measures to reduce these risks, including enhanced disaster-recovery capabilities, more robust firewall and access controls, additional in-house cybersecurity expertise and information-security awareness and training. In parallel with such efforts and in connection with the EU's General Data Protection Regulation (GDPR), the EU's Data Act and related regulations, the Group continuously works to protect individuals' rights in connection with any data (including personal data) processed by the Group.

Integrity and compliance risks

As with similar global enterprises, the Group faces a number of compliance risks, including risks of corruption or fraud, which tend to be higher in emerging markets with less developed legal systems. These risks subject Husqvarna Group to both potential financial losses as well as potential negative impacts on its reputation. Accordingly, the Group takes a number of steps to remediate such risks, including: (A) training in the Code of Conduct, which outlines a zero-tolerance approach to all forms of corruption and bribery; (B) a robust and global whistleblower platform that provides a number of avenues for employees and external parties to confidentially submit any concerns regarding non-compliant behavior, including, where required, local reporting channels; (C) the Third-Party Due Diligence Policy, which leverages an automated system to vet current and potential third parties; and (D) requiring annual certifications from Country Officers (and other senior managers) confirming that they are unaware of any breaches of the Code of Conduct that have not been reported through the whistleblower platform. As part of ongoing efforts to assess the organization's risks, the Group Compliance Program continues to enhance the Group's efforts to combat corruption, bribery and other misconduct. Work continues to ensure that EU country-specific requirements are met to satisfy country-specific requirements resulting from the EU Whistleblower Directive.

▶ Environmental, health and safety risks and human rights

Risks related to human rights, health, safety and the environment can arise along the supply chain, both at suppliers' and at the Group's production facilities. These risks can have a reputational impact on well-known brands owned by the Group. New legislation, especially in the EU, also brings with it the possibility that the Group can be held liable (or be subject to fines) for violations of applicable standards that occur throughout the entire value chain, even if not under the direct control of the Group. The Group applies the precautionary principle and takes action to prevent or mitigate injury or harm to human health or the environment.

Risks related to acquisitions, restructuring and organizational changes

The Group may, from time to time, undertake acquisitions, divestments, organizational changes or changes in its manufacturing footprint, all of which involve risks. For example, restructuring and organizational changes involve the risk of generating higher costs or lower revenues than anticipated and losing key personnel, or that estimated savings are below announced targets. In the case of acquisitions, sales may be adversely affected, the costs of integration may be higher than anticipated, and synergy effects may be lower than expected. In the case of acquisitions or cessation of operations, environmental risk assessments are always conducted by qualified experts. The Group aims to mitigate these risks by, for example, conducting thorough pre-transaction due diligence as well as having clear post-transaction planning, whereby clear roles and responsibilities are established for post-closing handover and integration matters.

Certain risks in the Husqvarna Construction Division

The construction market is less weather-sensitive than the forest and garden market. On the other hand, it is more subject to economic cycles and changes in the political environment. Such cyclicality may have a significant impact on acquisition of capital-intense equipment and on the rental channel overall, as exemplified by developments during the 2008–2009 financial crisis. However, the specific submarkets addressed by the Husqvarna Construction Division tend to have smaller cyclical amplitudes than the overall construction industry. This is largely because of the high relative share of consumables (diamond tools) and the fact that the Husqvarna Construction Division's products are often used in renovation projects, which is a relatively more stable segment compared to new construction work.

FINANCIAL RISKS

The following sections highlight financial risk areas that are relevant to Husqvarna Group.

General

The Group's financial risks are managed on the basis of the Group's financial and credit policies, which are updated annually and approved by the Board. Management of financial risks is based largely on the use of financial instruments and is mainly centralized within the Group Treasury function, which operates in accordance with specified risk mandates and limits. For more information on accounting principles and financial risk management and financial instruments, see notes 1 and 20. The Group is operating within and closely monitoring the difficult and volatile global macroeconomic climate and is robustly managing liquidity and potentially higher financial charges.

Financing risk

Financing risk refers to possible delays, increased costs or cancellations related to financing of the Group's capital requirements and refinancing of outstanding debt. Risks are reduced by maintaining an evenly distributed maturity profile of loans, maintaining access to credit facilities and ensuring that short-term borrowings do not exceed current liquidity.

Interest-rate risk

Interest-rate risk refers to the adverse effects of changes in market interest rates on the Group's net income. The main factor determining this risk is the interest-fixing period. The interest-rate risk is managed by changing the interest from fixed to floating or vice versa using derivatives such as interest-rate swaps.

Foreign exchange risk

As Husqvarna Group sells its products in more than 100 countries, has production in approximately ten countries and sources raw materials and components from various countries across the globe, the Group is exposed to exchange-rate fluctuations. These fluctuations affect the Group's earnings in terms of translation of income statements in foreign subsidiaries, i.e., translation exposure, as well as in the sale of products on the export market and purchases of materials in foreign currencies, i.e., transaction exposure and in terms of the translation of balance sheet items such as trade receivables and trade payables.

Changes in exchange rates also affect Group equity. Assets and liabilities of foreign subsidiaries are affected by changes in exchange rates, generating translation differences that impact equity. To limit negative effects on Group results and equity resulting from transaction exposure and translation differences, part of the Group's transaction exposure and net investments in foreign operations is hedged using foreign-exchange derivatives.

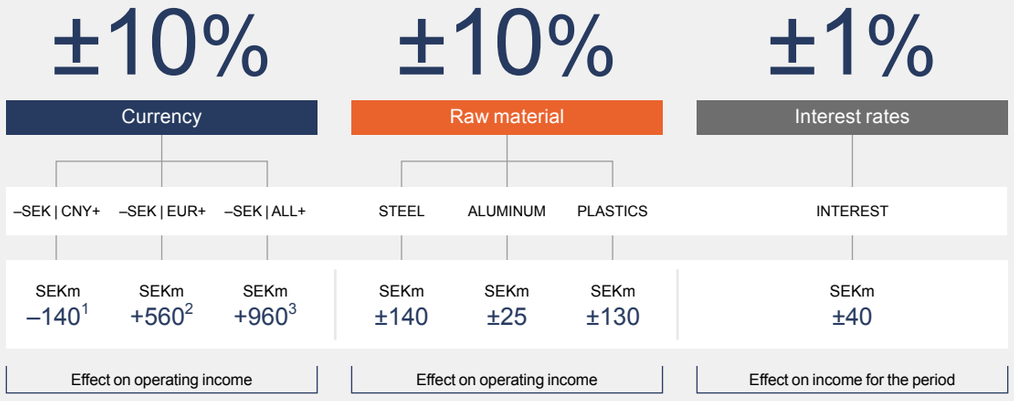
Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group's credit risks are managed on the basis of standardized credit ratings, credit limits, active monitoring of credits and routines for follow-up of trade receivables. The need for reserves for doubtful trade receivables is monitored continuously. Major credit limits are approved annually by the Board. The Group also utilizes credit insurance to reduce credit risk in trade receivables. Given the difficult macroeconomic climate, the Group is being extra vigilant in relation to customer payment performance, the build-up of aged debts and the risk of bad debt.

The Group's financial assets are used primarily for the repayment of loans. Liquid funds are placed in highly liquid interest-bearing instruments issued by institutions with a credit rating of at least A–, according to Standard & Poor's or similar agencies.

Sensitivity analysis



[1] Excluding hedge effects. SEK –150m refer to effect of transactions and SEK 10m to translation effects.
[2] Excluding hedge effects. SEK 385m refer to effect of transactions and SEK 175m to translation effects.
[3] Excluding hedge effects. SEK 680m refer to effect of transactions and SEK 280m to translation effects. All other refer to the other currencies including CNY and EUR.

Tax risk

Husqvarna Group operates in many countries and undertakes a great number of cross-border transactions. The operations are subject to complex national and international tax rules that change over time.

Husqvarna Group, like many multinational companies, employs a centralized transfer pricing model based on the Group's operating model with central Group functions and global divisions. The Group is seeing a change in the regulatory environment in which there is a higher risk that tax authorities may challenge such models, which could result in an increase in tax exposure both historically and going forward. As in many countries, restrictions on tax deductibility of interest expenses on intra-Group loans apply in Sweden. Under the Swedish rules applicable from January 1, 2019, interest is deductible only if the recipient is resident in an EEA (European Economic Area) country or in a country with which Sweden has concluded a tax treaty or provided it is taxed at a level of at least 10%. Nevertheless, if the debt is entirely or almost entirely created with the purpose for the Group to obtain a substantial tax benefit, deduction is denied. At present, it is not clear how these rules should be interpreted and if these restrictions on deducting interest expenses apply to Husqvarna Group's internal debt structure. For this reason, the Group has made provisions to reflect potential exposure related to these restrictions.

Sustainability related policies

With sustainability related policies as our starting point, we evaluate and monitor sustainability risks and are transparent about outcomes.

Policy & procedures	Addresses the following risks and impacts	Management system & programs	How we monitor the effectiveness of the policy
Code of Conduct Note: The Code reflects international guidelines such as the OECD Guidelines of multi-national enterprizes.	• Human and labor rights • Discrimination • Corruption, bribery • Third-Party Misconduct Export Controls/ Trade Sanctions/Anti-trust	• The Compliance program • Diversity and inclusion program	• Third-party AlertLine • Email system • The Compliance Forum reports to the Audit Committee • Discrimination: Our Voice employee engagement survey
Environmental policy Note: The Security and loss prevention policy protects our value chain from negative impacts of natural disasters.	• Climate change risks in operations • Emissions to air, land and water • Water use • Hazardous waste	• Husqvarna Operating System • ISO 14001:2015 at 69 percent of factories • ISO 50001 at some facilities	• Audits managed at local and regional levels • Monthly performance reports on energy use • Quarterly performance reports on waste • Yearly performance reports on other environmental aspects
Occupational health & safety policy	• Workplace health and safety hazards	• Husqvarna Operating system • ISO 45001	• Audits managed at local and regional levels • Monthly performance reports on KPIs and incidents
Supplier Code of Business Ethics	• Human rights non-compliances • Environment non-compliances • Labor rights non-compliances • Corruption, bribery and anti-trust	• EcoVadis supplier assessment tool • For the Carbon target, CDP Supply Chain program	• AlertLine for distributors • 12 onsite audits • 74 of 208 high-risk suppliers were assessed and scored via EcoVadis • 258 suppliers responded to the CDP climate disclosure requirements
Product safety policy	• Personal injury or property damage due to product use, misuse or malfunction of the products	• Risk assessments at product development (ISO 12100, ISO 31000, FMEA) • Lessons learned in product development projects • ISO 9001 in manufacturing	• Committee On Product Safety (COPS) convened quarterly and multiple follow-up meetings in 2023

Corporate Governance Report

As required by the Swedish Annual Accounts Act and the Swedish Corporate Governance Code (Swedish Code), this Corporate Governance Report describes the organizational bodies, rules and other governance structures by which Husqvarna Group (or the Company) is controlled and operated. The Group's external auditors have reviewed this Report and their opinion has been included in the Auditors' Report.

Good corporate governance is a fundamental prerequisite not only to meet our obligations as a public company, but also to create value for shareholders in an efficient, responsible and sustainable manner. Husqvarna Group's corporate governance structures are defined by external laws (e.g., the Swedish Companies Act), self-regulatory standards (e.g., the Swedish Code and the Nasdaq Nordic Main Market Rulebook for Issuers of Shares) and internal rules (e.g., the Company's Articles of Association, Code of Conduct and Group policies). While not mandatory, Husqvarna Group has elected to comply with all aspects of the Swedish Code without exception.

Husqvarna Group has no deviations from the Swedish Code to report for the 2023 financial year. Nor has Husqvarna Group been subject to any rulings by Nasdaq Stockholm's Disciplinary Committee or decisions on breaches of sound practices in the stock market by the Swedish Securities Council. For more information, visit: www.husqvarnagroup.com.

Integrating Sustainability into corporate governance

Husqvarna Group endeavors to incorporate sustainability into all aspects of its business operations, organizational structures and governing bodies. These efforts have been recently accelerated to meet the enhanced requirements of the EU's Corporate Sustainability Reporting Directive (CSRD), when they become applicable for Husqvarna Group.

The Board has overall responsibility for the Company's sustainability work, supported by the Audit Committee (which takes the lead in monitoring and overseeing sustainability matters to the extent they relate to information disclosed in the Company's periodic reports) and by the People & Sustainability Committee (which takes the lead in overseeing the Company's overall sustainability ambitions and target-setting, as well as monitoring progress towards those targets). Day-to-day responsibility for sustainability matters has been delegated by the Board to the Group CEO, Group Management and further down the organization pursuant to the Company's delegation of authority and Group governance policies.

During 2023, the Company completed a double materiality assessment (DMA), as required by the CSRD, to identify those sustainability topics that are most material to the Company. The topics identified in the DMA, which was approved by the Board in December 2023, were largely in line with those topics previously identified by the Group as being material in connection with the Group's 2025 Sustainovate Strategy.

Shareholders and the shareholders' general meeting

The highest corporate decision-making body in the Company is the Shareholders' General Meeting, which is normally held once per year in the form of the Annual General Meeting (AGM), but may also take the form of an Extraordinary General Meeting under certain circumstances. The 2024 AGM will take place on Thursday, April 18, 2024. The Company prepares the AGM agenda with input from its shareholders, who have the right to propose matters for consideration at the AGM.

The Company's shares have been traded on Nasdaq Stockholm since June 2006. At year-end 2023, the share capital amounted to SEK 1,153m, represented by 109,451,449 A-shares and 466,892,329 B-shares, each with a par value of SEK 2. Each A-share entitles the holder to one vote and each B-share entitles the holder to one tenth of a vote. As per the Articles of Association, holders of A-shares are entitled to request conversion of A-shares into B-shares on a 1:1 basis. During 2023, 654,745 A-shares were converted to an equivalent number of B-shares.

As of December 31, 2023, the number of shareholders was 80,078 of which foreign shareholders held approximately 45.5% of the outstanding share capital. Investor AB was the single largest shareholder (by votes) with a holding of 16.8% of the share capital and 33.5% of the votes. L E Lundbergföretagen AB was the second-largest shareholder (by votes) with a holding of 7.6% of the capital and 25.5% of the votes.

Nomination Committee

In accordance with the Swedish Code, the Company is required to have a Nomination Committee, the primary responsibilities of which are to consider, and submit to the AGM, proposals and recommendations regarding:

- The Chair of the AGM;
- The number of elected Board members;
- The nominees for election to the Board;
- The Chair of the Board;
- Remuneration to Board members, including the Chair, and remuneration for Board members' work on Board committees;
- Election of external auditors (when applicable);
- Remuneration to external auditors; and
- Changes to the process regarding the composition and tasks of the Nomination Committee (if applicable).

The AGM determines the process for establishing the Nomination Committee and its members. At the Company's 2013 AGM, it was resolved that the following process would apply until a subsequent AGM resolves otherwise:

- The Company shall have a Nomination Committee consisting of five members;
- The members shall consist of one representative of each of the four largest shareholders in the Company in terms of voting rights held as of the last banking day of August each year, with the fifth member being the Chair of the Board; and
- In the event that any of the four largest shareholders elect not to nominate a representative to the Nomination Committee, the right to appoint such a representative passes to the fifth largest shareholder and so on.

These rules established at the 2013 AGM have not been changed by any subsequent AGM and therefore continue to apply.

As of August 31, 2023, the four largest shareholders in terms of voting rights were Investor AB, L E Lundbergföretagen AB, Bosch and If Skadeförsäkring AB. Bosch waived its right to appoint a representative to the Nomination Committee. Accordingly, this right passed to the fifth largest shareholder, Livförsäkringsbolaget Skandia, who agreed to appoint a representative. The formation of the Nomination Committee for the 2024 AGM was announced on September 15, 2023. The members of the Nomination Committee (and corresponding appointing shareholders) for the 2024 AGM are:

Member	Appointing shareholder
Petra Hedengran (Chair)	Investor AB
Claes Boustedt	L E Lundbergföretagen AB
Fredrik Ahlin	If Skadeförsäkring AB
Oskar Börjesson	Livförsäkringsbolaget Skandia
Tom Johnstone [1]	—

[1] Chair of the Board of the Company.

Nomination Committee members do not receive compensation from the Company for their work on the Nomination Committee.

As noted above, one of the chief duties of the Nomination Committee is to make recommendations regarding the size and composition of the Board. Normally, the starting point for such recommendations is a survey conducted each year by the Chair of the Board to assess the Board's work, composition, qualifications, experience and efficiency (see the section "The Board of Directors"). The results of this survey are shared and discussed with the Nomination Committee.

Based largely on the information provided by the Chair, the Nomination Committee determines whether the existing Board should be strengthened with additional expertise or if there are any other reasons to make changes to the composition of the Board. In making such determinations and (if applicable) evaluating potential new candidates for the Board, the Nomination Committee takes into consideration the objective to achieve a gender balance in the Board.

The Nomination Committee has applied rule 4.1 of the Swedish Code as its diversity policy. In addition, the Nomination Committee takes into consideration the need to ensure that the independence requirements of the Swedish Code are met. These requirements stipulate that at least the majority of Board members must be independent from the Company and its management and that at least two (from such majority) also be independent from the Company's largest shareholders. The Nomination Committee also takes into account any proposals made to the Nomination Committee about the composition of the Board that may have been suggested by other shareholders.

For the 2024 AGM, the Nomination Committee announced its required proposals along with the notice of the AGM, which was published on the Company's website on March 14, 2024. The Nomination Committee will present and elaborate on its work and proposals at the 2024 AGM.

ANNUAL GENERAL MEETING

General

In accordance with the Swedish Companies Act, the AGM of the Company must be convened annually on a date not later than six months after the close of the preceding financial year, and is normally held in March or April.

According to the Company's Articles of Association, the AGM must be held in Jönköping or Stockholm, Sweden. The Articles of Association also permit the Board to allow the shareholders to exercise their voting rights by regular mail.

Shareholders who are individuals may attend the AGM in person or by proxy. Shareholders attending the meeting by proxy, including all corporate shareholders, must submit a valid power of attorney as well as other required documentation in due time before the AGM. This, together with information provided by Euroclear Sweden AB, allows the Company to compile a book of shareholders eligible to vote at the AGM. Following this compilation, voting certificates are sent to all shareholders attending the meeting, or their designated representatives. Voting certificates are proof of voting rights and also serve as an entrance card to the AGM.

The notice of the AGM (specifying its date, location, agenda, etc.) shall be made public at least four weeks and not more than six weeks prior to the AGM. The notice is published in the Swedish daily newspaper Svenska Dagbladet and in the Swedish Official Gazette (Post- och Inrikes Tidningar). The notice is also announced in a press release and on the Company's website at www.husqvarnagroup.com.

AGM agenda items and written documentation

The agenda for the AGM is reviewed and approved by the Board and consists of matters that are statutorily required, as well as other matters. Matters typically include:

- Election of Chair of the AGM[1];
- Adoption of statutory financial documentation;
- Discharge of liability for the Board members and CEO;
- Disposition of the Company's profit;
- Number of elected Board members[1];
- Remuneration to Board members, committee members and external auditors[1];
- Election of external auditor[1];
- Election of Chair of the Board[1];
- Election of Board members[1];
- Principles of remuneration for Group Management (if applicable);
- Approval of Remuneration Report;
- Adoption of long-term incentive programs (if applicable);
- Repurchase and transfer of the Company's own shares (if applicable);
- Authorization to resolve on the issuance of new shares (if applicable); and
- Such other matters as may be deemed necessary and appropriate by the Board.

[1] Indicates agenda items for which the Nomination Committee make a proposal.

Shareholders may also, in advance of the publication of the notice to attend the AGM, propose matters to be included in the AGM agenda.

At the AGM, the Chair of the Board presents a report on the Board's work during the preceding year, the CEO gives an overview of the Company's business and current priorities, and the auditors present their report and review of the Company's finances. If required, the Chair of the People & Sustainability Committee reports on remuneration to the Group's executive management (Group Management) and, if it is to be resolved on by the AGM, the Company's long-term incentive programs. Shareholders attending the AGM may also direct questions to the Chair of the Board, the CEO, the Nomination Committee, the Chair of the People & Sustainability Committee, the external auditors or any other Board member. Written documentation is presented at the AGM, normally in both English and Swedish. This documentation may be downloaded from the Company's website and is also sent to shareholders upon request.

Such documentation includes:

- The agenda for the AGM;
- Proposals from the Board and the Nomination Committee;
- The Remuneration Report;

- The Nomination Committee's explanatory statement regarding the proposal for appointment of Board members;
- The Board's report in relation to the proposed dividend and the proposal on the acquisition of the Company's own shares (if applicable);
- The auditor's statement on the Remuneration Report; and
- AGM proxy form.

The AGM is held in Swedish, but simultaneous translation into English is available. The minutes recorded at the AGM are normally published within a few days of the AGM, but not later than two weeks after the AGM. A press release including resolutions passed at the meeting is published immediately after the AGM.

2023 AGM

The 2023 AGM was held on April 4, 2023 in Jönköping, Sweden with 1,033 shareholders attending in person, by proxy or by advance voting, representing 55% of the total number of shares and 77% of the total number of votes. Also in attendance were the Board, the external auditors and members of Group Management.

The AGM approved the following resolutions:

- To adopt the income statements and balance sheets for 2022;
- To discharge the Board and the CEO from liability for the 2022 financial year;
- To establish the size of the Board at eight (8) elected members;
- To elect Tom Johnstone, Ingrid Bonde, Katarina Martinson, Bertrand Neuschwander, Daniel Nodhäll, Lars Pettersson, Christine Robins and Torbjörn Lööf as Board members;
- To appoint Tom Johnstone as Chair of the Board;
- To set Board remuneration at SEK 7,790,000 in total, of which SEK 2,250,000 was to be paid to the Chair of the Board and SEK 650,000 to each of the other Board members elected by the AGM and not employed by the Company. Furthermore, to pay additional remuneration of SEK 290,000 to the Chair of the Audit Committee and SEK 185,000 to each of the other two members of the Audit Committee, as well as SEK 150,000 to the Chair of the People & Sustainability Committee and SEK 90,000 to each of the other two members;
- To approve the Nomination Committee's proposal to elect KPMG as the Company's external auditors and to pay auditors' fees on the basis of approved invoices;
- To approve the Remuneration Report;
- To establish a performance-based long-term incentive program for 2023, "LTI 2023", to be offered to a maximum of 135 senior managers, whereby, subject to the fulfilment of certain performance targets and other conditions during a three-year vesting period, the participants would be entitled to receive certain B shares;
- To authorize the Board, during the period up until the next AGM, to direct the Company to enter one or more equity swap agreements with a third party (e.g., a bank) for purposes of hedging the obligations of the Company under LTI 2023 and any previously resolved programs;
- To authorize the Board to approve the issue of not more than 57,634,377 new B shares against payment in kind on one or more occasions during the period up to the 2024 AGM;

2024 AGM

The 2024 AGM of Husqvarna AB will be held at 4 p.m. on Thursday, April 18, 2024 at the Jönköping Concert & Congress hall at Elmia, Elmiavägen 15 in Jönköping, Sweden.

Board of Directors

According to the Company's Articles of Association, the Board shall be comprised of no less than five and no more than ten elected Board members. The Articles of Association do not contain any specific provisions concerning the appointment and dismissal of Board members (or the method by which the Articles of Association may be amended), meaning that the rules otherwise stated in the Swedish Companies Act apply. At the 2023 AGM, eight members were elected to the Board (see section "Board of Directors and auditors"). In addition to the Board members elected by the AGM, Swedish trade unions have the statutory right to appoint two ordinary Board members with voting rights, as well as two deputies for such Board members.

In accordance with the Swedish Code, the principal tasks of the Board include:

- Appointing, evaluating and, if necessary, dismissing the CEO;
- Establishing the overall goals and strategy of the Company;
- Identifying how sustainability issues impact risks to and business opportunities for the Company and periodically approving new or revised sustainability goals for the Husqvarna Group;
- Defining appropriate guidelines to govern the Company's conduct in society, with the aim of ensuring its long-term value-creation capability;
- Ensuring that there is an appropriate system for follow-up and control of the Company's operations and of the risks to the Company that are associated with its operations;
- Ensuring that there is a satisfactory process for monitoring the Company's compliance with laws and other regulations relevant to the Company's operations, as well as the application of internal guidelines;
- Ensuring that the Company's external communications are characterized by openness, and that they are accurate, reliable and relevant; and
- Approving the Company's periodic financial reports and related non-financial information (including sustainability related items) that must be made public on a periodic basis pursuant to applicable law.

The Board has adopted the Board's Rules of Procedure for its internal activities, which include rules regarding the number of Board meetings, matters to be addressed at regular Board meetings and the duties of the Chair of the Board. These Rules of Procedure are updated and adopted by the Board each year at the Statutory Board Meeting, which is normally held immediately after the AGM. The Chair shall also ensure that the Board evaluates the CEO on a regular basis, at least once a year, where the CEO is not present.

The Board has also issued written instructions specifying when and how information required to enable the Board to evaluate the Company's and the Group's financial position shall be reported to the Board, as well as the distribution of duties between the Board and the CEO. The Board has established an Audit Committee and a People & Sustainability Committee, which are responsible for certain monitoring and oversight responsibilities on behalf of the Board, as described in more detail below.

The Chair of the Board ensures that the Board's work and procedures are evaluated and discussed with Board members annually, and are brought to the attention of the Nomination Committee with the aim of developing the Board's working methods and efficiency. In 2023, such evaluation was conducted via an online anonymized questionnaire, together with individual interviews conducted by the Chair with each Board member. The results of such evaluation were presented to, and discussed with, the Nomination Committee as well as with the Board in its entirety. The Board members elected by the 2023 AGM fulfil the independence criteria set out by the Swedish Code, which require that the majority of such members be independent of the Company and its management, and that at least two (from this majority) be independent of the Company's largest shareholders.

Fees to Board Members

Fees to Board members, including fees for committee work, are set by the shareholders at the AGM. For information on fees to the Board in 2023, see note 4.

Board Meetings

According to the Board's Rules of Procedure, the Board shall hold at least four ordinary meetings and one statutory meeting per calendar year. In 2023, the Board held sixteen meetings, of which two were by video conference, ten were physical meetings, and four were per capsulam (i.e. by unanimous written consent).

The Company's CFO and General Counsel are also present at Board meetings. The General Counsel serves as the Board's secretary and records the minutes of the Board meetings. Other members of Group Management or other senior managers of the Company may also be asked to attend and report on significant matters.

When relevant, and at least quarterly, Group Management presents forecasts and key performance indicators, providing the Board with an overview of the financial development and expectations of the Company. The Company's budget is reviewed and approved once a year, generally in the fourth quarter. The Board also reviews the Company's significant litigation matters, follows up on the Company's compliance and risk management work, and monitors the Company's progress regarding its sustainability agenda. The Board maintains an active oversight role in the Group's Enterprise Risk Management program, as more fully described in the "Risk Management" section of this Annual & Sustainability Report. In addition, the Company's external auditors meet with the Board at least once per year, without the presence of any member of Group Management.

Audit Committee

In accordance with the Swedish Companies Act, the Board annually appoints an Audit Committee whose primary responsibilities are:

(a) to monitor and oversee the Company's financial and sustainability reporting;
(b) to monitor and oversee the effectiveness of the Company's internal control, internal audit and risk management functions as they relate to financial and sustainability reporting;
(c) to monitor and oversee the effectiveness of the Company's compliance program, and to review major legal and litigation matters that could affect the Company's financial position;
(d) to review and supervise the Company's external auditors' impartiality and independence; and
(e) when applicable to assist in the preparation of proposals for the AGM's election of auditors.

The Audit Committee may also exercise any other powers and carry out any other responsibilities delegated to it by the Board from time to time. The Board has adopted a charter for the Audit Committee, which is periodically updated and approved by the Board.

The Board determines the composition of the Audit Committee, which shall have at least two members, none of whom may be employed by the Company, and the majority of whom shall be independent in relation to the Company and its executive management. At least one of the members who is independent in relation to the Company and its executive management shall also be independent in relation to the Company's major shareholders. At least one of the members of the Audit Committee must have auditing or accounting skills. The Board appoints the Committee members annually at the Statutory Board Meeting or when a Committee member needs to be replaced.

The Audit Committee members appointed in April 2023 were Ingrid Bonde (Chair), Daniel Nodhäll and Katarina Martinson. Audit Committee meetings are also attended by the General Counsel (who keeps the minutes of the meetings), the Group CFO, the Group Head of Internal Audit, and the Company's external auditors. Other members of Group Management are invited periodically to report on specific matters, as relevant. The Audit Committee regularly reports on its findings and recommendations to the Board in its entirety and makes available to the Board the minutes of its meetings.

In 2023, the Audit Committee held five meetings, which fulfils its own charter rule that it shall meet at least four times per year. The Audit Committee meetings follow an adopted agenda plan, which includes a review of open issues, a treasury and tax update, and an internal audit update. The Audit Committee also reviews the Company's interim reports before they are submitted to the Board. The Committee meets frequently with the Company's external auditors who deliver reports on the audit. The Committee also reviews the Company's compliance work and litigation activities on a quarterly basis.

People & Sustainability Committee

The responsibilities of the People & Sustainability Committee (the "Committee") are to oversee:

(a) executive remuneration and talent management, and
(b) the Company's overall sustainability ambitions and target setting, as well as monitoring progress towards those targets.

This Committee is a "remuneration committee", within the meaning of the Swedish Code. The Committee shall consist of as many members as the Board determines, but no fewer than three. The Board shall appoint the Committee members annually at the Statutory Board Meeting or when a Committee member needs to be replaced. Each Committee member shall satisfy applicable independence and other requirements of law and other regulations applicable to the Company from time to time. The Board shall appoint the Committee's Chair. The Committee's Secretary shall be the Company's Executive Vice President, People & Organization.

The Committee's Chair, in consultation with the Committee members, shall determine the schedule and frequency of the Committee meetings, provided that the Committee shall meet at least twice per calendar year. The Committee may, at its discretion, include in its meetings members of the Company's management (normally the CEO), the Company's external or internal auditors, and any other person whose presence the Committee believes to be necessary or appropriate. Notwithstanding the foregoing, the CEO or any other member of Group Management may not be present during voting or deliberations concerning his or her compensation or assessment. The Committee reports to the full Board of the Company after each of its meetings and as otherwise requested by the Chair of the Board and makes available to the Board the minutes of its meetings.

With respect to remuneration and talent management matters, the Committee is assigned to perform the following general tasks:

- Preparing the Board's decisions on principles for remuneration and other terms of employment for the CEO and for other members of Group Management, and on remuneration reporting, including such remuneration guidelines and remuneration reports as are required by applicable law (including the EU's Shareholder Rights Directive);
- Monitoring and evaluating programs for variable remuneration of Group Management – both ongoing programs and those that have ended during the year;
- Monitoring and evaluating the application of the remuneration guidelines that the AGM is legally obliged to establish as well as the current remuneration structures and levels in the Company; and
- Evaluating future talents for Group Management positions and monitoring succession planning.

With respect to sustainability matters, the Committee is assigned to perform the following general tasks:

- Periodically reviewing the Group's sustainability ambitions and target setting, including without limitation, approving (or recommending to the full Board for approval) any sustainability related targets or changes to existing targets;
- Actively tracking progress toward the Group's previously established sustainability targets; and
- Otherwise monitoring the Group's overall sustainability efforts, including a review of any material information in the press that may have a positive or negative impact on the public perception of the Group's commitment to sustainability.

The above tasks are supported by the Group's Head of Sustainability, who normally reports to the Committee (or the full Board) at least twice per year. The Committee members appointed in April 2023 were Lars Pettersson (Chair), Tom Johnstone and Bertrand Neuschwander. For more information on remuneration to Group Management, see note 4.

In 2023, the Committee held four meetings, which fulfils the charter criteria that it shall meet at least twice a year.

External Auditors

At the 2023 AGM, in accordance with the proposal of the Nomination Committee, KPMG AB was elected as auditor for the period from the 2023 AGM up until the end of the 2024 AGM. The Auditor-in-Charge is Joakim Thilstedt. The external auditors attend the Company's Audit Committee meetings and meet with the full Board at least once per year without management being present.

In accordance with the resolutions passed at the 2023 AGM, the auditors' fee until the 2024 AGM shall be paid on the basis of approved invoices. For more information, see note 8.

Group Management structure (up until January 1, 2024)

Up until January 1, 2024, the Company's Group Management consisted of (a) the CEO, (b) the three divisional presidents and (c) the heads of the five Group Functions as described in more detail in the 2022 Annual Report (with minor changes as announced in sub-sequent press releases during 2022). Effective as of January 1, 2024, the Group's Strategy & Innovation function was dissolved, with the various sub-functions within that group distributed into other Group Management functions, as more fully described below.

Group Management structure (including changes effective as of January 1, 2024)

Husqvarna Group has three separate reporting divisions: the Husqvarna Forest & Garden Division, the Gardena Division and the Husqvarna Construction Division. The Company's Group Management comprises (a) the CEO, (b) the three divisional presidents and (c) the heads of the four Group Functions, in each case as shown in the chart to the right.

Group Management, jointly, makes decisions on:

- The Group's strategic and business development;
- Allocation of responsibilities between the Group Functions and the respective divisions;
- Enhancing Group synergies;
- Internal financial and business follow-up;
- Group governance;
- Group staffing plans;
- Issue resolution;
- Budgets;
- External affairs;
- Board reporting;
- Progress on sustainability activities;
- Risk management and mitigation (see section "Risk Management" in this Annual & Sustainability Report); and
- Group policies and guidelines.

Group Management normally meets physically on a quarterly basis, and otherwise meets remotely via video conference in the other months when there is no physical meeting arranged. Clear roles and responsibilities apply to each of the Group Functions as well as to the divisions as set forth in a Group Governance Policy. In general, the Group's governance structure is designed so that decisions are made as close to operations as possible. Clear guidance has been provided to identify the level on which different types of decisions should be made. Changes to the governance structure (including applicable roles and responsibilities) can only be made by the decision of Group Management or by the CEO (in consultation with the Board Chair).

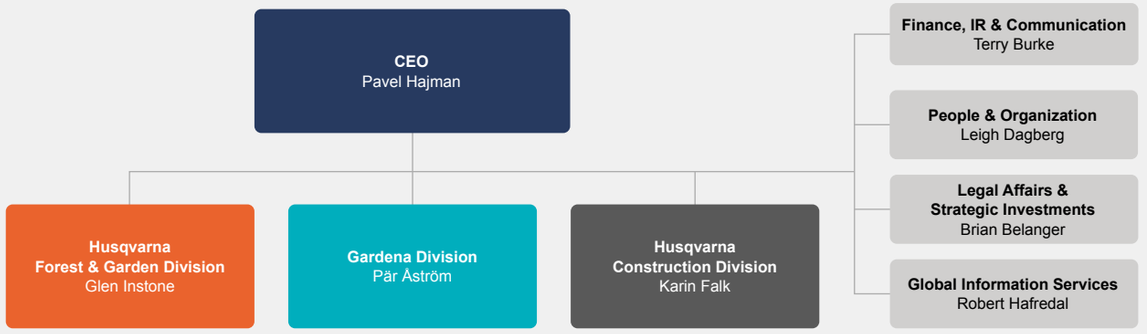
Group Management is accountable for delivering on the Company's sustainability targets (Sustainovate). A core team at Group level, led by the Group's Head of Sustainability (and now reporting to the Group CFO) coordinates the strategy, target, capabilities and reporting. During 2023, this core team met with the Audit Committee on one occasion, with the full Board on one occasion, and with the People & Sustainability Committee on two occasions, in each case to inform on risks, upcoming regulation and Sustainovate progress.

CEO

The CEO is appointed by the Board and is responsible for the ongoing management of the Company in accordance with the Board's guidelines and other instructions. This includes responsibility for financial (and non-financial) reporting, preparation of information for decisions and ensuring that commitments, agreements and other legal documents comply with applicable laws and the Group's Code of Conduct. The CEO also ensures compliance with the goals, policies and strategic plans approved by the Board and updates the Board on these when necessary. The CEO appoints (and where necessary dismisses) each member of Group Management, with input from the Board Chair.

In connection with dissolution of the former Strategy & Innovation function, the heads of the sub-functions "Group Strategy" and "Group Brand & Design" were reassigned to report directly to the CEO. These sub-function heads, together with the head of the Group's "Battery Competence Center" (already overseen by the CEO), now comprise the "Office of the CEO".

Group Management structure (from January 1, 2024)



Divisional Presidents

Each of the three divisions has its own President, who in turn reports to the CEO. Each divisional President is responsible for the operational income statement and balance sheet for its respective division. However, all decisions made by a division are subject to the Group's overall strategic goals and policies. For more information about Husqvarna Group's divisions, see the section "Divisions".

Group Function heads

Group Management includes the heads of the four Group Functions as described below. These functions are designed to support the divisions with forward-looking initiatives, to continue to leverage certain Group synergies where appropriate and otherwise to discharge the corporate governance, compliance and oversight functions required of a listed company.

1. **Finance, IR & Communication**. This function, which is headed by the Group's CFO, Terry Burke, has primary responsibility for the Group's financial and sustainability controlling and reporting. It also coordinates and collaborates with finance personnel working within the divisions. This function's organization consists of a number of sub-groups including: (a) Business Control; (b) Group Accounting; (c) Tax; (d) Treasury; (e) Internal Control; (f) Global Business Solutions; (g) Real Estate; and (h) Sustainability. It also includes the Group's Investor Relations and Corporate Communication functions. The Group Internal Audit function sits within the Finance, IR & Communication function from an organizational (Human Resources) point of view, but reports directly to the Audit Committee of the Board in terms of functional oversight.

2. **People & Organization (HR).** This function, which is headed by Leigh Dagberg, has primary responsibility for overseeing the Group's HR initiatives within total rewards, talent attraction and acquisition, talent management, learning and development and HRIS (people management systems and data). This function is also responsible for providing Group coordination and oversight regarding Employee Health and Safety (EHS). The People & Organization function coordinates on a dotted-line basis with HR personnel located within the divisions.

3. **Legal Affairs & Strategic Investments.** This function, which is headed by the Group's General Counsel, Brian Belanger, is responsible for all relevant legal support to the Group and the divisions. Within the divisions, much of the legal support is provided by three divisional General Counsels who sit on the respective division's management teams, but report directly to the Group's General Counsel. This function also includes the Group's: (a) Risk Management; (b) Intellectual Property (c) Compliance & Regulatory; (d) Product Compliance & Safety; (e) Group M&A, and (f) Corporate Venture Capital sub-functions, with the latter two sub-functions comprising the "Strategic Investments" component of the Legal Affairs team. Together with Group Finance, Legal Affairs & Strategic Investments also plays a leading role in maintaining appropriate Group governance structures and policies, as well as ensuring compliance with applicable stock exchange rules.

4. **Global Information Services (IT).** This function, headed by Robert Hafredal, is primarily responsible for overseeing the Group's Digital & IT strategy, systems & infrastructure and operational support. GIS provides Digital & IT services and solutions including IT/Information security and also supports and collaborates with Digital Development personnel and leaders across the divisions & Group Functions. This function's organization is structured into three divisionally focused teams, Group Functions support, Digital Business Transformation, and five governing groups focusing on Enterprise Architecture, Infrastructure & security, Groupwide systems, Strategy and PPMO.

Note regarding governance of Climate-Related risks (TCFD)

Please refer to the "Risk Management" section of this Annual & Sustainability Report for a description; of (a) the Board's oversight of climate-related risks and opportunities; and (b) Group Management's role in assessing and managing risks and opportunities, as recommended by the Task Force on Climate-Related Financial Disclosures (TCFD).

External information

Husqvarna Group employs a series of procedures, controls and systems to ensure that the Group is able to provide the market with timely and accurate information to the extent required by applicable law and good corporate practice, including the disclosure requirements of the EU's Market Abuse Regulation (MAR) and the Nasdaq Nordic Main Market Rulebook for Issuers of Shares. The Board has delegated to the CEO and an internal Disclosure Committee comprising the Group's CFO, General Counsel and Head of People & Organization (HR) the day-to-day responsibility for assessing whether insider information exists (within the meaning of MAR), and for ensuring that such information is promptly disclosed or, in exceptional circumstances, to delay such disclosure where necessary to protect the legitimate interests of the Company and otherwise permitted by applicable law.

Financial information is regularly issued in the form of:

- Interim reports, published as press releases;
- Annual & Sustainability reports;
- Press releases concerning news and important issues;
- Presentations and phone conferences for financial analysts, investors and media on the day of publication of the interim and year-end reports and in connection with the publication of other important information; and
- Presentations for financial analysts and investors in connection with capital market days and road shows, etc.

All reports, presentations and press releases are published on the Group's website at www.husqvarnagroup.com.

Internal Control Over Financial Reporting

The purpose of this section of the Annual & Sustainability Report is to provide shareholders and other interested parties with an understanding of how internal control is organized at Husqvarna Group.
It is limited to internal control over financial reporting.

The description of the Group's internal control activities is based on the COSO framework (The Committee of Sponsoring Organizations of the Treadway Commission). The COSO framework comprises five key components that jointly facilitate achieving the objective of reliable financial reporting.

Control environment

According to the Swedish Companies Act, the Annual Accounts Act and the Swedish Code, the Board is ultimately responsible for establishing an effective internal control system, including that (a) the Company's approved policies for financial reporting and internal controls are applied, (b) the Company's financial reports are produced in accordance with applicable legislation, accounting standards and other requirements for listed companies, and (c) there is an appropriate system for follow-up and control of the Company's financial reporting. The Board of Husqvarna AB has established Rules of Procedure and clear instructions for its work, which also cover the responsibilities and activities of the Audit Committee. The primary responsibility of the Audit Committee is to support the Board's supervision of the audit and reporting processes and to ensure the quality of such processes. The activities performed by the Audit Committee during the year are described on page 53.

Responsibility for maintaining an effective control environment as well as the ongoing work on risk management and internal control over financial reporting is delegated to the CEO by the Board. This responsibility, in turn, is further delegated to Group Management, which sets the tone for influencing control awareness across the Group. Responsibility and authority are defined in instructions to the CEO, and in various internal policies, instructions and guidelines.

Husqvarna Group has a dedicated Internal Control function. The objective of the Internal Control function is to provide support for Group Management and the management of the divisions, enabling them to continuously improve internal control over financial reporting. The Audit Committee is regularly informed of the results of the work performed by the Internal Control function.

Risk assessment

Risks relating to financial reporting are evaluated and monitored by the Board through the Audit Committee. An assessment of financial reporting risks is conducted annually. The purpose of the risk assessment is to identify risks that could result in a material misstatement in the financial reporting and to direct internal control activities to proactively manage such risks.

Control activities

Control activities mitigate the risks identified and ensure accurate and reliable financial reporting as well as process efficiency, and are an integrated part of the processes for accounting and financial reporting. The prerequisite is to ensure that all entities adhere to the accounting principles that are stipulated in the Husqvarna Accounting Manual. For key financial processes, the Group has established internal control requirements for its reporting units. The Internal Control function is responsible for developing and maintaining the Husqvarna Internal Control Framework and for monitoring the Group's internal controls – with a primary focus on financial controls – to ensure they are maintained at the level required by law and good practice.

Communication

Governing documents such as policies, instructions, guidelines and manuals are crucial in building a solid internal control environment.

These documents are intended to stipulate the vision and strategy of Husqvarna Group and emphasize the important procedures, activities, roles and responsibilities within the Group. One important governing document is the Group Code of Conduct, which highlights the importance of integrity and ethical values in all interactions with employees, business partners and other stakeholders. In addition, the Group's Governance Policy and the Internal Control Policy define the organizational structure, responsibilities and the overall internal control environment. Guidelines for financial reporting and internal control requirements are communicated to employees through the Group-wide intranet. The governance documents related to financial reporting, such as the Husqvarna Accounting Manual, are subject to regular reviews and updates. Changes in accounting procedures are communicated and explained in newsletters from the Group's Accounting Function and at regular meetings.

Monitoring activities

The Group Finance function is responsible for monitoring and follow-up on the reliability of the financial reporting. Furthermore, Country Officers are appointed by Husqvarna Group in each country where the Group has at least one active subsidiary. The duties of Country Officers include safeguarding reliable financial reporting, compliance with laws and regulations and adherence to Group policies.

Group Management performs monthly reviews of the financial results for the Group and the divisions, as well as updated forecasts, strategic plans and ongoing business activities. Identified internal control deficiencies are communicated in a timely manner to the person responsible for taking corrective action and to the Board, if deemed material. Considerations made in the quarterly closings are reported to the Audit Committee before the financial reports are presented to the financial market.

On behalf of the Board, the Group Internal Audit function supports the development and improvement of internal control over financial reporting and reports directly to the Audit Committee. An annual internal audit plan based on an independent risk assessment is approved by the Board after an initial review by the Audit Committee. Based on this audit plan, Group Internal Audit performs independent and objective audits to evaluate and improve the effectiveness of Husqvarna Group's governance, risk management and internal controls.

Board of Directors and auditors

Name Function	**Tom Johnstone**, CBE Chair of the Board	**Ingrid Bonde** Board member	**Torbjörn Lööf** Board member	**Katarina Martinson** Board member
Born	1955	1959	1965	1981
CV	M. A., University of Glasgow, Scotland, Hon. Doc. in B.A., University of South Carolina, US. Hon. Doc. in Science, Cranfield University, UK. Member of the People & Sustainability Committee.	MBA, Stockholm School of Economics, Sweden. Chair of the Audit Committee.	Technical Industry Program, Sweden and financial education at MCE Management Centre Europe, Brussels, Belgium.	M. Sc., Stockholm School of Economics, Sweden. Portfolio management for the Lundberg Family. Member of the Audit Committee.
Other major assignments	Board Chair of Collegial AB, Combient AB and Wärtsilä Corporation. Board member of Investor AB and Northvolt AB.	Board Chair of Apoteket AB and Wall to Wall Group. Vice Board Chair of Telia Company AB. Board member of Securitas AB.	Board member of Essity AB, Mercer International Inc and AB Blåkläder.	Board Chair of Indutrade AB. Board member of L E Lundbergföretagen AB, AB Industrivärden, Fastighets AB L E Lundberg, Förvaltnings AB Lunden, L E Lundberg Kapitalförvaltning AB and Fidelio AB.
Previous positions	President & CEO of AB SKF 2003–2014. Executive Vice President of AB SKF 1999–2003. President Automotive Division, AB SKF 1995–2003. Senior management positions within AB SKF since 1987.	Chair of Klimatpolitiska Rådet (Swedish Climate Policy Council) 2018–2020. CFO and deputy CEO, Vattenfall AB 2012–2017. CEO and President AMF Pensionsförsäkring 2008–2012. Director General Finansinspektionen 2003–2008.	Chief Executive Officer of Inter IKEA Holding (The Netherlands) 2016–2020. Chief Executive Officer of Inter IKEA Systems, the world-wide IKEA franchisor and owner of the IKEA concept and brand 2013–2016. Several leading positions at IKEA in Sweden and in Italy 1989–2013.	Analyst at Handelsbanken Capital Markets 2008, Vice President at Strategas Research Partners LLC, New York, US 2006–2008, investment research at ISI, International Strategy & Investment Group, New York, US 2005– 2006.
Holdings in Husqvarna on December 31, 2023	990 A-shares, 14,800 B-shares and 384,024 call options1	6,000 B-shares	20,000 B-shares	113,478 A-shares 378,737 B-shares
Nationality/Elected	UK, SE / 2006	SE / 2021	SE / 2023	SE / 2012
Total fees 2022, SEK	2,340,000	940,000	650,000	835,000
Board meeting attendance	16/16	16/16	9/16	16/16
People & Sustainability Committee attendance	4/4	—	—	—
Audit Committee attendance	—	5/5	—	5/5
Independent of Husqvarna Group	Yes	Yes	Yes	Yes
Independent of major shareholders	No	Yes	Yes	No

[1] Consisting of (a) 192,012 call options issued by Investor AB entitling to purchase Husqvarna B-shares and (b) 192,012 call options issued by L E Lundbergföretagen AB entitling to purchase Husqvarna B-shares.

Board of Directors and auditors, cont.

Name Function	**Bertrand Neuschwander** Board member	**Daniel Nodhäll** Board member	**Lars Pettersson** Board member	**Christine Robins** Board member
Born	1962	1978	1954	1966
CV	Graduate engineer, Institut National Agronomique de Paris-Grignon, France, with an MBA from INSEAD. Member of the People & Sustainability Committee.	M. Sc., Stockholm School of Economics, Sweden. Managing Director, Head of Listed Companies at Investor AB. Member of the Audit Committee.	M. Sc. in Applied Physics, Material Sciences, Uppsala University, Sweden. Hon. Doc. at Uppsala University. Chair of the People & Sustainability Committee.	BBA in Marketing and Finance, University of Wisconsin, Madison, US and an MBA from Marquette University, Milwaukee, US. CEO of Instant Pot Brands.
Other major assignments	Board member of Serge Ferrari Group SA. Chair CPE. Supervisory Committee of IKKS Invest SAS and Scope Holding SAS.	Board member of Electrolux Professional AB.	Board member of AB Industrivärden, Indutrade AB and L E Lundberg-företagen AB.	
Previous positions	Chief Operating Officer, Groupe SEB, France 2014–2019, Senior Executive Vice President for Business Units Brands, Innovation & Strategy, Groupe SEB 2012–2014, Senior Executive Vice President for Business Units Brands & Innovation, Groupe SEB 2010–2012, CEO, Devanlay/ Lacoste 2004–2009, Chair and Chief Executive Officer, Aubert Group 2001– 2004.	Analyst focused on the engineering sector at Investor AB since 2002.	President & CEO of AB Sandvik 2002–2011 and various positions within AB Sandvik 1978–2002.	Business Unit CEO at Newell Brands, US 2020–2023. President & CEO of Char-Broil LLC, Columbus, US 2014–2019. President & CEO of Body-Media, Pittsburgh, US 2009–2014. President & CEO of Philips Oral Healthcare, Seattle, US 2005–2009. Marketing and Finance positions within S.C. Johnson company 1988– 2005.
Holdings in Husqvarna on December 31, 2023	7,500 B-shares	14,000 B-shares	5,000 B-shares	American Depositary Receipts (ADR) B 1,866
Nationality/Elected	FR / 2016	SE / 2013	SE / 2014	US / 2017
Total fees 2022, SEK	740,000	835,000	800,000	650,000
Board meeting attendance	16/16	16/16	16/16	14/16
People & Sustainability Committee attendance	4/4	—	4/4	—
Audit Committee attendance	—	5/5	—	—
Independent of Husqvarna Group	Yes	Yes	Yes	Yes
Independent of major shareholders	Yes	No	No	Yes

Union Appointed Board Members and Deputies

Name	**Anders Krantz**	**Anders Köhler**	**Dan Byström** [1]	**Fredrik Aguren** [2]
Function	Employee representative	Deputy employee representative	Employee representative	Deputy employee representative
Born	1973	1973	1971	1971
CV	Representative of the Federation of Salaried Employees i n Industry and Services. Holdings in Husqvarna: 60 A-shares.	Representative of the Federation of Salaried Employees in Industry and Services. Holdings in Husqvarna: 30 A-shares, 1,050 B-shares.	Representative of the Swedish Confederation of Trade Unions. Holdings in Husqvarna: 20 B-shares.	Representative of the Swedish Confederation of Trade Unions. Holdings in Husqvarna: 50 B-shares.

[1] Dan Byström replaced Daniel Tornberg, who left Husqvarna Group, on September 1, 2023

[2] Fredrik Aguren was appointed on December 1, 2023.

Auditors

KPMG AB

Joakim Thilstedt, Authorized Public Accountant.
Born 1967.
Other audit assignments include:
AFRY, Ahlsell, Concentric and Sveaskog.
Holdings in Husqvarna: 0 shares.

Group Management

Name Function	**Pavel Hajman** CEO[1]	**Brian Belanger** General Counsel, Executive Vice President Legal Affairs & Strategic Investments and Husqvarna Board Secretary	**Terry Burke** CFO and Executive Vice President Finance, IR & Communication	**Leigh Dagberg** Executive Vice President, People & Organization	**Karin Falk** President, Husqvarna Construction Division and Executive Vice President Husqvarna Group	**Robert Hafredal** Executive Vice President Global Information Services and Group CIO	**Glen Instone** President, Husqvarna Forest & Garden Division and Executive Vice President Husqvarna Group	**Pär Åström** President, Gardena Division and Executive Vice President Husqvarna Group
Born	1965	1969	1972	1970	1965	1978	1977	1972
CV	M. Sc. in Industrial Engineering and Management, Linköping Institute of Technology, Sweden. Employed 2014. Member of Group Management since 2014.	J.D./LLM, Duke University School of Law. Employed 2006. Member of Group Management since 2015.	Chartered Certified Accountant (FCCA). Employed 2010. Member of Group Management since 2022.	M. Sc. in Organizational Behaviour, University of London, UK. B.A. in History, University of California, Berkeley, US. Employed 2013. Member of Group Management since 2018.	B. Sc. Business Administration and Economics, School of Economics and Law, Gothenburg, Sweden. Employed 2020. Member of Group Management since 2020. Board Member of Wärtsilä Corporation.	Masters Degree in economics, marketing and management Employed 2010. Member of Group Management since 2023.	B.A. (Hons) in Accounting & Finance, University of Teesside, UK. Chartered Institute of Management Accountants (ACMA). Employed 2002. Member of Group Management since 2018.	M. Sc. in Industrial Engineering & Management, KTH Royal Institute of Technology, Stockholm, Sweden. Employed 2013. Member of Group Management since 2015.
Previous positions	Acting CEO 2022-2023. Executive Vice President, Global Information Services 2020–2022, Senior Vice President, Group Operations Development 2018–2020. President, Husqvarna Division 2014–2018. Executive Vice President, Head of Asia/Pacific, Husqvarna Group 2014. President Assa Abloy AHG Greater China 2013–2014. Various positions in Seco Tools, President Asia/Pacific, Senior Vice President Group Business Development, Regional Director CEE, 1990–2013.	Vice President Legal Affairs Husqvarna Asia/Pacific Region 2009–2012, with temporary additional assignments as Acting General Counsel Husqvarna Americas 2013 and acting Head of Asia/Pacific Sales Region 2014. Associate General Counsel, Husqvarna Americas, 2006–2009, Partner, Cohen & Grigsby, P.C. 2000–2006.	Various positions in Husqvarna Group: VP Finance Husqvarna Forest & Garden Division 2017–2022. VP Finance -Gardena Division 2014–2016. VP Finance Manufacturing/Supply Chain 2013–2014. Regional Business Controller 2010–2012.	Vice President and Head of People & Organization, Husqvarna Group 2018. Vice President Talent Management, Husqvarna Group 2013–2018. Manager, PwC Consulting 2012–2013. Partner and Consultant, MindShift 2002–2012. Head of Research & Consulting, Manager, Universum 1997–2000. Research Specialist and Product Developer, Information Express 1992–1996.	Senior Vice President, Volvo Trucks, Services & Customer Quality 2016–2020. Executive Vice President, Volvo Group, Corporate Strategy & Brand Portfolio 2012–2016. President, Volvo Group, Non-Automotive Purchasing 2008–2012. Vice President, Volvo Car Customer Service 2006–2008. President, Volvo Car Special Vehicles 2001–2006. Various positions within Volvo Group & Volvo Cars 1988–2001.	Acting CIO 2023, Vice President IT Services and Solutions within Husqvarna Forest & Garden 2020–2023, Vice President Digital Commerce 2018–2020, Vice President Group Supply Chain Management 2016–2018. Various positions in A.P. Møller Maersk 2004–2010.	Various positions in Husqvarna Group; CFO and Senior Vice President Finance, IR & Communication 2018–2022. Vice President Global Sales & Services, Husqvarna Division 2016–2018, VP & CFO Husqvarna Division 2014–2017, VP & CFO EMEA, 2013–2014, VP & CFO Manufacturing, Logistics and Sourcing 2011–2013, VP & CFO Global Supply Chain 2009–2011.	Senior Vice President, Business Development, Husqvarna Group 2013–2018. Principal, Kearney Management Consultants 2007–2013. Kearney and Occam Associates Management Consulting 1998–2007.
Holdings in Husqvarna on December 31, 2023	148,128 B-shares	81,293 B-shares	37,294 B-shares	32,335 B-shares	23,238 B-shares	11,332 B-shares	86,952 B-shares	126,487 B-shares

[1] As per May 4, 2023, Pavel Hajman was appointed Group CEO.

Consolidated income statement

SEKm	Note	2023	2022
Net sales	3	53,261	54,037
Cost of goods sold	5, 6	–37,136	–39,424
Gross income		**16,125**	**14,613**
Selling expenses	5	–9,034	–8,770
Administrative expenses	5	–3,211	–3,001
Other operating income	5, 7	29	212
Other operating expenses	5, 7	–29	–11
Operating income	3, 4, 8	**3,880**	**3,043**
Financial income	9	75	38
Financial expenses	9	–1,077	–499
Financial items, net		**–1,002**	**–461**
Income after financial items		**2,878**	**2,581**
Income tax	10	–702	–649
Net income for the period		**2,177**	**1,932**
Net income for the period attributable to:			
Equity holders of the Parent Company		2,177	1,935
Non-controlling interests		–1	–2
Net income for the period		**2,177**	**1,932**
Earnings per share:			
Before dilution, SEK	11	3.81	3.39
After dilution, SEK	11	3.81	3.38
Average number of shares outstanding:			
Before dilution, millions	11	570.9	570.4
After dilution, millions	11	571.6	573.0

Consolidated Comprehensive Income Statement

SEKm	Note	2023	2022
Net income for the period		**2,177**	**1,932**
Other comprehensive income			
Items that will not be reclassified to the income statement:			
Remeasurements on defined benefit pension plans, net of tax		–426	436
Total items that will not be reclassified to the income statement, net of tax		**–426**	**436**
Items that may be reclassified to the income statement:			
Exchange rate differences on translating foreign operations			
Currency translation differences	19	–839	2,728
Net investment hedge, net of tax	19	403	–916
Cash flow hedges			
Result arising during the period, net of tax	19	129	–94
Reclassification adjustments to the income statement, net of tax	19	109	6
Total items that may be reclassified to the income statement, net of tax		**–197**	**1,723**
Other comprehensive income, net of tax		**–622**	**2,159**
Total comprehensive income		**1,554**	**4,091**
Total comprehensive income attributable to:			
Equity holders of the Parent Company		1,555	4,094
Non-controlling interests		–1	–2
Total comprehensive income		**1,554**	**4,091**

Consolidated Balance Sheet

SEKm	Note	31 Dec 2023	31 Dec 2022
Assets			
Non-current assets			
Property, plant and equipment	12	7,205	7,151
Right of use assets	13	2,068	2,288
Goodwill	14	9,920	10,187
Other intangible assets	14	8,400	8,408
Investments in associated companies	15	14	16
Derivatives	26	0	53
Other non-current assets	16	843	913
Deferred tax assets	10	2,143	1,834
Total non-current assets		**30,592**	**30,849**
Current assets			
Inventories	17	17,184	19,334
Trade receivables	20	5,289	6,267
Derivatives	26	1,604	795
Current tax receivables		242	524
Other current assets	18	1,171	1,538
Cash and cash equivalents	20	1,527	2,328
Total current assets		**27,018**	**30,787**
Total assets		**57,610**	**61,636**

SEKm	Note	31 Dec 2023	31 Dec 2022
Equity and liabilities			
Equity attributable to equity holders of the Parent Company			
Share capital	19	1,153	1,153
Other paid-in capital	19	2,605	2,605
Other reserves	19	1,851	2,048
Retained earnings	19	18,161	18,196
Total equity attributable to equity holders of the Parent Company		**23,770**	**24,002**
Non-controlling interests	19	2	10
Total equity		**23,772**	**24,011**
Non-current liabilities			
Borrowings	26	8,556	8,927
Lease liabilities	26	1,436	1,708
Deferred tax liabilities	10	2,334	2,056
Provisions for pensions and other post-employment benefits	21	2,209	1,681
Other provisions	22	620	700
Total non-current liabilities		**15,155**	**15,072**
Current liabilities			
Trade payables	20	5,487	7,111
Current tax liabilities		662	667
Other liabilities	23	3,866	4,097
Borrowings	26	6,031	7,700
Lease liabilities	26	648	649
Derivatives	26	575	912
Other provisions	22	1,415	1,416
Total current liabilities		**18,683**	**22,553**
Total equity and liabilities		**57,610**	**61,636**

Consolidated Cash Flow Statement

SEKm	Note	2023	2022
Cash flow from operations			
Operating income		3,880	3,043
Non cash items			
Depreciation/amortization and impairment	5, 12, 13, 14	3,105	3,342
Other non cash items		481	637
Cash items			
Paid restructuring costs		–565	–222
Net financial items, received/paid		–862	–247
Taxes paid		–493	–2,318
Cash flow from operations, excluding change in operating assets and liabilities		**5,546**	**4,234**
Change in operating assets and liabilities			
Change in inventories		1,918	–3,832
Change in trade receivables		917	–1,511
Change in trade payables		–1,579	–336
Change in other operating assets/liabilities		264	–264
Cash flow from operating assets and liabilities		**1,521**	**–5,943**
Cash flow from operations		**7,067**	**–1,709**
Investments			
Acquisitions subsidiaries/operations	27	–9	–85
Sale of property, plant and equipment		5	240
Investments in property, plant and equipment and intangible assets	12, 14	–2,627	–2,344
Investments and divestments of financial assets		–22	–112
Cash flow from investments		**–2,652**	**–2,301**
Cash flow from operations and investments		**4,414**	**–4,009**
Financing			
Proceeds from borrowings	26	5 585	10,796
Repayment of borrowings	26	–7 650	–2,543
Repayment of lease liabilities	26	–744	–540
Net investment hedge	26	–157	–2,131
Change in other interest-bearing net debt excluding liquid funds	26	–478	105
Dividend paid to shareholders		–1,714	–1,711
Dividend paid to non-controlling interests		–2	–2
Cash flow from financing		**–5,161**	**3,975**
Total cash flow		**–746**	**–35**
Cash and cash equivalents at the beginning of the year		2,328	2,208
Exchange rate differences referring to cash and cash equivalents		–55	154
Cash and cash equivalents at year-end		**1,527**	**2,328**

Consolidated Statement of Changes in Equity

	Attributable to equity holders of the Parent Company						
SEKm	Share capital (Note 19)	Other paid-in capital (Note 19)	Other reserves (Note 19)	Retained earnings (Note 19)	Total	Non-controlling interests (Note 19)	Total equity
Opening balance January 1, 2022	**1,153**	**2,605**	**325**	**17,549**	**21,633**	**14**	**21,646**
Net income for the period				1,935	1,935	–2	1,932
Other comprehensive income			1,723	436	2,159	—	2,159
Total comprehensive income			**1,723**	**2,371**	**4,094**	–2	**4,091**
Transactions with owners							
Share-based payment				78	78	—	78
Hedge for LTI-programs				–92	–92	—	–92
Dividend to non-controlling interests						–2	–2
Dividend SEK 3.00 per share				–1,711	–1,711		–1,711
Closing balance December 31, 2022	**1,153**	**2,605**	**2,048**	**18,196**	**24,002**	**10**	**24,011**
Net income for the period				2,177	2,177	–1	2,177
Other comprehensive income			–197	–426	–622	—	–622
Total comprehensive income			**–197**	**1,752**	**1,555**	–1	**1,554**
Transactions with owners							
Share-based payment				–79	–79	—	–79
Shareholder contribution from non-controlling interest						1	1
Acquisition of non-controlling interest				5	5	–5	0
Dividend to non-controlling interests						–2	–2
Dividend SEK 3.00 per share				–1,714	–1,714		–1,714
Closing balance December 31, 2023	**1,153**	**2,605**	**1,851**	**18,161**	**23,770**	**2**	**23,772**

Note 1 Accounting principles

BASIS OF PREPARATION

Husqvarna AB (publ), Swedish Corporate ID No. 556000-5331, is a limited liability company registered in Sweden. The Company's registered office is in Jönköping at the visiting address Drottninggatan 2, SE-561 31 Huskvarna, Sweden. The Husqvarna AB (publ) share is listed on NASDAQ Stockholm's Large Cap list. The head office visiting address is Regeringsgatan 28, SE-111 53 Stockholm.

The consolidated financial statements of Husqvarna AB (publ.) have been prepared in accordance with IFRS Accounting Standards as adopted by the European Union. Entities within Husqvarna Group apply the same accounting principles. The principles set out below have been consistently applied to all years presented, unless otherwise stated. In addition, the Swedish Annual Accounts Act and RFR 1, Supplementary Rules for Groups, have been applied. The consolidated financial statements have been prepared under the historical cost convention except for financial assets and liabilities carried at fair value through profit or loss (derivative instruments) and financial assets at fair value through 'Other comprehensive income' (trade receivables not sold but part of factoring programmes).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 2.

The annual report for the Group and for Husqvarna AB (publ.), including financial statements, was approved for issuance on March 13, 2024. The balance sheets and income statements are subject to approval by the Annual General Meeting of the shareholders on April 18, 2024.

CHANGES IN ACCOUNTING PRINCIPLES AND DISCLOSURES

There are no new or amended standards adopted by Husqvarna Group from January 1, 2023 that have had a material impact on the Group.

There are no IFRS or IFRIC interpretations that are not yet effective and are expected to have a material impact on the Group.

ACCOUNTING AND VALUATION PRINCIPLES

Principles applied for consolidation

Subsidiaries

The financial statements include Husqvarna AB (publ.) and all companies (subsidiaries) which the Parent Company controls.

Husqvarna Group applies the acquisition method to account for business combinations. The purchase price is valued at fair value on the acquisition date, as are the acquired subsidiary's assets and liabilities. The purchase price includes an assessment of the fair value of any conditional additional purchase price per acquisition date. All subsequent changes to the conditional purchase price are recognized in the income statement. Transaction costs related to the business combination are expensed when incurred. If the purchase price exceeds the fair value of identifiable acquired assets and liabilities, the excess amount is recognized as goodwill. Goodwill is allocated to the cash generating units expected to benefit from the acquisition.

Foreign currency translations

The financial statements are presented in Swedish kronor, SEK, which is the Parent Company's functional currency and the presentation currency of Husqvarna Group.

Property, plant and equipment

Depreciation is made on a straight-line basis over the following estimated useful lives:

Buildings and land improvements	10–50 years
Machinery and technical installations	3–15 years
Other equipment	3–10 years

Husqvarna Group applies component depreciation, which means that larger tangible assets are broken down into component parts with different useful lives and thus different depreciation periods.

Intangible assets

Brands

Brands that have been acquired separately are shown at historical cost. Brands that have been acquired through business combination are recognized at fair value at the acquisition date. All brands with finite useful lives are amortized on a straight-line basis during the useful life, estimated at 10 years. The acquired trade names within the Gardena Division are deemed to have indefinite useful life.

Product development

Capitalized development costs are amortized over their useful lives, ranging between 3 and 5 years.

Customer relationships

The values of these customer relationships are amortized over their useful lives of 5–12 years.

Other intangible assets

Computer software has an estimated useful life of 3–6 years and patents and licenses have a useful life of 10–13 years.

Impairment of non-financial assets

Assets that have an indefinite useful life (goodwill and the brands within the Gardena Division) or intangible assets not ready for use are not subject to amortization but are tested for impairment annually – or more often if there is an indication of impairment. If there is an indication of impairment the Group estimates the recoverable amount of the asset. An impairment loss is recognized by the amount by which the net book value of an asset exceeds its recoverable amount. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units that is expected to benefit from the synergies of the combination, which for Husqvarna Group equals the Business segments, see note 3. See also note 2 and note 14 regarding impairment testing of intangible assets with an indefinite useful life.

Financial assets

Classification and subsequent measurement

Husqvarna Group classifies its financial assets in the following measurement categories:

- Amortized cost. Assets reported at amortized cost consist of other non-current assets, other current assets, trade receivables and cash and bank.
- Fair value via the income statement. Shareholdings.
- Fair value via other comprehensive income. Trade receivables that are sold within the framework of factoring are included in this category. For these, interest income, exchange rate differences and write-downs are reported in the income statement, while other changes in fair value are reported in other comprehensive income. When the financial asset is removed from the balance sheet, the accumulated profit or loss, previously reported in other comprehensive income, is transferred to the income statement.

Impairment and expected credit losses

For trade receivables, the Group applies the simplified approach in IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables. Expected credit losses are estimated by grouping trade receivables based on shared credit-risk characteristics in terms of days past due.

Financial liabilities

Classification and subsequent measurement

All of the Group's financial liabilities (excluding derivatives, which are addressed in a separate section) are classified as subsequently measured at amortized cost. Liabilities measured at amortized cost include borrowings, financial lease liabilities, trade payables and other liabilities.

Accounting of derivative financial instruments and hedging activities

Derivatives are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Husqvarna Group designates certain derivatives as either hedges of highly probable forecast transactions (cash flow hedges) or hedges of net investments in a foreign operation (net investment hedges).

Cash flow hedge

The effective portion of change in the fair value of derivatives that are designated and qualify as cash-flow hedges is recognized in 'Other comprehensive income'. The gain or loss relating to the ineffective portion is recognized immediately in the income statement as operating income.

Amounts accumulated in equity are reclassified to the income statement in the periods when the hedged item will affect profit or loss (for instance when the forecast sale which is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial item (for example, inventory), the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the value of the asset or liability. The deferred amounts are ultimately recognized in cost of goods sold in the case of inventory.

The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognized in 'Other comprehensive income'. The gain or loss relating to the ineffective portion is recognized in the income statement within financial items.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at the time remains in equity and is recognized when the forecast transaction is ultimately recognized in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Net investment hedge

Hedges of net investments in foreign operations are accounted for in the same way as cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in 'Other comprehensive income'. The gain or loss relating to the ineffective portion is recognized in the income statement. Gains and losses accumulated in equity are included in the income statement when the foreign operation is partially disposed of or sold.

Inventories

Inventories and work in progress are valued at the lower of cost and net realizable value. The value of inventories is determined by applying the first-in, first-out (FIFO) or the weighted average cost principle. Net realizable value is defined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to execute the sale at market value. Gains and losses previously deferred in equity on hedged forecast transactions are also included in the initial measurement cost of the inventory. The cost of finished goods and work in progress comprises raw material, direct labour, other direct costs and other related production overheads.

Pensions and other post-employment benefits

Pension obligations

Pensions and other post-employment benefit plans are classified as either defined contribution plans or defined benefit plans.

Under a defined contribution plan, the Group pays fixed contributions into a separate entity and will have no legal obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. Contributions are expensed when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

All other pensions and other post employment benefit plans are defined benefit plans. Defined-benefit plans define an amount of pension benefit that an employee will receive on retirement, depending on factors such as age, years of service and compensation. The liability recognized in the balance sheet in respect of defined-benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the 'projected unit credit' method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds denominated in the currency in which the benefits will be paid. In most countries these are AA-rated corporate bond indexes matching the duration of the pension obligation, and in Sweden mortgage bonds. In countries without a deep market in such bonds, the market rate on government bonds is used.

Past-service costs are recognized immediately in the operating income. Interest on the Group's net pension plans is reported net within the Group's finance items, and is calculated by applying the discount rate as when calculating the net defined liability. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in 'Other comprehensive income' in the period in which they arise.

Revenue recognition

Husqvarna Group generates revenue mainly from sales of finished products including spare parts and accessories, but also from services and license agreements.

Sale of finished products including spare parts and accessories

Husqvarna Group manufactures and sells finished products, spare parts and accessories mainly to dealers and retailers but also directly to consumers. In customer contracts accompanying the sale of finished products there are generally two performance obligations: products and shipping services. Revenue recognition will occur at a point in time when control of the asset is transferred to the customer, which depends mainly on the terms of delivery (incoterms) used. Husqvarna Group is the principal for both the sale of the goods and the shipping service, hence the 'gross' amount paid by the customer for the shipping service is recognized as revenue and the corresponding expense is recognized in cost of goods sold.

The products are sometimes sold with volume-related discounts based on the aggregated sales over a specific time period, normally 1 year. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts using either the expected-value method or an assessment of the most likely amount. Revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognized for any expected volume discount payable to customers in relation to sales made up to the end of the reporting period. The estimated volume discount is revised at each reporting date.

A right of return is sometimes granted in the retail and consumer industry. A right of return can follow from legislation, statutory requirements or business practice, or be stated in the contract with the customer. Revenue is not recognized for goods expected to be returned – instead, a refund liability (included in 'Other current liabilities') and a right to the returned goods (included in 'Other current assets') are recognized for the products expected to be returned. Accumulated experience is used to estimate such returns at the time of sale (the 'Expected value' method). The Group's obligation to provide a refund for faulty products under the standard warranty terms is recognized as a provision.

Services

Husqvarna Group provide services such as product repairs and service/maintenance. Revenues from product repairs are recognized when the service is performed. Revenues from service/maintenance agreements are recognized on a linear basis over the contract period, unless there is evidence that some other method better measures progress towards satisfying the performance obligation.

Husqvarna Group sells some extended warranties that are separately priced. The revenue is recognized during the warranty period, which usually starts after the standard warranty period. The revenue is recognized on a linear basis over the contract period, unless there is evidence that some other method better measures progress toward satisfying the performance obligation. Warranty during the extended warranty terms is recognized as a provision.

License agreements

Husqvarna Group licenses intellectual property such as brand names to other companies. The license provides the licensee with a right to access intellectual property throughout the license period. The most common license types for Husqvarna Group are sales- or usage-based royalties where the revenue is recognized when the underlying sales or usage occur.

Leasing

Husqvarna Group mainly leases assets within the categories "Land and buildings" (warehouses, office space and factories), "Forklifts and machinery", and "Cars and other vehicles".

The lease payments are discounted using the incremental borrowing rate if the interest rate implicit in the lease contracts cannot be readily determined. The incremental borrowing rate is calculated per country and for different durations.

Payments associated with short-term leases and leases of low value are recognized on a straight-line basis as an expense in the income statement.

Note 2 Important accounting estimates and assessments

In order to prepare these financial statements, management needs to make estimates and assessments and therefore use certain assumptions concerning the future. Management makes estimates and assessments based on past experience and assumptions that are considered to be reasonable and realistic under prevailing circumstances. The use of such estimates and assessments affects both the income statement and the balance sheet and the disclosures presented. Actual results may differ from these estimates under different assumptions or circumstances. The accounting principles that require subjective judgements from management when making assumptions or estimates about effects of matters that are inherently uncertain are summarized below.

Impairment test of intangible assets with indefinite useful life

Intangible assets that have an indefinite useful life (goodwill and the brands within the Gardena Division) are tested annually for impairment, or more frequently if there is an indication of impairment. When testing for impairment, the Group estimates the recoverable amount of the asset. An impairment loss is recognized with the amount by which the net book value of an asset exceeds its recoverable amount. The recoverable amount of a cash generating unit is determined on the basis of the value in use estimated by using the discounted cash flow method based on expected future results. Important assumptions for forecasting are expected growth, margin and discount rates. For further information refer to note 14.

Inventory

Husqvarna Group's inventory is accounted for at the lower of the acquisition value in accordance with first-in, first-out (FIFO) or weighted average cost formula, and the net realizable value. The net realizable value is adjusted for the estimated write-down for older articles, physically damaged goods, excess inventory and selling expenses. The Group's large seasonality in stockpiling and sales together with weather-dependent products increases the difficulty of estimating the value of inventory. To minimize these difficulties, Husqvarna Group is constantly working to streamline the production chain, keep inventory levels at a reasonably low level, and focus on the inventory valuation to ensure that it is accurate in accordance with the circumstances at the closing date.

Provisions for pensions and other post-employment benefits

The present value of the Group's net pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Assumptions used to calculate the net pension liability include discount rate, inflation, mortality, future salary increases etc. Any changes in these assumptions will impact the carrying amount of the net pension liability. A sensitivity analysis of the effect of a change in the main assumptions, and potential risks affecting the liabilities, is included in note 21.

Note 3 Segment information

Husqvarna Group has a brand-driven organization and structure with three separate reporting divisions. The Husqvarna Forest & Garden Division offers products and solutions for professional users in forestry, tree care, landscaping and other commercial lawn and garden services as well as for premium consumer segments. The Gardena Division is the global number one in residential watering and 'smart garden' and a leader in high-quality hand tools, robotics and electric garden tools. The Husqvarna Construction Division is a global leader in machinery for the construction industry and in diamond tools for the construction and natural-stone-processing industries. The divisions form the basis for the Group's internal reporting reviewed by the CEO (the Group's chief operating decision maker) in order to assess performance and make decisions on resource allocation.

The divisions are responsible for their operating income (excluding items affecting comparability), direct operating cashflow and net assets, which are the financial measures used when the CEO evaluates the performance of the segments. Net financial income/expense, tax, net debt and equity are unallocated and not reported by division.

The divisions consist of both separate legal companies and companies divided between divisions. For companies that are part of more than one division, costs and net assets are allocated between the divisions concerned. Operating costs not included in the divisional figures are shown under 'Group common' costs, which mainly include costs for corporate functions. No sales of finished products are made between the divisions.

The segment reporting is based on the same accounting principles as for the Group. The divisions are responsible for the management of operational assets and their performance is measured at this level. Group Treasury is responsible for financing at Group and country level. Consequently, liquid funds, interest-bearing receivables and liabilities, equity and tax items are not allocated to the divisions.

All divisions include production, development, logistics, marketing and sales. The Husqvarna Forest & Garden Division and Gardena Division are divided into six product categories: wheeled, robotics, handheld, watering, digital solutions and accessories. 'Group common' Income includes royalty income from licensing of intellectual property such as brands to customers.

Note 3 – Segment information, cont.

	Husqvarna Forest & Garden Division		Gardena Division		Husqvarna Construction Division		Group common		Group	
SEKm	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Net sales[1]	31,759	32,082	12,964	13,606	8,398	8,232	139	117	53,261	54,037
Reported growth	–1.0%	9.8%	–4.7%	29.1%	2.0%	14.2%	—	—	–1.4%	14.8%
Organic growth	–3.9%	0.3%	–9.9%	–7.2%	–3.1%	2.1%	—	—	–5.3%	–1.0%
Operating income	**2,706**	**1,807**	**950**	**918**	**755**	**713**	**–531**	**–396**	**3,880**	**3,043**
Operating margin, %	8.5%	5.6%	7.3%	6.8%	9.0%	8.7%	—	—	7.3%	5.6%
Financial items, net	—	—	—	—	—	—	—	—	–1,002	–461
Income tax	—	—	—	—	—	—	—	—	–701	–649
Net income for the period	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**2,177**	**1,932**
Items affecting comparability[2]	–530	–1,417	–186	–254	–247	–140	–127	1	–1,090	–1,810
Operating income excl. items affecting comparability	**3,236**	**3,224**	**1,136**	**1,173**	**1,002**	**854**	**–404**	**–397**	**4,970**	**4,853**
Operating margin excl. items affecting comparability	10.2%	10.0%	8.8%	8.6%	11.9%	10.4%	—	—	9.3%	9.0%
Depreciation, amortization and impairments	–1,597	–1,441	–789	–645	–516	–487	–39	–24	–2,941	–2,597
EBITDA[3] excl. items affecting comparability	4,833	4,665	1,925	1,818	1,518	1,340	–365	–373	7,911	7,450
Change in inventories	476	–2,843	1,433	–600	9	–389	—	—	1,918	–3,832
Change in trade receivables	740	–1,313	39	–165	191	–33	–53	0	917	–1,511
Change in trade payables	–1,302	454	–170	–711	–110	–79	2	–1	–1,579	–336
Investments	–1,427	–1,355	-623	–525	–326	–387	–250	–77	–2,627	–2,344
Direct operating cash flow[3]	**3,321**	**–392**	**2,604**	**–183**	**1,282**	**453**	**–666**	**–450**	**6,541**	**–572**
Inventories	10,355	10,976	4,242	5,709	2,588	2,649	—	—	17,184	19,334
Trade receivables	3,242	4,007	955	1,022	1,039	1,238	53	1	5,289	6,267
Trade payables	–3,241	–4,560	–1,399	–1,587	–842	–960	–5	–3	–5,487	–7,111
Operating working capital[3]	**10,356**	**10,422**	**3,798**	**5,144**	**2,785**	**2,926**	**48**	**–3**	**16,986**	**18,490**
Operating working capital / net sales[3], %	37.3%	28.6%	37.5%	33.5%	36.9%	34.2%	—	—	36.9%	30.6%
Net assets	**18,078**	**18,187**	**14,823**	**16,798**	**7,107**	**7,334**	**–597**	**–599**	**39,412**	**41,720**
Whereof assets	24,433	26,228	17,763	20,010	8,722	9,058	2,878	2,471	53,795	57,767
Whereof liabilites	–6,354	–8,041	–2,940	–3,213	–1,614	–1,724	–3,475	–3,070	–14,383	–16,047
Net debt	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**15,640**	**17,709**
Equity	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**23,772**	**24,011**

[1] The majority of net sales are recognized at a point in time.
[2] Regarding items affecting comparability, refer to "Financial Definitions".
[3] Alternative Performance Measure, refer to "Financial Definitions".

Geographic information

The table below shows sales per geographical market, regardless of where the goods are produced. Assets are reported where the asset is located.

	External sales		Non-current assets[1]	
SEKm	2023	2022	2023	2022
Germany	7,621	6,987	8,806	8,808
France	3,549	3,162	140	53
Sweden	2,032	2,086	6,228	5,707
Austria	1,752	1,627	42	30
Rest of Europe	13,570	14,095	2,244	2,239
Asia/Pacific	4,888	4,790	1,206	1,332
Canada	1,749	2,005	211	227
US	15,520	16,682	8,616	9,577
Latin America	2,225	2,243	92	50
Rest of the World	354	359	9	11
Total	**53,261**	**54,037**	**27,593**	**28,034**

[1] Non-current assets include property, plant and equipment, goodwill, other intangible assets and right-of-use assets.

Information on major customers

Husqvarna Group has no individual customer that accounts for 10% or more of the Group's total net sales.

Net sales per product category

SEKm	2023	2022
Forest, park and garden products	44,723	45,687
Construction products	8,398	8,232
Other	139	117
Total	**53,261**	**54,037**

Note 4 Employees and employee benefits

Average number of employees (full-time equivalents)

	2023			2022		
	Men	Women	Total	Men	Women	Total
Sweden	1,915	692	2,607	1,840	636	2,476
Germany	1,441	764	2,205	1,530	807	2,337
Czech Republic	500	537	1,037	498	566	1,063
UK	312	117	430	319	109	428
Poland	460	254	714	408	239	647
Rest of Europe	1,170	427	1,597	1,325	519	1,844
Total Europe	**5,798**	**2,791**	**8,590**	**5,918**	**2,876**	**8,795**
China	629	265	894	616	311	926
Japan	209	33	242	246	39	285
Rest of Asia/Pacific	333	117	450	294	106	400
Total Asia/Pacific	**1,171**	**415**	**1,586**	**1,156**	**455**	**1,611**
US	2,048	938	2,986	2,384	1,079	3,463
Canada	86	45	131	79	50	129
Total North America	**2,134**	**983**	**3,117**	**2,463**	**1,129**	**3,592**
Brazil	208	84	292	177	78	255
Rest of Latin America	68	33	101	67	29	96
Total Latin America	**276**	**117**	**393**	**244**	**107**	**351**
Other markets	42	27	69	42	25	67
Total	**9,421**	**4,333**	**13,755**	**9,823**	**4,593**	**14,416**
Gender distribution, %:						
Board members	82	18		83	17	
Presidents and other senior managers	87	13		89	11	

Salary and remuneration

SEKm	2023	2022
Salary expenses	7,990	7,530
Social expenses	1,619	1,506
Pension expenses – defined-benefit obligations	129	209
Pension expenses – defined-contribution plans	266	243
Total	**10,004**	**9,488**
Whereof remuneration to Board, Presidents and other senior managers[1]		
Salary expenses	151	138
(whereof variable salary expenses)	46	70
Social expenses	41	36
Pension expenses	22	17

[1] Refers to salary costs for all board members, presidents and other senior executives in the Parent Company and subsidiaries.

	2023						
SEKt	Fixed salary[1]	Variable salary	Pension costs	Cost of long term incentive programmes[2]	Other benefits[3]	Severance pay etc.	Total
CEO	9,795	2,641	3,772	–443	16	—	15,781
Previous CEO	811	—	3,600	712	—	11,000	16,123
Other members of Group Management[4]	33,413	8,531	5,358	–3,259	1,227	—	45,270
Total	**44,019**	**11,172**	**12,730**	**–2,989**	**1,243**	**11,000**	**77,175**

[1] Including holiday pay.
[2] The cost is calculated based on the principal in IFRS 2 and allocated over the vesting period. The cost is related to LTI 2021, LTI 2022 and LTI 2023. The forecasts for value creation have been adjusted downward in 2023, which is why the year contains reversals of previously made provisions.
[3] Refers to housing, travel, car and insurance.
[4] Other members of Group Management comprise of seven individuals at year-end. One individual has joined Group Management during the year and one has left. The new individual is fully included in the LTI costs disclosed above.

	2022						
SEKt	Fixed salary[1]	Variable salary	Pension costs	Cost of long term incentive programmes[2]	Other benefits[3]	Severance pay etc.	Total
CEO	11,155	—	4,400	8,000	29	—	23,584
Acting CEO	277	—	—	—	—	—	277
Other members of Group Management[4]	33,443	1,180	8,219	19,076	566	—	62,484
Total	**44,875**	**1,180**	**12,619**	**27,076**	**595**	—	**86,345**

[1] Including holiday pay.
[2] The cost is calculated based on the principal in IFRS 2 and allocated over the vesting period. The cost is related to LTI 2021, LTI 2022 and LTI 2023.
[3] Refers to housing, travel, car, insurance and relocation benefits.
[4] Other members of Group Management comprise of seven individuals at year-end. One individual has joined Group Management during the year.

Remuneration to Group Management

For the CEO and other members of Group Management, the guidelines for remuneration approved by the 2021 AGM apply. The guidelines apply to contracts of employment entered into after the AGM and also to amendments made thereafter to contracts of employment that are in force. Remuneration to Group Management is determined by the Board of Directors based on proposals from the Board of Directors' People & Sustainability Committee. Under special circumstances, the Board of Directors may deviate from these guidelines. In the case of such deviation, the next AGM shall be informed of the reasons.

Husqvarna Group aims to offer competitive and performance-based remuneration. The overall principles for remuneration to Group Management should be based on the position held, on individual and Group performance, and should be competitive in the country of employment. The overall remuneration package for Group Management comprises fixed salary, variable salary based on annual performance targets, long-term incentives and benefits such as pension and insurance benefits. Variable remuneration may constitute a significant proportion of total remuneration, but could also be zero if the minimum level is not achieved, or capped if the maximum level is attained. Variable salary to the CEO and Group Management is based on targets for the Group's and/or the respective divisions' operating income, cash conversion cycle and individual key performance indicators (KPI's). The remuneration is reviewed annually by January 1.

The notice period for termination is 12 months on the part of the Company and 6 months on the part of the employee, and in the event of notice of termination from the employer, some members of Group Management are in some cases entitled to severance pay corresponding to 12 monthly salaries with deduction for any other income. A shorter period of notice and no right to severance pay might apply depending on position and country of employment. Members of Group Management shall be obliged not to compete with the Company during the notice period. Based on the circumstances in each case, a non-competition obligation with continued payment may also be applied during a maximum of 24 months from the end of the notice period.

An agreement regarding severance pay was reached in February 2023 with the former CEO. The severance pay amounted to SEK 11m, the pension payment amounted to SEK 3.6m and the value of the so-called accelerated vesting of share awards amounted to SEK 14.8m. Fixed salary and other final payments amounted to SEK 4.1m.

Terms of employment for the CEO

The remuneration to the CEO comprises fixed salary, variable salary based on annual targets, long-term incentive programs, and pension and insurance benefits. The annual fixed salary to the CEO amounts to SEK 850,000 per month, effective May 4, 2023. The variable salary amounts to a maximum of 100% of the fixed salary (50% at Target level). The CEO participates in the Group's long-term incentive programs for 2021, 2022 and 2023 (LTI 2021, LTI 2022 and LTI 2023). For information on these programs, see "Long-term incentive programs (LTI)" below.

Pension terms for the CEO

The retirement age for the CEO is 65. The CEO is covered by the collectively agreed ITP plan, the alternative rule of the plan, and the Husqvarna Executive Pension Plan. The Husqvarna Executive Pension Plan is a defined-contribution plan. The employer contribution to the plan is equivalent to 40% of the fixed salary which also includes the contributions for the benefits of the ITP plan, alternative ITP and any supplementary disability and survivor's pension. The CEO is also covered by the long-term illness insurance ("förstärkt ITP").

Terms of employment for other members of Group Management

As with the CEO, other members of Group Management receive a remuneration package consisting of fixed salary, variable salary based on annual targets, long-term incentive programs, and pension and insurance benefits.

Note 4 – Employees and employee benefits, cont.

The variable salary amounts to a maximum of 80% of the fixed salary, with the exception of one person where a maximum of 110% applies. Members of Group Management participate in the Group's long-term incentive programs. For information on these programs, see 'long-term incentive programs (LTI)' below.

Pension terms for other members of Group Management

The members of Group Management employed in Sweden (7 out of 8), with the exception of one person, are covered by the collectively agreed ITP plan, the alternative rule of the plan. These individuals are also covered by the Husqvarna Executive Pension Plan, which is a defined contribution plan. The employer's contribution to the plan is equivalent to 35% of the fixed salary which also includes contributions for the ITP plan, alternative ITP and any supplementary disability and survivor's pension. However, two of the plan members have a fixed contribution of SEK 120t per year and the difference between 35% of the fixed salary and SEK 120t is instead paid as a cash compensation. The pension age is 65 for the members of Group Management who are employed in Sweden. One of the members of Group Management who is employed in Sweden but resides outside Sweden and is covered by a defined contribution pension plan in the country of residence, Switzerland, with an annual contribution of approx. CHFt 30. The member of Group Management who is not employed in Sweden is covered by the Group's company retirement plan in the country of employment (Germany).

Fees to the Board of Directors

The 2023 Annual General Meeting authorized fees to the Board of Directors amounting to SEK 7,790t (7,540) in total, of which SEK 2,250t (2,175) was paid to the Chairman and SEK 650t (630) to each of the other Board members not employed by the company, plus an additional total of SEK 990t (955) as fees for Board Committee work. No consulting fees were paid to Board members and no Board fees are paid to Board members who are also employed by the Group.

	2023			2022
SEK (thousand)	Fee	Fee for Board committee work	Total fee	Total fee
Tom Johnstone	2,250	90	2,340	2,260
Katarina Martinson	650	185	835	810
Bertrand Neuschwander	650	90	740	715
Daniel Nodhäll	650	185	835	810
Lars Pettersson	650	150	800	775
Christine Robins	650	—	650	630
Ingrid Bonde	650	290	940	910
Torbjörn Lööf[1]	650	—	650	—
Henric Andersson[2]	—	—	—	—
Anders Krantz	—	—	—	—
Dan Byström[3]	—	—	—	—
Anders Köhler[4]	—	—	—	—
Daniel Tornberg[5]	—	—	—	—
Fredrik Aguren[6]	—	—	—	—
Total	**6,800**	**990**	**7,790**	**6,910**

[1] Elected at the 2023 AGM
[2] Resigned on February 2, 2023
[3] Appointed to ordinary employee representative September 1, 2023
[4] Deputy
[5] Resigned on September 1, 2023
[6] Appointed to deputy employee representative December 1, 2023

Board members are expected to engage themselves financially by acquiring Husqvarna shares, corresponding to approximately one year's board fee, within a period of five years. There are no agreements in place governing severance pay to Board members not employed by the Company.

Long-term incentive programmes (LTI)

The purpose of the long-term incentive programmes is to influence and reward performance long term, align shareholders' and management's interest, attract and retain key employees, and to some extent provide variable remuneration instead of a fixed salary. The Board of Directors will evaluate each year whether a long-term incentive program (e.g. share-based or share-price based) should be proposed to the AGM. There are three ongoing programmes that are under vest: LTI 2021, LTI 2022 and LTI 2023.

LTI 2021, LTI 2022 and LTI 2023

The Annual General Meetings of 2021, 2022 and 2023 authorized the implementation of the incentive programs LTI 2021, LTI 2022 and LTI 2023. LTI 2021 comprise a maximum of 100 participants whilst LTI 2022 and 2023 comprises a maximum of 135 participants. The vesting period for the programs is three years, and the programs consist of performance share awards. The number of granted performance-based share awards is based on the participant's annual target salary (fixed salary plus variable salary at target level). In order to receive performance-based shares, the employee must stay employed for three years after the grant date.

The number of performance-based share awards that vest and give right to Husqvarna Class B-shares further depends on the fulfilment of certain targets, determined by the Board of Directors, for value creation in the company during the calendar years 2021–2023 for LTI 2021, during the calendar years 2022–2024 for LTI 2022 and during the calendar years 2023–2025 for LTI 2023 apply. The LTI 2021 programs have a weight of 100% on value creation while the LTI 2022 and LTI 2023 program has a weight of 90% on value creation and 10% on Carbon dioxide (CO_2) emission reduction. There are three performance levels set for each performance measure, with a progression of the number of performance-based share awards from Entry to Target and from Target to Stretch/maximum level for each program. The Entry level must have been reached in order for the performance-based share awards to vest. The performance levels correspond to the following number of B-shares:

Performance level	LTI 2021, LTI 2022 and LTI 2023
Entry	10% of target salary / share price[1]
Target	33% of target salary/ share price[1]
Stretch	66% of target salary/ share price[1]

[1] The share price at Grant is decided by the average closing price of Husqvarna's B-share at Nasdaq Stockholm during December, January and February.

The value of the programs is calculated based on the fair value of the share on the grant date, which was SEK 113.50 for LTI 2021, SEK 81.50 for LTI 2022 and SEK 79.54 for LTI 2023, adjusted for dividend.

LTI 2021 result

The performance period for LTI 2021 ended on December 31, 2023. The following table shows the targets determined by the Board of Directors and the actual result.

Performance measure	Weight	Target level Entry	Target level Target	Target level Stretch	Result
Value Creation, SEKm	100%	5,250	6,250	7,250	5,657
Total result in relation to number of shares at the maximum level, 'Stretch'					**29.3%**

The following table shows the number of performance-based share awards that vest on May 31, 2024 and will then be exchanged for Husqvarna class B-shares to be awarded to participants, based on the result reported above and provided that the participant is still employed at that time.

Participants	Share awards LTI 2021 Number of shares
CEO	35,614
Other members of Group Management	174,199
Other participants	875,657
Total	**1,085,470**

Outstanding share awards

The table below outlines the number of granted share awards and of forfeited, exercised and outstanding share awards:

	2023			2022		
Share awards	LTI 2023	LTI 2022	LTI 2021	LTI 2022	LTI 2021	LTI 2020
At Jan 1	—	1,579,015	1,457,483	—	1,502,217	1,812,477
Granted	2,934,057	—	—	1,629,901	21,919	—
Forfeited	–431,737	–297,126	–316,980	–50,886	–66,653	–81,195
Exercised	—	—	–55,033	—	—	—
At Dec 31	**2,502,320**	**1,281,889**	**1,085,470**	**1,579,015**	**1,457,483**	**1,731,282**

The LTI programs are expensed during the three years vesting period in line with the expected target fulfilment. During 2023, SEK 23m (–111) has been charged to the income statement, whereof SEK 5m (–22) refers to cost for employer social contributions.

Note 5 Expenses by nature

SEKm	2023	2022
Costs for supplies and raw materials	22,932	24,283
Salaries and remuneration	9,875	9,279
Amortization/depreciation and impairment	3,105	3,342
Other external expenses	13,468	14,090
Total	**49,380**	**50,994**

Of the above costs, SEK 2,515m (2,177) refers to research and development. Amortization/depreciation and impairment are specified in the table below.

	Property, plant and equipment		Intangible assets		Right-of-use assets	
SEKm	2023	2022	2023	2022	2023	2022
Cost of goods sold	1,336	1,837	784	700	140	127
Selling expenses	87	81	—	—	473	348
Administrative expenses	69	65	154	127	62	56
Total	**1,491**	**1,984**	**938**	**827**	**675**	**531**

Impairment for property, plant and equipment was recognized within 'Cost of goods sold' by SEK 174m (747) and within 'Administrative expenses' by SEK 0m (1).

Impairment for intangible assets is recognized within 'Cost of goods sold' by SEK 7m (6) and within 'Administrative expenses' by SEK 47m (0).

Note 6 Exchange-rate gains and losses in cost of goods sold

SEKm	2023	2022
Exchange rate gains and losses in 'Cost of goods sold'	-406	136
Total	**-406**	**136**

'Cost of goods sold' includes SEK –175m (-6) of foreign-exchange hedging result previously reported in 'Other comprehensive income'.

Information related to the accounting of cash flow hedges is presented in note 1.

Note 7 Other operating income and operating expenses

SEKm	2023	2022
Other operating income		
Gain on divestment/liquidation of:		
Property, plant and equipment	29	34
Operations/subsidiaries	—	178
Total	**29**	**212**
Other operating expenses		
Loss on divestment/liquidation of:		
Property, plant and equipment	–3	–2
Operations/Subsidiaries	–24	–1
Share of profit in associated companies	–2	–8
Total	**–29**	**–11**

Note 8 Fees to auditors

SEKm	2023	2022
KPMG		
Audit fees for the annual audit engagement	35	32
Audit fees not included in the annual audit engagement	2	2
Tax advice	1	1
Other services	—	—
Total fees to KPMG	**39**	**34**
Audit fees to other auditors	1	2
Total fees to auditors	**40**	**36**

Note 9 Financial income and expenses

SEKm	2023	2022
Financial income		
Interest income on deposits measured at amortized cost	65	21
Exchange-rate differences		
– on borrowings	280	329
– on derivatives held for trading	–270	–312
Other financial income	0	0
Total financial income	**75**	**38**
Financial expenses		
Interest expenses		
– on borrowings	–178	–183
– on cashflow hedges, interest-rate derivatives	38	5
– on derivatives held for trading	–228	–211
– on lease liabilities	–46	–29
– net on pension assets/liabilities	–48	–19
Exchange-rate differences		
– on borrowings	–	—
– on derivatives held for trading	–	—
Other financial expenses	–76	–64
Total financial expenses	**–1077**	**–499**
Financial income and expenses, net	**–1002**	**–461**

Note 10 Tax

SEKm	2023	2022
Current tax on income for the period	–774	–1,018
Deferred tax	72	369
Total	**–702**	**–649**

Theoretical and actual tax rate

	2023		2022	
	Tax, %	Result	Tax, %	Result
Income before taxes		2,878	—	2,581
Theoretical tax rate	–21.5	–619	–22.0	–569
Non-taxable items	7.8	225	2.5	64
Items not deductible for tax purposes	–4.9	–141	–1.8	–47
Change in valuation of deferred tax	–0.9	–25	–0.2	–5
Utilization of previously unrecognized tax losses	–1.4	–39	–0.1	–4
Effect of tax rate change	—	—	0.2	5
Withholding tax	–1.2	–35	–0.3	–7
Other*	–2.3	–68	–3.4	–86
Actual tax rate	**–24.4**	**–702**	**–25.1**	**–649**

* During 2023 'Other' includes American state tax of SEK 31m and adjustments related to previous years in Sweden of SEK 12m. During 2022 'Other' includes a tax effect of SEK 181m due to a favourable outcome in a tax dispute.

The theoretical tax rate for the Group is calculated on the basis of the weighted total income before tax per country, multiplied by the local statutory tax rate.

Pillar 2

The group operates in Sweden, which has decided on new legislation stipulating that large national and multinational groups with group entities in Sweden will be subject to a global minimum tax rate of 15%. The legislation is based on the OECD's framework for global minimum taxation and the EU's minimum tax directive.

The group is not expected to be subject to additional taxes in countries where it has group entities. It is noted that this assessment is based on the fact that all the aforementioned countries already have, or have announced plans to introduce, a minimum tax rate of at least 15%. Furthermore, the group does not anticipate receiving any tax credits or similar tax benefits that would lead to a different assessment.

It is noted that going forward, the group will disclose any additional taxes in the period in which they arise.

Tax-loss carry-forwards

As of December 31, 2023, the Group has tax -loss carry-forwards of SEK 1,069m (502), of which SEK 88m (242) has not been included in computation of deferred tax assets. The tax-loss carry-forwards will expire as follows (gross amounts):

SEKm	2023	2022
Within a year	—	—
1–5 years	20	17
> 5 years	662	133
Without time limit	388	352
Total	**1,069**	**502**

Changes in deferred taxes

SEKm	Opening balance, Jan 1, 2023	Recognized in income statement	Recognized in comprehensive income statement	Exchange rate differences	Acquired and divested assets / subsidiaries	Closing balance, Dec 31, 2023
Non-current assets	–1,703	–451	—	–21	—	–2,175
Inventories	500	–3	—	–5	—	492
Current receivables	105	–5	—	–5	—	95
Provision for pensions and similar commitments	172	–4	118	–3	—	283
Other provisions	196	406	—	–4	—	597
Financial and operating liabilities	357	46	–116	–4	—	284
Other items	127	–117	—	14	—	25
Tax losses carried forward	23	200	—	–14	—	209
Deferred tax assets and liabilities, net	**–223**	**72**	**2**	**–40**	**—**	**–190**

SEKm	Opening balance, Jan 1, 2022	Recognized in income statement	Recognized in comprehensive income statement	Exchange rate differences	Acquired and divested assets / subsidiaries	Closing balance, Dec 31, 2022
Non-current assets	–2,566	663	—	71	129	–1,703
Inventories	267	250	—	–17	—	500
Current receivables	32	88	—	–15	—	105
Provision for pensions and similar commitments	466	–139	–143	–12	—	172
Other provisions	251	–46	—	–9	—	196
Financial and operating liabilities	293	–142	238	–32	—	357
Other items	310	–154	—	–44	—	127
Tax losses carried forward	244	–165	—	–2	–48	23
Deferred tax assets and liabilities, net	**–703**	**364**	**95**	**–59**	**81**	**–223**

Tax items recognized in 'Other comprehensive income' total SEK 118m (–143) for items related to remeasurements on defined-benefit pension plans, SEK –11 m (25) for cash-flow hedges and SEK –105 m (236) for net investment hedge.

Note 10 – Tax, cont.

Deferred tax assets and liabilities

	Assets		Liabilities		Net	
SEKm	2023	2022	2023	2022	2023	2022
Non-current assets	467	459	2,642	2,162	–2,175	–1,703
Inventories	496	500	4	—	492	500
Current receivables	99	130	5	25	95	105
Provisions for pensions and similar commitments	333	216	50	44	283	172
Other provisions	600	371	3	368	597	3
Financial and operating liabilities	287	357	3	—	284	357
Other items	143	359	118	39	25	320
Tax losses carried forward	217	23	9	—	209	23
Deferred tax assets and liabilities	**2,643**	**2,416**	**2,834**	**2,638**	**–190**	**–223**
Set-off of tax	–500	–582	–500	–582	—	—
Deferred tax assets and liabilities, net [1]	**2,143**	**1,834**	**2,334**	**2,056**	**–190**	**–223**

[1] Deferred tax assets amounted to SEK 2,143 m (1,834), of which SEK 798 m (329) is expected to be utilized within 12 months. Deferred tax liabilities amounted to SEK 2,334m (2,056), of which SEK 54 m (25) are due within 12 months.

No deferred tax liability is recognized on temporary differences relating to the distributable earnings of subsidiaries as the parent company is able to control the timing of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future.

Note 11 Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Parent Company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Company and held in a third-party swap agreement.

Basic	2023	2022
Profit attributable to equity holders of the Parent Company (SEKm)	2,177	1,935
Weighted average numbers of ordinary shares outstanding (millions)	570.9	570.4
Earnings per share before dilution (SEK)	3.81	3.39

Diluted

Diluted earnings per share is calculated by adjusting the weighted average numbers of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Group's long-term incentive plan contains share savings programs which have a dilutive potential.

Diluted	2023	2022
Profit attributable to equity holders of the Parent Company (SEKm)	2,177	1,935
Weighted average numbers of ordinary shares outstanding (millions)	570.9	570.4
Adjusted for:		
– share savings program (millions)	0.7	2.5
Diluted weighted average numbers of ordinary shares outstanding (millions)	571.6	573.0
Earnings per share after dilution (SEK)	3.81	3.38

Note 12 Property, plant and equipment

	Land and land improvements		Buildings and leasehold improvements		Machinery and technical installations		Other equipment		Construction in progress and advances		Total	
SEKm	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Opening accumulated acquisition value	**551**	**506**	**4,522**	**4,099**	**15,196**	**13,444**	**2,189**	**1,893**	**1,116**	**1,139**	**23,573**	**21,080**
Acquired companies	—	—	—	—	—	16	—	4	—	—	—	20
Investments	140	1	53	105	324	419	245	177	778	679	1,540	1,382
Sold, scrapped	0	–1	–24	–98	–619	–437	–183	–90	–1	–23	–827	–649
Reclassification	3	–6	64	47	568	632	99	72	–738	–743	–3	3
Exchange-rate differences	–13	52	–88	367	–233	1,121	–43	132	–8	64	–385	1,736
Closing accumulated acquisition value	**682**	**551**	**4,527**	**4,522**	**15,236**	**15,196**	**2,307**	**2,189**	**1,147**	**1,116**	**23,898**	**23,573**
Opening accumulated depreciation and impairment	**171**	**137**	**2,368**	**2,133**	**12,233**	**10,043**	**1,649**	**1,457**	**1**	**2**	**16,422**	**13,771**
Acquired companies	—	—	—	—	—	7	—	3	—	—	—	10
Depreciation[1]	11	11	148	145	983	922	174	160	—	—	1,316	1,237
Impairment[1]	—	—	24	—	84	747	—	—	—	—	108	747
Sold, scrapped	0	–1	–18	–103	–624	–423	–179	–76	0	—	–821	–603
Reclassification	—	8	0	1	0	11	0	3	—	–1	1	23
Exchange-rate differences	–3	16	–58	193	–240	926	–33	102	0	0	–333	1,237
Closing accumulated depreciation and impairment	**179**	**171**	**2,465**	**2,368**	**12,436**	**12,233**	**1,611**	**1,649**	**1**	**1**	**16,693**	**16,422**
Closing balance, December 31	**503**	**380**	**2,061**	**2,153**	**2,800**	**2,963**	**696**	**540**	**1,145**	**1,115**	**7,205**	**7,151**

[1] For information about where in the income statement the depreciation and impairment are reported, see note 5.

Note 13 Right-of-use assets

	Land and buildings		Forklifts and machinery		Cars and other vehicles		Other		Total	
SEKm	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Opening accumulated book value	**1,998**	**1,588**	**49**	**52**	**210**	**162**	**31**	**12**	**2,288**	**1,814**
New leases	299	371	27	16	408	122	—	12	734	521
Modifications, Remeasurements and cancellations	31	303	–7	2	–240	14	–22	9	–238	329
Depreciation	–513	–400	–27	–26	–133	–103	–2	–2	–675	–531
Impairment	—	—	—	—	—	0	—	—	—	0
Reclassification	—	0	—	—	—	0	—	–2	—	–2
Exchange-rate difference	–37	136	0	4	–3	15	0	2	–41	157
Closing accumulated book value, December 31	**1,778**	**1,998**	**42**	**49**	**242**	**210**	**7**	**31**	**2,068**	**2,288**

[1] For information about where in the income statement the depreciation and impairment are reported, see note 5.

The total cash outflow for leases in 2023 was SEK 744m (540). In addition to the costs presented in the table above, Husqvarna Group has reported SEK 241m (301) regarding costs for short-term leases, low-value assets and variable lease expenses.

Note 14 Intangible assets

	Goodwill		Brands		Product development		Customer relationships		Other		Total	
SEKm	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Opening accumulated acquisition value	**11,140**	**10,169**	**4,985**	**4,757**	**5,359**	**4,736**	**1,658**	**1,514**	**2,892**	**2,451**	**26,034**	**23,626**
Acquired companies	—	–57	—	10	—	—	—	13	—	17	—	–17
Investments	1	—	1	—	596	602	—	—	489	360	1,087	962
Sold, scrapped	—	—	—	–166	–23	–75	—	—	–11	–6	–35	–247
Reclassifications	—	–11	–21	38	—	—	—	—	23	–5	2	22
Exchange-rate differences	–232	1,038	–58	346	–39	97	–41	131	–34	75	–404	1,688
Closing accumulated acquisition value	**10,909**	**11,140**	**4,906**	**4,985**	**5,893**	**5,359**	**1,617**	**1,658**	**3,359**	**2,892**	**26,684**	**26,034**
Opening accumulated amortization and impairment	**953**	**864**	**285**	**440**	**3,937**	**3,477**	**444**	**288**	**1,820**	**1,573**	**7,438**	**6,640**
Acquired companies	—	—	—	—	—	—	—	—	—	1	—	1
Amortization	—	—	14	13	503	433	153	152	262	223	932	821
Impairment	—	—	—	—	0	—	15	—	59	6	74	6
Sold, scrapped	—	—	—	–166	–2	–70	—	—	–11	–11	–14	–247
Reclassifications	—	—	—	—	—	—	—	—	—	—	—	—
Exchange-rate differences	36	90	–3	–2	–39	97	–8	4	–52	29	–67	218
Closing accumulated amortizations and impairment	**989**	**953**	**296**	**285**	**4,399**	**3,937**	**604**	**444**	**2,077**	**1,820**	**8,365**	**7,438**
Closing balance, December 31	**9,920**	**10,187**	**4,611**	**4,700**	**1,494**	**1,423**	**1,013**	**1,214**	**1,282**	**1,072**	**18,320**	**18,595**

[1] For information about where in the income statement the depreciation and impairment are reported, see note 5.

The values of intangible assets with indefinite life are tested for impairment annually, or more frequently if impairment indicators are identified. The recoverable amount of a cash-generating unit is determined based on estimates of value in use. Value in use is measured as expected future discounted cash flow before tax. Future discounted cash flows before tax are based on five-year forecasts for each cash generating unit approved by Group Management. Key assumptions for forecasting are the expected growth, margins and discount rates. Cash flows beyond the five-year forecast have been extrapolated using an estimated growth rate of 2% (2) for all cash-generating units.

Forecasted margin is partly based on previous results and partly on the expected market development. The pre-tax discount rate is based on the risk-free interest, market premium, beta value, capital structure and tax rate. External sources have been used as much as possible when determining these parameters, but the discount rate is still largely dependent on management's own assumptions. A common discount rate is used for all cash-generating units since Group Treasury is centrally responsible for the handling of financing and capital structure. A pre-tax discount rate of 11% (11) has been used for 2023.

During 2023, value in use has exceeded the net book value for all cash generating units, and accordingly, no impairment has been recognized.

Intangible assets with indefinite useful lives per cash generating unit (division):

SEKm	2023	2022
Husqvarna Forest & Garden Division	3,786	3,896
Gardena Division[1]	8,135	8,282
Husqvarna Construction Division	2,199	2,598
Total	**14,120**	**14,776**

[1] SEK 4,534 m (4,589) of the total relates to the net book value of the brands, to which Husqvarna Group has assigned indefinite useful life. This is because the brand has a strong position among consumers and Husqvarna Group intends to maintain and further develop the brands.

Sensitivity analysis have been carried out regarding the calculation of the value in use, where impairment tests have been performed, applying a higher discount rate, reduced gross margin and reduced sales growth. No reasonable change in any single mentioned factor generates any need for impairment.

Note 15 Investments in associated companies

The Group's interests in individually immaterial associates amounts to SEK 14m (16). Through share in earnings of associated companies, the holding has been affected by –2m (–8).

Note 16 Other non-current assets

SEKm	2023	2022
Long-term holdings in securities	604	605
Net pension assets	215	250
Other long-term receivables	24	58
Total	**843**	**913**

Pension assets refer to pension plans with a net surplus of SEK 215m (250).
For further information refer to note 21.

Note 17 Inventories

SEKm	2023	2022
Finished products	11,216	12,703
Supplies including raw materials	5,229	5,906
Work in progress	740	725
Total	**17,184**	**19,334**

The cost of inventories recognized as expenses and included in the cost of goods sold amounted to SEK 30,543m (29,433).

Write-down of inventories expensed during the year amounts to SEK 490m (338), which is included in 'Cost of goods sold'. Write-down reversed during the year amounts to SEK 113m (104).

Inventories valued to net realizable value amounted to SEK 673m (750).

Note 18 Other current assets

SEKm	2023	2022
Value added tax	329	421
Miscellaneous short-term receivables	330	465
Prepaid rents and leases	31	31
Prepaid insurance premiums	43	41
Prepaid supplies	93	148
Other prepaid expenses	346	432
Total	**1,171**	**1,538**

Note 19 Equity

Share capital
The share capital in Husqvarna AB (publ) consists of class A-shares and class B-shares. A class A-share entitles the holder to one vote and a class B-share to one-tenth of a vote. All shares entitle the holder to the same proportion of assets and earnings, and carry equal rights in terms of dividends.

Other paid-in capital
Other paid-in capital consists of share-premium reserve following the rights issue in 2009.

Other reserves
The translation reserve includes all exchange-rate differences that arise from the translation of the financial statements of foreign operations that have compiled their reports in a currency other than that in which the consolidated financial statements are presented (SEK). The translation reserve also includes net investments hedges.

The hedging reserve includes the effective portion of the accumulated net change in the fair value, related to the hedged risk, of cash-flow hedging instruments attributable to hedged items that have not yet occurred.

Retained earnings
Retained earnings consist not only of accrued profits but also of the change in pension liability attributable to remeasurements of defined-benefit plans recognized in 'Total other comprehensive income'. Regarding changes in actuarial assumptions, see also note 21. The proposed dividend for 2023 is SEK 3.00 (3.00).

Non-controlling interests
Non-controlling interests refer to the share of equity that belongs to external interests without a controlling influence in certain subsidiaries within the Group.

Share capital

SEKm	
On December 31, 2023, the share capital comprised:	
109,451,449 Class A-shares, par value SEK 2	219
466,892,329 Class B-shares, par value SEK 2	934
Total	**1,153**
On December 31, 2022, the share capital comprised:	
110,106,194 Class A-shares, par value SEK 2	220
466,237,584 Class B-shares, par value SEK 2	932
Total	**1,153**

Number of shares	Treasury shares	Outstanding shares	Total
Shares, December 31, 2022			
Class A-shares	—	110,106,194	110,106,194
Class B-shares	5,890,581	460,347,003	466,237,584
Long-term incentive program 2019			
Class A-shares	—	—	—
Class B-shares	–1,065,384	1,065,384	—
Conversion of shares			
Class A-shares	—	–654,745	–654,745
Class B-shares	—	654,745	654,745
Shares, December 31, 2023			
Class A-shares	—	109,451,449	109,451,449
Class B-shares	4,825,197	462,067,132	466,892,329

Other reserves

SEKm	Cash flow hedges	Currency translation reserve	Net investment hedge	Total other reserves
Opening balance, Jan 1, 2023	**–95**	**4,105**	**–1,962**	**2,048**
Result arising during the year	163	—	508	671
Tax on result arising during the year	–33	—	–105	–138
Reclassification adjustments to the income statement	138	—	—	138
Tax on reclassification adjustments to the income statement	–28	—	—	–28
Currency translation difference	—	-839	—	–839
Closing balance, December 31, 2023	**143**	**3,267**	**–1,559**	**1,851**

SEKm	Cash flow hedges	Currency translation reserve	Net investment hedge	Total other reserves
Opening balance, Jan 1, 2022	**–6**	**1,377**	**–1,046**	**325**
Result arising during the year	–119	—	–1,154	–1,273
Tax on result arising during the year	25	—	238	262
Reclassification adjustments to the income statement	7	—	—	7
Tax on reclassification adjustments to the income statement	–1	—	—	–1
Currency translation difference	—	2,728	—	2,728
Closing balance, December 31, 2022	**–95**	**4,105**	**–1,962**	**2,048**

Note 20 Financial risk management and financial instruments

FINANCIAL RISK MANAGEMENT

Financial risk management for Husqvarna Group entities is undertaken in accordance with the Group Financial Policy. Described below are the principles of financial risk management applicable to Husqvarna Group. Husqvarna Group is exposed to a number of risks relating to financial instruments including, for example, liquid funds, trade receivables and other receivables, trade payables and other liabilities, borrowings, and derivative instruments. The primary risks associated with these instruments are:

- Financing risks in relation to the Group's capital requirements.
- Interest-rate risks on liquid funds and borrowings.
- Foreign-exchange risks on export and import flows plus earnings and net investments in foreign operations.
- Commodity-price risks affecting expenditure on raw materials and components for goods produced.
- Credit risks relating to financial and commercial activities.

The Board of Directors of Husqvarna Group has adopted both a Group Financial Policy and a Group Credit Policy to regulate the management and control of these risks. The risks are to be managed according to the limitations stated in the Financial Policy. The Financial Policy also describes the management of risks relating to pension-fund assets. The purpose of the policy is to have enough funding available to minimize the Group's cost of capital and to achieve an effective management of the Group's financial risks.

The management of financial risks has largely been centralized to Husqvarna Group Treasury, where measurement and control of financial risks are performed on a daily basis by a separate risk-control function. Furthermore, Husqvarna Group's policies include guidelines for managing operating risk relating to financial instruments, e.g. through the clear assignment of responsibilities and the allocation of powers of attorney.

FINANCING RISK

Financing risk refers to the risk that the financing of the Group's capital requirements and the refinancing of existing loans could become more difficult or more costly. This risk can be decreased by ensuring that maturities are evenly distributed over time, and that total short-term borrowings do not exceed available liquidity. Disregarding seasonal variations, net debt shall be long-term, according to the Financial Policy. The Group's goals for long-term borrowings include an average time to maturity of at least two years, and an even distribution of maturities. A maximum of SEK 5.0bn in borrowings, originally long-term, is normally allowed to mature in the next 12-month period. When Husqvarna Group assesses its refinancing risk, the maturity profile is adjusted for available unutilized committed credit facilities.

In addition, seasonality in the cash flow is an important factor in the assessment of the financing risk. Consequently, Husqvarna Group always takes into account the fact that financial planning must include future seasonal fluctuations.

The average adjusted time to maturity for the Group's financing was 3.3 years (3.2) at the end of 2023.

Capital structure

Husqvarna Group's ambition is to have a capital structure where seasonally adjusted net debt in proportion to earnings before interest, tax, depreciations and amortizations (EBITDA) is not to exceed 2.5 in the long-term. This ambition for the capital structure may be adjusted in the event of changes to the macroeconomic situation, or may be allowed to deviate for a shorter period of time due, for example, to acquisitions. The dividend shall normally exceed 40% of income for the year.

SEKm	2023	2022
Net pension liabilities	1,994	1,431
Other interest-bearing liabilities[1]	17,245	19,897
Less: liquid funds and other interest-bearing assets	–3,600	–3,618
Net debt	15,640	17,709
Net debt, excluding net pension liabilities	13,645	16,279
EBITDA	6,985	6,385
Net debt/EBITDA[2]	2.1	1.8
Total equity	23,772	24,011
Total assets	57,610	61,636
Equity/assets ratio	41%	39%

[1] Lease liabilities of SEK 2,084 m (2,358) are included within other interest-bearing liabilities.
[2] Alternative Performance Measure, refer to chapter "Financial definitions" for further information.

Liquid funds

Liquid funds consist of cash and cash equivalent and other short-term deposits. Husqvarna Group's goal is that the level of liquid funds, including unutilized committed credit facilities, shall equal at least the Group's short term borrowings and in addition 2.5% of rolling 12-month sales. At year-end, this ratio was 1.35% (1.02). In addition, the Group shall have sufficient liquid resources to finance the expected seasonal build-up in working capital during the next 12 months.

Borrowings

The financing of Husqvarna Group is managed centrally by Group Treasury in order to ensure efficiency and risk control. Debt is primarily raised at Parent Company level and transferred to subsidiaries as internal loans or capital injections. In this process, various derivatives are used to convert the funds to the required currency. Financing is also undertaken locally, mostly in countries in which there are legal restrictions preventing financing through Group companies. The major part of the Group's financing is currently conducted through a Swedish Medium Term Note (MTN) program and bilateral loan agreements. In addition, the Group has unutilized SEK 7bn committed revolving credit facilities. During 2023 the Group exercised a one year extension option and prolonged the maturity of a 5bn SEK revolving credit facility to 2028. These facilities are unutilized as of December 31, 2023. The Group issued bonds under the MTN program of SEK 4bn with maturity in between 2025 and 2028. Due to the nature of its business, the Group has seasonal variations in its funding needs. These variations are normally managed by utilizing the Group's commercial paper (CP) program and short-term bank loans. At year-end 2023, the Group's total interest-bearing liabilities, excluding pension liability, amounted to SEK 17,245m (19,897), of which SEK 8,556m (8,927) referred to long-term financing. Husqvarna Group has not breached any conditions in external loan agreements during the year. In the end of 2023 initiatives were taken to develop a framework for green financing, which will be finalized in 2024.

Future undiscounted cashflows of loans and other financial liabilities at December 31, 2023[1]

SEKm	2024	2025	2026	2027	2028	>2029	Total
Lease liabilities	–677	–570	–353	–195	–124	–336	–2,255
Bonds, bank loans and other loans	–6,497	–2,256	–2,952	–2,250	–1,804	–	–15,758
Derivative liabilities, interest rate[2]	–	–	–	–	–	–	0
Derivative liabilities, foreign exchange[2]	–578	–	–	–	–	–	–578
Trade payables	–5,487	–	–	–	–	–	–5,487
Total financial liabilities	**–13,239**	**–2,826**	**–3,305**	**–2,445**	**–1,928**	**–336**	**–24,078**

[1] Please note that the table includes the forecast future nominal interest payment and thus does not correspond to the net book value in the balance sheet.
[2] For more detailed information on derivative contracts, see table under 'Credit risk in financial activities' in this note.

Borrowings

	2023		2022	
SEKm	Total borrowings	Facility amount	Total borrowings	Facility amount
Medium Term Note Program	6,003	12,000	3,649	8,000
Other bond loans	100	—	104	—
Committed revolving credit facility	—	7,000	—	7,000
Committed credit facility	—	—	—	—
Long-term bank loans	2,452	—	5,173	—
Leasing liabilities	2,084	—	2,358	—
Commercial papers	1,193	7,000	6,357	7,000
Other short-term loans[1]	4,838	—	1,343	—
Derivative liabilities	575	—	912	—
Total	**17,245**	**26,000**	**19,897**	**22,000**

[1] Other short-term loans' include bond loans within the Medium Term Note Program of SEK 1,648m.

Net debt per currency

	2023		2022	
SEKm	Net debt excl. currency swaps	Net debt incl. currency swaps	Net debt excl. currency swaps	Net debt incl. currency swaps
EUR	3,851	6,258	3,656	7,508
EUR	–68	6,226	86	7,803
SEK	13,397	631	14,880	–282
GBP	–217	735	–245	402
JPY	167	487	184	542
BRL	66	452	29	357
RUB	–78	–78	–117	–117
CNY	–291	–57	–512	–166
INR	–56	–56	–45	–45
Other	–1,131	1,042	–207	1,707
Total	**15,640**	**15,640**	**17,709**	**17,709**

Note 20 – Financial risk management and financial instruments, cont.

Market programs
Husqvarna Group has an MTN program, denominated in SEK, to issue long-term debt in the domestic capital market. The total amount of the program is SEK 12.0bn. In addition, Husqvarna Group has a Swedish Commercial Paper program. The total amount of the program is SEK 7.0bn. The table Borrowings shows outstanding amounts under these two programs.

The currency composition of Husqvarna Group's borrowings is dependent upon the currency distribution of the Group's assets. Currency derivatives are used to obtain the preferred currency distribution.

INTEREST-RATE RISK
Interest-rate risk refers to the adverse effects of changes in market interest rates on the Group's net income. The main factor determining this risk is the interest-fixing period.

Interest-rate risk in liquid funds
The holding periods of investments are mainly short-term. The majority of investments are undertaken with maturities of between 0 and 3 months. The fixed interest term for these current investments was 40 days (18) at the end of 2023. A downward shift in the yield curve of one percentage point would reduce the Group's interest income by approximately SEK 15m (23) and the Group's equity by SEK 12m (18).

Interest-rate risk in borrowings
The Financial Policy states that the benchmark for the long-term loan portfolio is an average fixed interest term of 6 months. Group Treasury can choose to deviate from this benchmark on the basis of a risk mandate established by the Board of Directors. However, the maximum average fixed interest term is 3 years. Derivatives, such as interest rate swap agreements, are used to manage the interest rate risk by changing the interest from fixed to floating or vice versa. The average fixed interest term for the non-seasonal debt was 1.3 (0.6) years at year-end. On the basis of volumes and interest fixings at the end of 2023, a one-percentage point shift in interest rates would impact the Group's interest expenses by approximately SEK +/–41m (82) before tax. Interest rates with different maturities and different currencies may not change uniformly. This calculation is based on a parallel shift of all yield curves simultaneously by one percentage point. The Group has seasonal debt for which the interest risk is not calculated due to its short-term nature. As per December 31, 2023 the average interest rate in the total loan portfolio was 5.7% (4.8). At year-end, Husqvarna Group had outstanding interest rate derivatives with a nominal amount of SEK 1,150m (1,950) hedging the interest rate risk.

FOREIGN-EXCHANGE RISK
Foreign-exchange risk refers to the adverse effects of changes in foreign-currency exchange rates on Husqvarna Group's income and equity. In order to manage such effects, the Group covers these risks within the framework of the Financial Policy. The Group's overall currency exposure is managed centrally. The major currencies to which Husqvarna Group is exposed in the income statement are EUR, CNY, AUD and CAD.

Transaction exposure from commercial flows
The Financial Policy stipulates hedging of forecasted sales and purchases in foreign currencies, taking into consideration the price-fixing periods and the competitive environment. Normally, 75–100% of the invoiced and forecasted flows are hedged up to and including 6 months, while forecasted flows for 7–12 months are hedged between 50% and 75%. Group subsidiaries primarily cover their risks in commercial currency flows through Group Treasury. Group Treasury assumes the currency risks and covers such risks externally by utilizing currency derivatives.

The table below shows the forecasted transaction flows (imports and exports) for 2024, hedges at year-end 2023 and comparative amounts for the previous year.

Commercial flows

	2023		2022	
Currency SEKm	2024 Forecasted flows	Total hedge amount	2023 Forecasted flows	Total hedge amount
EUR	3,833	–2,836	5,450	–3,650
CNY	–1,487	1,074	–1,784	1,280
AUD	1,086	–793	1,166	–874
CAD	812	–607	852	–625
DKK	719	–534	708	–525
NOK	693	–509	704	–527
USD	–529	238	–3,005	1,909
CZK	437	–283	165	–235
Other	1,258	–494	2,791	–1,495
SEK	–6,821	4,744	–7,047	4,742

The hedging effect on operating income amounted to SEK –401m (55) during 2023. At year-end, the unrealized exchange-rate result on forward contracts, all maturing in 2024, amounted to SEK 149m (–187).

Translation exposure on consolidation of entities outside Sweden
Changes in exchange rates also affect the Group's income when translating income statements of foreign subsidiaries into SEK. Husqvarna Group does not hedge such exposures. The translation exposure arising from income statements of foreign subsidiaries is included in the sensitivity analysis below.

Exposure from net investments in foreign operations
The net assets and liabilities in foreign subsidiaries constitute a net investment in foreign operations, which generates a translation difference in connection with consolidation. In order to limit negative effects on Group equity resulting from translation differences, part of the Group's net investments in foreign operations is hedged with foreign-exchange derivatives. A decline in value of a net investment is offset by exchange-rate gains on foreign-exchange derivative contracts. The relationship between the net investment and derivatives is reviewed and adjusted monthly.

Foreign exchange sensitivity from transaction and translation exposure
Husqvarna Group is particularly exposed to changes in the exchange rates of EUR and CNY. Furthermore, the Group has exposures against a number of other currencies. Using a static calculation and disregarding any effects from hedges, a 10% increase or decrease in the value of all currencies against SEK would affect the Group's result before financial items and tax by approximately SEK +/– 960m (1 010) for one year. A 10% increase of CNY against SEK would affect the Group's result with SEK –140m (–160) and a corresponding increase of EUR with SEK 560m (770). This assumes the same distribution of earnings and costs as in 2023 and does not include any dynamic effects, such as changes in competitiveness or consumer behavior arising from such changes in exchange rates. It is also worth noting that, due to the seasonality in Husqvarna Group's sales, these flows and results are not distributed evenly throughout the calendar year. For more information on risks related to currency exposure, see the Risk Management section.

HEDGE ACCOUNTING
Husqvarna Group applies hedge accounting for hedging of interest-rate risk, forecasted commercial cash flows and, when applicable, hedging of net investments in foreign operations. The hedge relationships are expected to be highly effective and no material sources of hedge ineffectiveness are expected to occur.

Hedge accounting of interest rate risk
The total market value for hedges of interest rate risk amounted to SEK 21m as of December 31, 2023 of which SEK 22m is reported in the hedge reserve. Assuming an unchanged market interest rate, the effects on income after financial items for 2024 would be SEK 7m for Q1, SEK 5m for Q2, SEK 5m for Q3 and SEK 4m for Q4. During the year no ineffectiveness has occurred in the hedging of interest rate risk.

The table "Future undiscounted cashflows of loans and other financial liabilities as of December 31, 2023" shows the future cashflows of the interest-rate hedges. The cashflows during 2024, assuming unchanged market interest rates, would be SEK 8m for Q1, SEK 5m for Q2, SEK 5m for Q3 and SEK 4m for Q4.

Hedge accounting of foreign exchange risk
The total market value for hedges of commercial flows amounted to SEK 123m at December 31, 2023 of which SEK 159m is reported in the hedge reserve. Assuming an unchanged exchange rate, the effects on income after financial items for 2024 would be SEK 46m for Q1, SEK 94m for Q2, SEK 19m for Q3 and SEK 0m for Q4.

At December 31 2023, net investments in foreign operations were hedged with SEK 14,080m. The total market value of derivatives for net investment hedging amounted to SEK 1,155m, of which SEK 1,237m is reported in the hedge reserve. During the year no ineffectiveness has occurred in the hedging of currency risk.

Derivatives designated as hedging instruments

2023 SEKm	Nominal amount	Maturity	Average hedge rate
Net investment hedges			
Derivatives in net investment hedges of foreign operations	14,080	2024	n.a
– of which USD exposure against SEK	13,701	2024	10,84
Cash-flow hedges			
Derivatives in cash-flow hedge of foreign-currency risk	18,134	2024	n.a
– of which EUR exposure against SEK	8,003	2024	11,45
– of which CNY exposure against SEK	606	2024	1,47
– of which AUD exposure against SEK	673	2024	6,95
Derivatives in cash-flow hedge of interest-rate risk	1,150	2024	0,39

Note 20 – Financial risk management and financial instruments, cont.

Impact of hedging instruments on the financial statement

2023 SEKm	Nominal amount	Carrying amount	Line item in the financial statement	Change in fair value used for measuring ineffectiveness for the period	Cash flow hedge reserve
Foreign exchange forward contracts	8,052	308	Current assets	176	315
Foreign exchange forward contracts	10,082	160	Current liabilities	158	-155
Interest-rate swap agreements	0	0	Non Current assets	0	0
Interest-rate swap agreements	1,150	22	Current assets	19	21
Forecasted cash flows from sales/purchases	18,134	n.a	n.a	n.a	n.a
Forecasted interest cash flows from floating-rate borrowings	0	n.a	n.a	n.a	n.a

COMMODITY PRICE RISK

Commodity price risk is the risk of increase in the cost of direct and indirect materials if underlying commodity prices rise on the global markets. Husqvarna Group is exposed to fluctuations in commodity prices through agreements with suppliers, whereby the price is linked to the raw-material price on the world market. This exposure can be divided into direct commodity exposure, which refers to pure commodity exposure, and indirect commodity exposure, which is defined as exposure arising from only a portion of a component. Commodity price risk is managed through contracts with the suppliers rather than through the use of derivatives. A 10% rise or fall in the price of steel used in Husqvarna Group's products will affect the Group's results before financial items and tax by approximately SEK +/– 140m (160), everything else being equal. The same effect on the price of aluminum would impact the results by SEK +/– 25m (35), and a 10% change in the price of plastics would affect the results by SEK +/– 130m (100).

CREDIT RISK

A financial asset is in default when the counterparty fails to pay its contractual obligations. Financial assets are written off when there is no reasonable expectation of recovery. Husqvarna Group identifies credit risk in trade receivables, financial activities and non-current assets.

Credit risk in trade receivables

Husqvarna Group sells to a substantial number of customers including dealers, retailers and professional users. Sales are made on normal delivery and payment terms. Customer financing solutions are normally arranged by third parties. The Credit Policy of the Group ensures that the management process for customer credits includes customer rating, credit limits, decision levels and management of bad debts. Customer credit limits exceeding SEK 100m are approved by the Board of Directors. Husqvarna Group uses an external provider for classification of the creditworthiness of its customers. The classification has different levels, from low risk to high risk. In the table below, trade receivables have been divided into three different intervals.

SEKm	2023	2022
Low to moderate risk	3,422	3,783
Medium risk to elevated risk	1,572	2,221
High risk	295	262
Total	**5,289**	**6,267**

At December 31 2023, net trade receivables, after provisions for bad debt, amounted to SEK 5,289m (6,267), which represents [*12] the maximum exposure to losses in trade receivables. Hence the book value equals the fair market value of the receivables. However, the size of the credit portfolio is directly dependent upon the seasonal pattern of Husqvarna Group's sales. This means that credit exposure is significantly higher during the first six months of each calendar year. A provision for bad debt, based on a probability of default, is recorded at inception of the trade receivables and adjusted during the lifetime of the receivable. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Provisions for bad debt at the end of the financial year 2023 amounted to SEK 201m (260).

Trade receivables past due

Trade receivables that were past due but not yet impaired amounted to SEK 713m (824) at December 31, 2023.

Aging analyses for past due trade receivables

Past due but not impaired, SEKm	2023	2022
Up to 1 month	266	257
1 to 3 months	136	208
>3 months	311	360
Total	**713**	**824**

Provisions for trade receivables

SEKm	2023	2022
Opening balance, January 1	260	203
New provisions	52	75
Reversed unused provisions	–28	–28
Impairment of trade receivables	–83	–19
Currency exchange-rate differences	0	29
Closing balance, December 31	**201**	**260**

The situation regarding past-due receivables has improved somewhat since previous-year end, taking the total volume of outstanding trade receivables into account. The fair value of collateral held for trade receivables due for payment was SEK 188m (228). A global credit insurance program is in place in a number of countries. At December 31 2023 total coverage amounts to SEK 13,638m.

A plan for repayment is normally designed for customers with past-due receivables at the same time as the account is placed under special surveillance. At a later stage, unpaid products may be repossessed or other securities be enforced.

Concentration of credit risk in trade receivables

	2023		2022	
Concentration of credit risk	Number of customers	% of total portfolio	Number of customers	% of total portfolio
Exposure <SEK 15m	Not available	78%	Not available	77%
Exposure SEK 15–100m	12	12%	12	12%
Exposure >SEK 100m	3	10%	1	11%

Husqvarna Group has substantial exposure towards a limited number of large customers, primarily in the US.

Credit risk in financial activities

Exposure to credit risk arises from the investment of liquid funds and through counterparty risks related to derivatives. In order to limit exposure to credit risk, a counterparty list has been created specifying the maximum approved exposure for each counterparty. Investments in liquid funds are mainly made in interest-bearing instruments with high liquidity and involve issuers with a long-term credit rating of at least A–, as defined by Standard & Poor's or similar institutions. The average time to maturity for the liquid funds was 40 days (18) at the end of 2023. A substantial part of the exposure arises from transactions in derivatives.

The table below shows the gross volume of outstanding foreign-exchange derivative contracts.

	2023		2022	
Maturity, SEKm	2024	2025–	2023	2024–
Amount sold	48,935	25	47,868	0
Amount purchased	–48,009	–25	–47,993	0
Net settled derivatives (NDF)	–15	0	–88	0
Net	**911**	**0**	**–213**	**0**

Note 20 – Financial risk management and financial instruments, cont.

Credit risk in other non-current assets
Husqvarna Group's long-term holdings in securities consist of US government bonds. The credit risk is recognized as immaterial due to the high creditworthiness of the issuer.

FAIR-VALUE ESTIMATION
Below is a description of financial instruments carried at fair value, based on the classification in the fair-value hierarchy. The different levels have been defined as follows:
- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- inputs other than quoted prices included within Level 1 that are observable, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2)
- inputs that are not based on observable market data (Level 3).

The Group´s financial instruments carried at fair value are derivatives. Derivatives belong to Level 2 as future cash flows have been discounted using current quoted market interest rates and exchange rates for similar instruments.

To determine the fair value of the Group's borrowings, the prevailing market rates for the respective periods have been used and the Group's credit risk has been taken into account. Changes in credit spreads have been disregarded when determining the fair value of financial leases. For short-term financial instruments such as trade receivables and other receivables, other short-term investments, cash and cash equivalents, trade payables and other liabilities and short-term borrowings, the fair value equals their carrying amount as the impact of discounting is not significant. The fair value of long-term borrowings is based on discounted cash flows using a rate based on the borrowing rate, and falls within Level 2 in the fair-value hierarchy.

	2023		2022	
SEKm	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Financial assets at fair value through profit or loss				
– of which derivatives where hedge accounting is not applied	119	119	122	122
– of which currency derivatives where hedge accounting for cash flow hedges is applied	308	308	136	136
– of which interest derivatives where hedge accounting for cash flow hedges is applied	22	22	54	54
– of which currency derivatives related to net investments in foreign operations where hedge accounting is applied	1,156	1,156	535	535
Financial assets at fair value through other comprehensive income				
Trade receivables[1]	634	634	717	717
Financial assets measured at amortized cost				
Other non-current assets	641	641	680	680
Trade receivables	4,655	4,655	5,550	5,550
Other receivables	330	330	463	463
Cash and cash equivalents	1,527	1,527	2,328	2,328
Total financial assets	**9,392**	**9,392**	**10,584**	**10,584**

[1] Trade receivables not sold but part of factoring programmes.

	2023		2022	
SEKm	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities				
Financial liabilities at fair value through profit or loss				
– of which derivatives where hedge accounting is not applied	414	414	545	545
– of which currency derivatives where hedge accounting for cash flow hedges is applied	160	160	316	316
– of which interest derivatives where hedge accounting for cash flow hedges is applied	0	0	0	0
– of which currency derivatives related to net investments in foreign operations where hedge accounting is applied	1	1	51	51
Financial liabilities measured at amortized cost				
Trade payables	5,487	5,487	7,111	7,111
Other liabilities	294	294	389	389
Borrowings	14,586	14,688	16,627	16,592
Total financial liabilities	**20,943**	**21,044**	**25,040**	**25,004**

Note 21 Provisions for pensions and other post-employment benefits

In many of the countries in which Husqvarna Group has operations the employees are covered by pension plans in addition to statutory social security insurance. Such pension plans are classified as either defined-contribution plans or defined-benefit plans. The Group's most extensive defined-benefit pension plans are in the UK, Sweden, Germany, the US and Japan (two plans). The pension plans in these countries are funded except for the plan in Germany and one of the plans in Japan. Funded plans imply that there are assets in legal entities that exist solely to finance benefits to employees and former employees.

The pension plan for the Group's employees in Germany is an unfunded cash balance plan. White-collar employees in Sweden, born in 1978 or earlier, are covered by a final-salary collectively bargained defined-benefit plan (ITP2). The old-age-pension benefit of the plan is financed through a pension fund.

The Group's defined-benefit pension plans in the UK and in US are closed for future pension accrual. Out of the Group's most extensive defined-benefit plans, there are two in Japan (which however are small in comparison to the Group's other defined-benefit plans) that cover all employees. One of the plans is a funded cash balance plan and the other is an unfunded plan based on career-average salary.

The pension plans in Japan, UK, Sweden and the US are so-called funded plans where the pension obligations are financed through pension funds whose operations are regulated by the legislation in the relevant country. The pension funds are separate legal entities with their own Board of Directors, Trustees etc., which may consist of representatives from both the company and the employees who are responsible for the management of the pension fund assets.

	2023						
SEKm	UK	Sweden	US	Japan	Germany	Other	Total
Present value of obligation	977	1,947	452	180	885	433	4,875
Fair value of plan assets	–1,192	–896	–361	–118	–14	–299	–2,880
Surplus/Deficit	**–215**	**1,050**	**91**	**62**	**871**	**135**	**1,994**
Funding level (%)	122	46	80	66	2	69	59
Duration	15	20	9	8	8	15	15
Actuarial assumptions (%)							
Discount rate	4.5	4.5	5.1/5.0	1.7	3.2	1.5	3.5
Inflation	3.0	2.0	n/a	n/a	2.3	2.2	2.2
Sensitivity analysis (%)							
Discount rate (–0.5%)	7.1	10.3	4.4	3.9	3.8	5.0	7.2
Discount rate (+0.5%)	–6.5	–9.0	–4.1	–3.7	–3.5	–4.5	–6.4
Inflation (+0.5%)	3.6	7.2	—	—	0.4	1.8	4.0

	2022						
SEKm	UK	Sweden	US	Japan	Germany	Other	Total
Present value of obligation	929	1,406	468	208	843	324	4,178
Fair value of plan assets	–1,179	–825	–338	–145	–14	–247	–2,747
Surplus/Deficit	**–250**	**581**	**130**	**63**	**829**	**77**	**1,431**
Funding level (%)	127	59	72	69	2	76	66
Duration	14	19	9	9	9	18	14
Actuarial assumptions (%)							
Discount rate	4.8	4.0	5.4/5.3	1.8	3.7	2.3	4.1
Inflation	3.1	2.0	n/a	n/a	2.0	2.0	2.3
Sensitivity analysis (%)							
Discount rate (–0.5%)	7.1	9.9	4.3	4.2	4.0	9.4	6.9
Discount rate (+0.5%)	–6.4	–8.7	–4.0	–4.0	–3.7	–6.1	–6.1
Inflation (+0.5%)	4.0	7.0	—	—	0.5	0.7	3.8

Specification of net provisions for pensions and other post-employment benefits recognized in the balance sheet:

SEKm	2023	2022
Present value of obligations for unfunded plans	830	807
Present value of obligations for funded plans	4,044	3,371
Fair value of plan assets	–2,880	–2,747
Net provisions for defined-benefit plans	**1,994**	**1,431**

The schedules show the obligations of the defined-benefit plans in Husqvarna Group and the assumptions used to determine these obligations, as well as the assets relating to the benefit plans, the amounts recognized in the income statement, other comprehensive income, and balance sheet. The sensitivity analyses are based on a change in an assumption while holding all other assumptions constant.

The schedules include reconciliations of the opening and closing balances of the present value of the defined-benefit obligation, as well as opening and closing balances of the fair value of plan assets and of the changes in net provisions during the year. In a few countries, the Group provides mandatory lump-sum payments, in accordance with law or collective agreements, in conjunction with retirement. These obligations are included in the present value of the defined-benefit obligation and amount at year-end to SEK 38m (40). Husqvarna Group has no post-employment medical plans. Further information regarding pension cost is available in note 4.

Note 21 – Provisions for pensions and other post-employment benefits, cont.

The movement in the present value of the net defined-benefit obligation

	2023			2022		
SEKm	Present value of obligation	Fair value of plan assets	Total	Present value of obligation	Fair value of plan assets	Total
Opening balance, January 1	**4,178**	**–2,747**	**1,431**	**5,367**	**–3,590**	**1,777**
Current service cost	129	8	138	209	9	217
Past service costs and gains/losses on settlements	–14	—	–14	—	—	—
Interest expenses	169	–120	49	91	–70	22
	4,462	**–2,859**	**1,603**	**5,667**	**–3,651**	**2,016**
Remeasurements:						
Return on plan assets	—	–51	–51	—	1,004	1,004
Actuarial gains and losses due to changes in demographic assumptions	–17	—	–17	–21	—	–21
Experience assumptions	183	—	183	228	—	228
Actuarial gains and losses due to changes in financial assumptions	429	—	429	–1,799	—	–1,799
	594	**–51**	**544**	**–1,592**	**1,004**	**–588**
Exchange rate differences on foreign plans	–1	6	5	269	–141	128
Divestments and transfers	1	—	1	—	—	—
Contributions:						
– Employers	–109	–49	–158	–89	–36	–125
– Plan participants	10	–10	—	8	–8	—
Payments from plans:						
– Benefit payments	–82	82	—	–85	85	—
Closing balance, December 31	**4,875**	**–2,880**	**1,994**	**4,178**	**–2,747**	**1,431**

Plan assets comprise the following[1]:

	2023		2022	
SEKm	SEKm	%	SEKm	%
Equity instruments				
– Equities	686	23.8	861	31.4
Interest-bearing securities				
– Government bonds	26	0.9	34	1.2
– Corporate bonds	452	15.7	411	15.0
– Index-linked bonds	214	7.4	184	6.7
– Interest rate funds	745	25.9	687	25.0
Properties	92	3.2	64	2.3
Liquid funds	402	13.9	247	9.0
Assets held by insurance company	264	9.2	259	9.4
Total	**2,880**	**100.0**	**2,724**	**100.0**

[1] Approximately 97% (98) of total plan assets refer to listed assets.

None of the assets above refers to shares in the Parent Company or real estate occupied by the Group.

For the funded defined-benefit pension plans (Sweden, UK and US represent around 85% of total pension assets) the Group's strategy is a combination of matching the assets with the liabilities and trying to achieve as high return as possible within the investment guidelines. This is partly done by investing in longer-duration bonds designed to match the development of the debt and also by investing in corporate bonds, index-linked bonds and shares, with the purpose of achieving a high return in various market conditions in the long term. As the maturity of the pension commitments decreases and/or the value of the assets reaches a satisfactory level in relation to the debt, the Group will gradually reduce the investment risk by shifting into assets with lower volatility.

Through its defined-benefit obligations Husqvarna Group is exposed to a number of risks, of which the following have the greatest impact on the Group's pension liability:

Discount rate

The discount rate reflects the estimated timing of benefit payments and is used for measuring the present value of the obligation. A fluctuation in the discount rate will have a material effect on the pension obligation but will also impact the interest income and expense reported in the finance net. To determine the discount rate, AA-rated corporate bonds indexes matching the duration of the pension obligations are applied in most countries. When valuing Swedish pension liabilities Husqvarna Group uses mortgage bonds when determining discount rate.

Inflation risk

Most of the obligations are linked to inflation and an increase in inflation leads to higher debt. The return on the majority of the plan assets has a low correlation with inflation, while the holdings of index-linked bonds are protected against a rise in inflation and thus compensate for the increase in the deficit that would occur otherwise.

Longevity risk

Since most of the pension obligations mean that those covered by the plan will receive benefits for life, higher life-expectancy assumptions have a significant impact on the pension liabilities. Expected mortality is based on local conditions in each country.

The company expects to make contributions of approximately SEK 145m (149) to the plans during 2024.

The weighted average duration of the defined-benefit obligation 15 years (14).

Note 22 Other provisions

SEKm	Restructuring	Warranty commit-ments	Claims	Other	Total
Opening balance, January 1, 2023	**978**	**418**	**356**	**365**	**2,116**
Provisions made	1,282	512	0	341	**2,135**
Provisions used	–1,350	–439	–1	–319	**–2,109**
Unused amounts reversed	0	–71	0	0	**–71**
Exchange-rate differences	–5	–11	–14	–7	**–36**
Closing balance, December 31, 2023	**905**	**409**	**341**	**379**	**2,035**
Current provisions	904	309	0	202	**1,415**
Non-current provisions	1	100	341	178	**620**

Restructuring
Provisions for restructuring include the payments that are expected to occur in the coming years as a result of the Group's decision to close certain production facilities, rationalize production and reduce the number of employees. The amounts are based on the Group's best estimates and are adjusted when changes to these estimates occur. Provision for reduction of personnel is calculated on individual basis except foremost Blue Collar workers where negotiations are made collectively and are based on management's best estimate of the amount expected to be paid out.

Warranty commitments
Provisions for warranty comprise potential expenses for repairing or replacing products sold. Provisions are made when the products are sold and are normally limited to 24 months. The provision is estimated for each group of products and based on historical information and management's best estimate.

Claims
Provisions for claims refer to claim reserves in the Group's insurance companies mainly due to product liabilities but also to property damage and business interruptions. The provisions are estimated based on actuarial calculations.

Other
In all material aspects, 'Other provisions' refers to payroll-related provisions and environmental commitments.

Note 23 Other liabilities

SEKm	2023	2022
Accrued holiday pay	361	344
Other accrued payroll expenses	860	775
Accrued customer rebates	997	1,170
Other accrued expenses	1,114	1,156
Value added tax	100	118
Personnel taxes and other taxes	139	145
Other operating liabilities	294	389
Total	**3,866**	**4,097**

Note 24 Pledged assets and contingent liabilities

Pledged assets

SEKm	2023	2022
Pension obligations[1]	160	161
Real estate mortgages	22	25
Total	**182**	**186**

[1] Refers to endowment that is pledged in favour of the recipient.

Contingent liabilities

SEKm	2023	2022
On behalf of external counterparties		
Guarantees and other commitments	155	137
Total	**155**	**137**

In addition to the above contingent liabilities, guarantees for fulfilment of contractual undertakings are provided as part of Husqvarna Group's normal course of business. There was no indication at year-end that any payment will be required in connection with any contractual guarantees. Furthermore, there is an obligation, in the event of dealers' bankruptcy, to buy back repossessed Husqvarna Group products from certain dealers financing their floor planning with an external financing company. During 2023 goods amounting to a value of SEK 2m (1) were bought back in connection with floor planning activities.

Husqvarna Group is involved in commercial, product liability and other disputes in the ordinary course of business. Such disputes involve claims for compensatory damages, property damages or personal injury compensation and occasionally also punitive damages. The company is self-insured to a certain extent, and is also insured against excessive liability losses for certain claims. Husqvarna Group continuously monitors and evaluates pending claims and disputes and takes action when deemed necessary. The Company believes that these activities help to minimize the risk. Due to the complexity of these disputes, it is difficult to predict a favourable outcome for each claim, and an adverse outcome affecting the consolidated financial position and result could occur.

Note 25 Transactions with related parties

Sales to related parties are carried out on market-based terms. See the Parent Company's directly owned subsidiaries in the Parent Company's note 16, 'Shares in subsidiaries'. Information about the Board of Directors and Group Management and compensation to those are reported in note 4, 'Employees and employee benefits'. No unusual transactions of any significance have occurred between Husqvarna Group and the Board of Directors or Group Management.

Note 26 Changes in financial liabilities

SEKm	January 1, 2023	Cash flows from financing[1]	Cash flow within operating income	Reclassification	Foreign exchange movement	Changes in Fair value	Other non-cash movement in financing	December 31, 2023
Current interest-bearing borrowings (excl. lease liabilities)	7,700	–6,065	—	4,335		—	61	6,031
Non-current interest-bearing borrowings (excl. lease liabilities)	8,927	4,000	—	–4,335	10	—	–46	8,556
Lease liabilities	2,357	–744	—		–42	—	513	2,084
Derivatives, net	65	–635	5			–464		–1,029
Total financial liabilities incl. net derivatives	**19,050**	**–3,444**	**5**	—	**–32**	**–464**	**528**	**15,642**

SEKm	January 1, 2022	Cash flows from financing[1]	Cash flow within operating income	Reclassification	Foreign exchange movement	Changes in Fair value	Other non-cash movement in financing	December 31, 2022
Current interest-bearing borrowings (excl. lease liabilities)	4,442	2,124	—	1,122	12	—	—	7,700
Non-current interest-bearing borrowings (excl. lease liabilities)	3,772	6,129	—	–1,122	57	—	92	8,927
Lease liabilities	1,849	–540	—	—	117	—	931	2,357
Derivatives, net	377	–2,026	–15	—	—	1,729	—	65
Total financial liabilities incl. net derivatives	**10,440**	**5,687**	**–15**	**—**	**186**	**1,729**	**1,023**	**19,050**

[1] Cash flow from financial liabilities is included in the Group's consolidated cash flow statement under "Proceeds from borrowings", "Repayment of borrowings", "Repayment of lease liabilities", "Net investment hedge" and "Change in other interest-bearing net debt excluding liquid funds".

Note 27 Acquisitions

Acquisitions 2023

Acquisition of Total Diamond Products

In October 2023, Husqvarna Group acquired Total Diamond Products, in the UK. The company had 8 employees and a yearly net sales around GBP 1m. The acquisition value amounted to SEK 9m.

Acquisitions 2022

Acquisition of Orbit

At the end of 2022, a revaluation was made of the initial acquisition values for deferred tax assets in Orbit and these were revalued from SEK 143m to SEK 220m. The main reasons for the change are a reassessment of the tax losses carryforwards and temporary differences on fixed assets. The change results in a reduction of goodwill from the acquisition from SEK 1,907m to SEK 1,830m.

Purchase price allocation

SEKm	
Acquisition, paid amount	**4,233**
Acquired net assets	
Deferred tax asset	220
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	**1,088**
Acquired surplus values	
Customer relationships	874
Trade names	840
Technology	134
Net deferred tax liability	–533
Goodwill	1,830
Surplus values, total	**3,145**

Acquisition of Heger

In April 2022, Husqvarna Group acquired 100% of the shares in Heger. Heger is specialized in professional diamond tools for European sawing and drilling contractors in wall, floor and road sawing as well as core drilling. Heger is a part of the Husqvarna Construction Division and strengthens and complements 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 December 2022 the company has contributed to the Group with SEK 63m in net sales and an operating income of SEK –5m.

Investment in Moleaer Inc.

In April 2022, USD 7.5m of venture capital was invested 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.

Note 28 Subsequent events

Changes to Group Management

Pär Åström, President of the Gardena Division, has decided to take a position outside of Husqvarna Group. His last day at Husqvarna Group is planned to be June 30, 2024.

Parent Company income statement

SEKm	Note	2023	2022
Net sales	3	23,454	23,308
Cost of goods sold	5	–18,366	–17,250
Gross income		**5,089**	**6,057**
Selling expenses	5, 6	–2,129	–1,911
Administrative expenses	5	–2,721	–1,849
Other operating income and operating expenses	7	–1	0
Operating income	4, 8, 9	**238**	**2,298**
Income from financial items			
Income from participation in Group companies	10	1,943	459
Financial income	11	922	301
Financial expenses	11	–1,391	–1,680
Income after financial items		**1,711**	**1,378**
Appropriations	12	–266	–858
Income before taxes		1,445	**521**
Income tax	13	80	–14
Net Income for the period		**1,525**	**507**

Parent Company comprehensive income statement

SEKm	2023	2022
Net Income for the period	1,525	507
Other comprehensive income		
Items that may be reclassified to the income statement:		
Cash flow hedges		
Result arising during the period, net of tax	157	–74
Reclassification adjustments to the income statement, net of tax	89	28
Other comprehensive income, net of tax	**246**	**–46**
Total comprehensive income	**1,771**	**461**

Parent Company balance sheet

SEKm	Note	Dec 31, 2023	Dec 31, 2022
Assets			
Non-current assets			
Intangible assets	14	4,368	4,023
Property, plant and equipment	15	2,513	2,349
Financial assets			
Shares in subsidiaries	16	43,144	34,991
Derivatives	19	0	53
Receivables from Group companies	17, 19	85	—
Other non-current assets	17	15	63
Deferred tax assets	13	138	86
Total non-current assets		**50,263**	**41,563**
Current assets			
Inventories	18	3,891	4,163
Receivables			
Trade receivables	19	956	802
Receivables from Group companies	19	8,231	12,592
Derivatives	19	2,065	1,277
Other receivables	19, 20	122	126
Current tax receivables		13	180
Prepaid expenses and accrued income	20	203	210
Cash and cash equivalents	19	136	410
Total current assets		**15,616**	**19,759**
Total assets		**65,880**	**61,322**

SEKm	Note	Dec 31, 2023	Dec 31, 2022
Equity and liabilities			
Restricted equity			
Share capital		1,153	1,153
Revaluation reserve		14	14
Statutory reserves		19	19
Reserve related to R&D expenses		1,803	1,619
Non-restricted equity			
Share-premium reserve		2,606	2,606
Fair value reserve		171	–75
Profit or loss brought forward		24,739	26,212
Net Income for the period		1,525	507
Total equity		**32,030**	**32,055**
Untaxed reserves	12	**1,424**	**1,400**
Provisions			
Provisions for pensions and other post-employment benefits	22	438	308
Other provisions	23	103	100
Total provisions		**542**	**408**
Non-current liabilities			
Borrowings	19, 27	8,406	8,749
Derivatives	19	—	—
Total non-current liabilities		**8,406**	**8,749**
Current liabilities			
Borrowings	19, 27	5,812	7,534
Liabilities to Group companies	19	13,860	6,718
Trade payables	19	1,990	2,455
Current tax liabilities		—	—
Derivatives	19	736	1,067
Other liabilities	21	1,080	937
Total current liabilities		**23,478**	**18,710**
Total equity and liabilities		**65,880**	**61,322**

Parent Company cash flow statement

SEKm	Note	2023	2022
Cash flow from operations			
Income after financial items		1,711	1,378
Non cash items			
Depreciation/amortization and impairment	5, 14, 15	1,340	1,116
Capital gains and losses		—	0
Other non cash items		–9	–8
Taxes paid		130	–1,128
Cash flow from operations, excluding change in operating assets and liabilities		**3,172**	**1,358**
Change in operating assets and liabilities			
Change in inventories		273	–1,898
Change in trade receivables		–155	–234
Change in inter-company receivables/liabilities	17	11,418	–1,468
Change in other current assets		–777	–891
Change in current liabilities and provisions		–519	653
Cash flow from operating assets and liabilities		**10,240**	**–3,838**
Cash flow from operations		**13,412**	**–2,480**

SEKm	Note	2023	2022
Investments			
Investments of shares in group companies	16	—	–402
Paid shareholder's contribution	16, 17	–8,122	—
Investments in intangible assets	14	–1,273	–2,965
Investments in property, plant and equipment	15	–535	–450
Sale of property, plant and equipment and intangible assets		—	19
Cash flow from investments		**–9,930**	**–3,798**
Cash flow from operations and investments		**3,482**	**–6,278**
Financing			
New borrowings	27	5,423	12,490
Repayment of borrowings	27	–7,481	–4,291
Dividend paid to shareholders		–1,714	–1,711
Dividend equity swap		15	—
Group contribution paid		—	–361
Cash flow from financing		**–3,756**	**6,127**
Total cash flow		**–274**	**–151**
Cash and cash equivalents at beginning of year		410	561
Cash and cash equivalents at year-end		**136**	**410**

Parent Company statement of changes in equity

SEKm	Share capital	Restricted reserves[2]	Reserve related to R&D expenses	Share premium reserve	Fair value reserve[3]	Profit or loss brought forward incl. profit of the year	Total
Opening balance January 1, 2022	**1,153**	**33**	**1,493**	**2,606**	**–29**	**28,062**	**33,318**
Net income for the period	—	—	—	—	—	507	507
Other comprehensive income	—	—	—	—	–46	—	–46
Total comprehensive income	**—**	**—**	**—**	**—**	**–46**	**507**	**461**
Share-based payments	—	—	—	—	—	78	78
Hedge for LTI-programs	—	—	—	—	—	–92	–92
Change of Restricted reserves related to capitalized R&D[1]	—	—	126	—	—	–126	—
Dividend SEK 3.00 per share	—	—	—	—	—	–1,711	–1,711
Closing balance December 31, 2022	**1,153**	**33**	**1,619**	**2,606**	**–75**	**26,718**	**32,055**
Net income for the period	—	—	—	—	—	1,525	1,525
Other comprehensive income	—	—	—	—	246	—	246
Total comprehensive income	**—**	**—**	**—**	**—**	**246**	**1,525**	**1,771**
Share-based payments	—	—	—	—	—	–79	–79
Hedge for LTI-programs	—	—	—	—	—	—	—
Change of Restricted reserves related to capitalized R&D[1]	—	—	183	—	—	–183	—
Dividend SEK 3.00 per share	—	—	—	—	—	–1,714	–1,714
Closing balance December 31, 2023	**1,153**	**33**	**1,803**	**2,606**	**171**	**26,264**	**32,030**

[1] The reserve related to R&D and IT expenses is only applied in the Parent Company. Information about the accounting principle is available in the Parent Company's note 1.
[2] Restricted reserves relates to revaluation reserve together with statutory reserves.
[3] Relates to result and reclassification adjustments to the income statement for Cash flow hedges, net of tax, which are recognized in other comprehensive income.

Information regarding the Parent Company's shares, share capital and share premium reserve is available in the Group's note 19.

Note 1 Parent Company's Accounting principles

Husqvarna AB's (publ) Annual Report has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's standard RFR 2. The Parent Company follows the IFRS Accounting Standards adopted by EU, to the extent possible within the framework for the Swedish Annual Accounts Act and Swedish Safe-guarding of Pension Commitments Act (Tryggandelagen), and considering the relationship between accounting and taxation. The Parent Company is following the same principles as described in the Group note 1, with the below exceptions.

Segments
Information is reported in accordance with the Swedish Annual Accounts Act and contains disclosures of net sales divided by geography and per product category.

Intangible assets
The Parent company amortize all brands on a straight-line basis during the useful life, which according to group policy is estimated at 10 years.

Property, plant and equipment
The Parent Company uses methods for depreciations described in the section "Property, plant and equipment" in the Group's note 1 with some exception, which is described below.

The Parent Company accounts for tax depreciation in accordance with the Swedish tax law as appropriations in the Income statement. These depreciations are accounted for in addition to the depreciation described in the section "Property, plant and equipment" in the Group's note 1 and are reported as untaxed reserves in the Balance sheet.

Shares in subsidiaries
Shares in subsidiaries are reported at cost deducted for impairment. Expenses and potential additional purchase price, related to an acquisition are included in the acquisition value of the investment. Investments are tested annually for impairment or if there is an indication of that the book value of the investment is higher than the recoverable amount. Dividends are reported as income.

Pensions
Husqvarna Group applies IAS 19 Employee Benefits for pension assets and liabilities. The Parent Company applies the Swedish Safe-guarding of Pension Commitments Act (Tryggandelagen).

Group contributions
Husqvarna AB (publ) applies the alternative rule in RFR 2, and accounts for both group contribution received and paid as appropriations in the income statement.

Contingent liabilities
The Parent Company has signed guarantees in favour of subsidiaries which in accordance with IFRS are classified as a financial guarantee. However, the Parent Company applies RFR 2 and recognizes these guarantees as contingent liabilities.

Leasing
The Parent Company applies RFR 2 and recognizes all leasing as a linear cost over the lease period.

Reserve related to R&D expenses
The parent company capitalizes R&D and IT in the balance sheet. From 2016 and forward, a restricted reserve is presented for internally generated R&D and IT, where an amount equal to this year's capitalization reduced with amortization is transferred from free reserves to restricted reserves. The restricted reserve dissolves in line with the amortizations.

Note 2 Financial risk management

Husqvarna Group applies common risk management for all units through the Group Treasury functions in Sweden and Ireland. The description of financial risk management available in the Group's note 20 is in all material aspects applicable also for the Parent Company.

Note 3 Net sales distribution

Net sales are distributed on the following geographic markets

SEKm	2023	2022
Europe	16,106	15,001
North America	3,207	3,590
Rest of the World	4,141	4,716
Total	**23,454**	**23,308**

Net sales amounted to SEK 23,454m (23,308), of which SEK 18,358m (18,195) referred to sales to Group companies and SEK 5,096m (5,113) to external customers.

Net sales distribution per product category

SEKm	2023	2022
Forest-, park- and garden products	19,412	19,024
Construction products	3,927	4,164
Other	115	120
Total	**23,454**	**23,308**

Note 4 Employees and employees benefits

Average number of employees

	2023			2022		
	Men	Women	Total	Men	Women	Total
Board, CEO and Group Management	14	5	19	14	5	19
Sweden	1,918	681	2,599	1,780	618	2,398
Total	**1,932**	**686**	**2,618**	**1,794**	**623**	**2,417**

Salary and remuneration

	2023			2022		
SEKm	Salaries and remunerations (whereof bonuses)	Social expenses	Pension expenses	Salaries and remunerations (whereof bonuses)	Social expenses	Pension expenses
Board, CEO and Group Management	60 (8)	21	9	72 (25)	24	10
Former CEO	12	5	4	—	—	—
Other employees	1,751	630	305	1,600	575	468
Total	**1,823**	**656**	**318**	**1,672**	**599**	**478**

For further information regarding remunerations to the Board of Directors, CEO and the Group Management together with the Group's long term incentive program see the Group's note 4.

Note 5 Expenses by nature

SEKm	2023	2022
Costs for supplies and raw materials	13,702	11,364
Salary and remuneration	2,800	2,749
Amortization/depreciation and impairment	1,340	1,117
Other	5,374	5,780
Total	**23,216**	**21,010**

Note 6 Exchange rate gains and losses in operating income

SEKm	2023	2022
Exchange rate gains and losses in operating income[1]	–169	–67
Total	**–169**	**–67**

[1] Included in selling expenses within operating income.

Operating income includes SEK –149m (–34) of foreign exchange hedging result previously reported in other comprehensive income. Information related to the accounting of fair value in financial instruments is presented in the Group's note 1.

Note 7 Other operating income and operating expenses

SEKm	2023	2022
Other operating income		
Gain on sale of :		
– Property, plant and equipment	0	0
– Operations and shares	—	—
Total	**0**	**0**
Other operating expenses		
Loss on sale of:		
– Property, plant and equipment	–1	—
Total	**–1**	**—**

Note 8 Fees to auditors

SEKm	2023	2022
KPMG		
Audit fees for the annual audit engagement	5	5
Audit fees not included in the annual audit engagement	1	1
Tax advices	—	—
Other services	—	—
Total fees to KPMG	**6**	**6**

Note 9 Operating leases

Expenses for rental payments for facilities, machinery etc. (minimum lease payments) amounted to SEK 116m (111) in 2023. The leases are on commercial terms with respect to prices and duration.

Future minimum lease payments are allocated as follows:

SEKm	2023	2022
Within 1 year	92	117
1–5 years	136	186
> 5 years	64	81
Total	**292**	**384**

Note 10 Income from participation in Group companies

SEKm	2023	2022
Dividends	1,943	459
Total	**1,943**	**459**

Income from participations in Group companies was mainly impacted by the dividend from Husqvarna U.S. Holding Inc of SEK 1 826 m.

Note 11 Financial income and expense

SEKm	2023	2022
Financial income		
Interest income		
– from subsidiaries	349	300
– from others	59	1
whereof Interest income		
– on deposits	370	301
– on derivatives held for trading	38	—
Exchange rate differences		
– on borrowings	106	—
– on derivatives held for trading[2]	408	—
Total financial income	**922**	**301**
Financial expenses		
Interest expense		
– to subsidiaries	–388	–202
– to others	–978	–366
whereof Interest expense		
– on borrowings	–1,023	–192
– on cashflow hedges, interest derivatives	—	5
– on derivatives held for trading[1]	–343	–381
Exchange rate differences		
– on borrowings	—	770
– on derivatives held for trading[2]	—	–1,865
Other financial expenses	–25	–17
Total financial expenses	**–1,391**	**–1,680**
Financial income and expenses, net	**–469**	**–1,379**

[1] Interest expense on derivatives held for trading includes interest expense on derivatives for hedging net investments SEK –264m (–141).

[2] Currency exchange rate difference on derivatives held for trading includes currency exchange rate differences on derivatives for hedging net investments SEK 508m (–1,154).

Note 12 Appropriations and untaxed reserves

	Appropriations		Untaxed Reserves	
SEKm	2023	2022	2023	2022
Group contribution, received	—	—		
Group contribution, paid	–242	–733		
Accumulated depreciation in excess of plan on	–534	–125		
Tax allocation reserve	510	—		
Fixed asset			1,424	890
Other untaxed reserves 2021			—	510
Total	**–266**	**–858**	**1,424**	**1,400**

Note 13 Tax

SEKm	2023	2022
Current tax on income for the period	–16	–5
Income tax generated from previous years	–6	10
Deferred tax income/expense	116	–19
Withholding taxes	–14	—
Total	**80**	**–14**

Theoretical and actual tax rate

	2023		2022	
	Tax, %	SEKm	Tax, %	SEKm
Profit before tax	—	1,445	—	521
Theoretical tax rate	–20.6	–298	–20.6	–107
Non-taxable income statements items	30,7	444	22.8	118
Non-deductable income statement items	–11,2	–162	–3.1	–16
Change in valuation of deferred tax	8,0	116	–3.6	–19
Income tax generated from previous years	–0,4	–6	1.9	10
Effect of tax rate change	—	—	—	—
Withholding tax	–1,0	–14	—	0
Other	—	—	—	—
Actual tax rate[1]	**5,5**	**80**	**–2.6**	**–14**

[1] Actual tax rate in the Parent Company is explained by a non-taxable dividend from subsidiaries of SEK 1,943m (459)

Changes in deferred taxes

SEKm	Balance, 1 Jan, 2023	Recognized in income statement	Recognized in comprehensive income statement	Reclassification	Balance, Dec 31, 2023
Non-current assets	–4	—	—	—	–4
Provision for pensions and similar commitments	39	2	—	—	41
Other provisions	32	114	—	—	146
Financial and operating liabilities	19	—	–64	—	–45
Tax losses carried forward	—	—	—	—	—
Deferred tax assets and liabilities, net	**86**	**116**	**–64**	**—**	**138**

SEKm	Balance, 1 Jan, 2022	Recognized in income statement	Recognized in comprehensive income statement	Reclassification	Balance, Dec 31, 2022
Non-current assets	3	–7	—	—	–4
Provision for pensions and similar commitments	40	–1	—	—	39
Other provisions	43	–11	—	—	32
Financial and operating liabilities	7	—	12	—	19
Tax losses carried forward	—	—	—	—	—
Deferred tax assets and liabilities, net	**93**	**–19**	**12**	**—**	**86**

Tax items recognized in Other comprehensive income amounts to SEK –64m (12) for items related to cash flow hedges.

Deferred tax assets and liabilities

	Assets		Liabilities		Net	
SEKm	2023	2022	2023	2022	2023	2022
Non-current assets	—	—	4	4	–4	–4
Provisions for pensions and similar commitments	43	38	—	—	43	38
Other provisions	145	32	—	—	145	32
Financial and operating liabilities	—	19	46	—	–46	19
Tax losses carried forward	—	—	—	—	—	—
Deferred tax assets and liabilities	**188**	**89**	**50**	**4**	**138**	**86**
Set-off of tax	—	—	—	—	—	—
Deferred tax assets and liabilities, net	**188**	**89**	**50**	**4**	**138**	**86**

Note 14 Intangible assets

	Product development		Brands		Other		Total	
SEKm	2023	2022	2023	2022	2023	2022	2023	2022
Opening accumulated acquisition value	4,532	3,932	3,493	1,544	2,168	1,754	10,193	7,231
Investments	596	602	—	1,949	677	415	1,273	2,965
Sold, scrapped	–2	–2	—	—	–6	–1	–8	–3
Closing accumulated acquisition value	**5,126**	**4,532**	**3,493**	**3,493**	**2,839**	**2,168**	**11,458**	**10,193**
Opening accumulated amortization and impairment	3,141	2,719	1,657	1,530	1,372	1,192	6,170	5,441
Amortization[1]	494	418	196	126	217	182	907	726
Impairment	21	6	—	—	—	—	21	6
Sold, scrapped	–2	–2	—	—	–6	–1	–8	–4
Closing accumulated amortization and impairment	**3,654**	**3,141**	**1,853**	**1,657**	**1,583**	**1,372**	**7,090**	**6,170**
Closing balance, December 31	**1,473**	**1,392**	**1,639**	**1,835**	**1,256**	**796**	**4,368**	**4,023**

[1] In the income statement depreciation is accounted for within cost of goods sold by SEK 504m (444), within selling expenses by SEK 34m (19) and within administrative expenses by SEK 369m (263).

Note 15 Property, plant and equipment

	Land and land improvements [2]		Buildings and leasehold improvements		Machinery and technical installations		Other equipment		Construction in progress and advances		Total	
SEKm	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Opening accumulated acquisition value	11	11	492	449	3,299	3,163	288	272	547	459	4,638	4,356
Investments	4	—	26	10	99	76	57	11	353	352	535	450
Sold, scrapped	—	—	–1	—	–135	–110	–11	–12	—	—	–143	–122
Reclassification	1	—	23	33	248	170	83	15	–260	–264	96	–45
Closing accumulated acquisition value	**17**	**11**	**541**	**492**	**3,511**	**3,299**	**417**	**288**	**640**	**547**	**5,126**	**4,638**
Opening accumulated depreciation and impairment	5	5	243	214	1,827	1,633	214	206	—	—	2,289	2,059
Depreciation[1]	—	—	31	29	350	332	26	20	—	—	408	381
Impairment	—	—	—	—	4	3	—	—	—	—	4	3
Sold, scrapped	—	—	—	—	–136	–142	–11	–12	—	—	–147	–154
Reclassification	—	—	—	—	60	—	—	—	—	—	60	—
Closing accumulated depreciation and impairment	**5**	**5**	**274**	**243**	**2,106**	**1,827**	**229**	**214**	**—**	**—**	**2,614**	**2,289**
Closing balance, December 31	**12**	**6**	**267**	**249**	**1,405**	**1,472**	**188**	**74**	**640**	**547**	**2,513**	**2,349**

[1] In the income statement depreciation is accounted for within cost of goods sold by SEK 393m (371), within selling expenses by SEK 10m (4) and within administrative expenses by SEK 5m (7).
[2] The net book value for land is SEK 5m (5).

Note 16 Shares in subsidiaries

Country	Subsidiaries	Registration number	Holding, %	Net book value, SEKm	Net book value, SEKm
				2023	**2022**
Austria	Husqvarna Commercial Solutions Austria GmbH	580249	—	—	1
Belgium	Husqvarna Belgium SA	0400.604.654	100	486	486
Belgium	Husqvarna Commercial Solutions Belgium	0804.269.164	100	1	—
Canada	Husqvarna Canada Corp.	82354277RT0001	100	271	271
Colombia	Husqvarna Colombia S.A.	900.047.189-0	95	1	1
Denmark	Husqvarna Commercial Solutions Danmark A/S	41829184	100	1	1
Denmark	Husqvarna Danmark A/S	26205328	100	16	16
Estonia	Husqvarna Eesti Osaühing	11159436	100	0	0
Finland	Oy Husqvarna Commercial Solutions Finland Ab	3175257-1	100	0	0
Germany	Husqvarna Commercial Solutions Germany GmbH	HRB 741377	100	0	0
Germany	Husqvarna Real Estate Germany GmbH	HRB 742955	100	0	0
India	Husqvarna (India) Products Private Limited	U74999TN2007FTC112630	0,01	0	0
Ireland	Husqvarna Finance Ireland Ltd	611319	100	10,976	9,816
Kenya	Outdoor Power Products Husqvarna Kenya Ltd	PVT-DLU8KXM	100	0	0
Latvia	SIA Husqvarna Latvija	40003760065	100	3	3
Norway	Husqvarna Commercial Solutions Norge AS	925918261	100	0	0
Poland	Husqvarna Commercial Solutions Poland Sp.z.o.o.	0001012533	100	0	—
Poland	Husqvarna Poland Sp.Z.o.o.	247636	100	638	374
South Africa	Husqvarna South Africa (Proprietary) Limited	2005.025971.07	100	19	19
Sweden	Husqvarna Commercial Solutions AB	556745-5893	100	0	0
Sweden	Husqvarna Business Support AB	556037-1964	100	12,499	12,499
Sweden	McCulloch Trademark Holding AB	559169-3451	100	0	0
Sweden	Husqvarna Direct AB	559170-2609	100	0	0
Sweden	Gardena Flymo AB	559170-2617	100	0	0
Sweden	Mariehov 5:38 AB	559288-5379	100	9	9
U.S.	Millhouse Insurance Company	20-4233540	100	79	79
U.S.	Husqvarna U.S. Holding, Inc.	34-1946153	100	18,144	11,415
Total				**43,144**	**34,991**

During 2023 capital injection was made to Husqvarna U.S. Holding, Inc. of SEK 6 729m, Husqvarna Finance Ireland Ltd of SEK 1 160m and to Husqvarna Poland Sp.Z.o.o. of SEK 263m. Further more was Husqvarna Commercial Solutions Belgium and Husqvarna Commercial Solutions Poland Sp.z.o.o. acquired during the year. Ownership for Husqvarna Commercial Solutions Austria GmbH was transferred to Husqvarna Business Support AB. During 2022, Husqvarna Poland Sp.Z.o.o. was acquired through dividend, instead of as cash, from Husqvarna Business Support AB.

During 2022 the subsidiary Husqvarna Commercial Solutions Austria GmbH was acquired.

There is also a number of subsidiaries to the subsidiaries, a detailed specification of Group companies is available on request from Husqvarna AB (publ), Investor Relations.

Note 17 Other non-current assets

SEKm	2023	2022
Receivables Group	85	—
Other long-term receivables	15	63
Total	**100**	**63**

Note 18 Inventories

SEKm	2023	2022
Supplies including raw materials	940	810
Products in progress	7	12
Finished products	2,881	3,163
Advances to suppliers	63	178
Total	**3,891**	**4,163**

Provisions for obsolescence are included in the value of the inventory and amounts to SEK 46m (140). Provision made during the year amount to SEK 140m (83) and SEK 94m (56) has been reversed. Inventories valued to net realizable value amounted to SEK 101m (101) referring to finished products and SEK 0m (0) referring to raw materials.

Note 19 Financial assets and liabilities

Financial assets and liabilities per category

SEKm	Financial assets valued at fair value	Financial assets for which hedge accounting is applied	Other financial assets	Total
2023				
Assets				
Derivatives	1,614	451	—	2,065
Receivables Group companies[1]	—	—	8,316	8,316
Trade receivables	—	—	956	956
Other receivables	—	—	18	18
Cash and cash equivalents	—	—	136	136
Total	**1,614**	**451**	**9,426**	**11,491**

SEKm	Financial assets valued at fair value	Financial assets for which hedge accounting is applied	Other financial assets	Total
2022				
Assets				
Derivatives	1,118	212	—	1,330
Receivables Group companies[1]	—	—	12,592	12,592
Trade receivables	—	—	802	802
Other receivables	—	—	110	110
Cash and cash equivalents	—	—	410	410
Total	**1,118**	**212**	**13,914**	**15,244**

[1] For long-term receivables to Group companies, see note 17.

Financial assets and liabilities per category, cont.

SEKm	Financial liabilities valued at fair value	Financial liabilities for which hedge accounting is applied	Other financial liabilities	Total
2023				
Liabilities				
Borrowings	—	—	14,218	14,218
Liabilities to Group companies	—	—	13,860	13,860
Trade payables	—	—	1,990	1,990
Derivatives	501	235	—	736
Other liabilities	—	—	342	342
Total	**501**	**235**	**30,410**	**31,146**

SEKm	Financial liabilities valued at fair value	Financial liabilities for which hedge accounting is applied	Other financial liabilities	Total
2022				
Liabilities				
Borrowings	—	—	16,283	16,283
Liabilities to Group companies	—	—	6,718	6,718
Trade payables	—	—	2,455	2,455
Derivatives	761	306	—	1,067
Other liabilities	—	—	120	120
Total	**761**	**306**	**25,576**	**26,643**

Future undiscounted cashflows of loans and other financial liabilities as of December 31, 2023[1]

SEKm	2024	2025	2026	2027	2028	>2029	Total
Bonds, bank loans and other loans	–6,387	–2,208	–2,952	–2,150	–1,804	—	–15,501
Liabilities to Group Companies	–13,860	—	—	—	—	—	–13,860
Derivative liabilities, interest rate	—	—	—	—	—	—	—
Derivative liabilities, foreign exchange	–736	—	—	—	—	—	–736
Trade payables	–1,990	—	—	—	—	—	–1,990
Total financial liabilities	–22,973	–2,208	–2,952	–2,150	–1,804	—	–32,087

[1] The table includes the forecast future nominal interest payment and, thus, does not correspond to the net book value in the balance sheet.

Derivatives
The main part of the Group's derivatives is held by the Parent Company. Disclosures regarding the derivatives are available in the Group's note 20.

Trade receivables
Husqvarna AB's trade receivables amount to SEK 956m (813) as per December 31, 2023.
Trade receivables past due but not impaired amount to SEK 144m (30) as of December 31, 2023.

Aging analysis for past due, but not impaired trade receivables

SEKm	2023	2022
<3 months	93	9
>3 months	51	21
Total past due but not impaired	**144**	**30**

Provision for overdue accounts receivables

SEKm	2023	2022
Opening balance, January 1	12	18
New provisions	25	5
Reversed unused provisions	–16	12
Write off accounts receivables	–13	–23
Closing balance, December 31	**8**	**12**

The credit risk in financial assets is described in the Group's note 20.

Borrowings
The main part of the borrowings in Husqvarna Group is reported within the Parent Company.
For disclosures regarding fair value and interest exposure, see the Group's note 20.

Note 20 Other current assets

SEKm	2023	2022
Value added tax	80	95
Miscellaneous short-term receivables	42	31
Prepaid rents and leases	18	17
Prepaid insurance premiums	10	9
Other prepaid expenses	175	184
Total	**325**	**336**

Note 21 Other liabilities

SEKm	2023	2022
Accrued holiday pay	237	220
Other accrued payroll expenses	319	282
Accrued customer rebates	103	98
Other accrued expenses	240	217
Personnel taxes and other taxes	181	120
Total	**1,080**	**937**

Note 22 Provisions for pensions

Specification of the net provision for pensions

SEKm	2023	2022
Present value of the funded pension obligations	1,337	1,113
Fair value of plan assets	–899	–825
Surplus/deficit of the pension fund	**438**	**308**
Surplus of the pension fund, not recognized	—	—
Net provision for pensions	**438**	**308**

Specification of the change in the net provision for pensions

SEKm	2023	2022
Opening balance, January 1	**308**	**0**
Costs for pensions recognized in the income statement	162	336
Benefits paid	–32	–28
Closing balance, December 31	**438**	**308**

Of total net provisions, SEK 438m (308) is within the scope of the Swedish Safe-guarding of Pension Commitments Act.

Pension costs recognized in the income statement

SEKm	2023	2022
Own pensions		
Pension costs	**164**	**336**
Insured pensions		
Insurance premiums	154	141
Total net expenses for pensions	**318**	**477**

Of total net expenses of SEK 318m (477), SEK 148m (225) is recognized in cost of goods sold, SEK 68m (101) in selling expenses and SEK 102m (151) in administration expenses. The expected payments 2023 for own pensions amounts to SEK 37m.

Principal actuarial assumptions at balance sheet date

%	2023	2022
Discount rate	**3**	**3**

The major categories of plan assets as a percentage of total plan assets and the return on these categories

%	2023	Return	2022	Return
Equity instruments	41	19	39	–33
Debt instruments	59	4	61	–11
Total	**100**	**9**	**100**	**–22**

The employees are covered by pension plans in addition to statutory social security insurance. Such pension plans are classified as either defined contribution plans or defined benefit plans. The pension plans are funded which imply that there are assets in a legal entity that exist solely to finance benefits to employees and former employees. White collar employees, born 1978 or earlier, are covered by a final salary collectively bargained defined benefit plan (ITP2). The old-age pension benefit of the plan is financed primarily through a pension fund. Employees born 1979 or later are covered by ITP 1, which is a defined contribution pension plan. More information about pensions are presented in Group notes 4 and 21.

Note 23 Other provisions

SEKm	Provisions for re-structuring	Warranty commitments	Other	Total
Opening balance January 1, 2023	11	52	37	100
Provisions made	55	28	16	99
Provisions used	–30	–30	–36	–96
Closing balance, December 31, 2023	**36**	**50**	**17**	**103**
Current provisions	29	40	8	77
Non-current provisions	7	10	9	26

Provisions for restructuring
See the Group's note 22 for further information regarding Husqvarna Group's restructuring programmes.

Warranty commitments
Provisions for warranty comprises all potential expenses for repairing or replacing products sold and are normally limited to 24 months.

Note 24 Pledged assets and contingent liabilities

Pledged assets

SEKm	2023	2022
Pension obligation[1]	160	150
Total	**160**	**150**

[1] Refers to endowment that is pledged in favor of the recipient.

Contingent liabilities

SEKm	2023	2022
On behalf of Group companies		
Pension obligation	485	477
Pledged receivables	16	—
On behalf of external counterparties		
Bank guarantee	107	111
Pension obligation	26	22
Total	**634**	**610**

As described in note 24 to the Group's Financial Statements, the Group is exposed to certain contingent liabilities regarding commercial guaranties, commercial litigation, and related disputes. Husqvarna AB (publ), as the parent company of the Group, may be directly liable for such obligations (for example, if it is directly named in such a lawsuit) and/or may have indirect liability for the same, such as when an intra-company guarantee is in place. Please refer to the Groups note 24 for more details.

Note 25 Related party transactions

All transactions with related parties are carried out on market-based terms. During the financial year 2023, significant one time transactions with group companies in US and Germany has occurred due to Advance Price Agreements. Information about the Board of Directors and Group Management and compensation to those are reported in Group note 4, Employees and employee benefits. No unusual transactions have occurred between Husqvarna Group and the Board of Directors or Group Management.

Note 26 Subsequent events

No significant events have occured subsequent to the balance sheet date that would have a material impact on the Parent Company's financial statements.
See the Group's note 28.

Note 27 Changes in financial liabilities

SEKm	Opening balance, January 1, 2023	Cash flows[1]	Reclassification	Foreign exchange movement	Other non-cash movement	Closing balance, December 31, 2023
Current interest-bearing borrowings	7,534	–6,058	4,335	—	—	5,812
Non-current interest-bearing borrowings	8,749	4,000	–4,335	10	–17	8,406
Total financial liabilities	**16,283**	**–2,058**	**—**	**10**	**–17**	**14,218**

SEKm	Opening balance, January 1, 2022	Cash flows[1]	Reclassification	Foreign exchange movement	Other non-cash movement	Closing balance, December 31, 2022
Current interest-bearing borrowings	4,340	2,070	1,122	—	2	7,534
Non-current interest-bearing borrowings	3,608	6,129	–1,122	42	92	8,749
Total financial liabilities	**7,948**	**8,199**	**0**	**42**	**94**	**16,283**

[1] Cash flow from financial liabilities is included in the Parent Company's cash flow statement under "Proceeds from borrowings" and "Repayment of borrowings".

Note 28 Proposed distribution of earnings

The Board of Directors proposes a dividend for 2023 of SEK 3 per share (3.00) corresponding to a total dividend payment of SEK 1,715m (1,714) based on the number of outstanding shares at the end of 2023. It is also proposed that the dividend will be paid in two instalments to better match the Group's cash flow profile, with one payment of SEK 1 per share in April and the remaining SEK 2 per share in October.

The proposed record dates are April 22, 2024 for the first payment and October 22, 2024 for the second payment.

SEKt	2023
The following profits are at the disposal of the AGM:	
Share premium reserve	2,605,747
Retained earnings	24,739,635
Net income for the period	1,524,821
Total	**28,870,203**

SEKt	2023
The Board proposes the following allocation of available profits:	
Dividend to the shareholders of SEK 3 per share[1]	1,714,556
To be carried forward	27,155,647
Total	**28,870,203**

[1] Calculated on the number of outstanding shares as per December 31, 2023.

The Board is of the opinion that the dividend proposed above is justifiable on both the Company and the Group level with regard to the demands on the Company and Group equity imposed by the type, scope and risks of the business and with regard to the Company and the Group's financial strength, liquidity and overall position.

Declaration by the Board of Directors and the CEO

The Board of Directors and the CEO declare that the consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU, and give a true and fair view of the Group's financial position and results of operations. The financial statements of the Parent Company have been prepared in accordance with generally accepted accounting principles in Sweden and give a true and fair view of the Parent Company's financial position and results of operations.

The statutory Administration Report of the Group and the Parent Company provides a fair review of the development of the Group's and the Parent Company's operations, financial position and results of operations and describes material risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm, March 13, 2024

Tom Johnstone
Chair of the Board

Ingrid Bonde
Board member

Torbjörn Lööf
Board member

Katarina Martinson
Board member

Bertrand Neuschwander
Board member

Daniel Nodhäll
Board member

Lars Pettersson
Board member

Christine Robins
Board member

Pavel Hajman
CEO

Anders Krantz
Board member and
employee representative

Dan Byström
Board member and
employee representative

Our audit report was issued on March 13, 2024
KPMG AB

Joakim Thilstedt
Authorized Public Accountant

Auditor’s report

To the general meeting of the shareholders of Husqvarna AB (publ), corp. id 556000-5331

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Husqvarna AB (publ) for the year 2023. The annual accounts and consolidated accounts of the company are included on pages 34–97 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, th20e financial position of the group as of 31 December 2023 and their financial performance and cash flow for the year then ended in accordance with IFRS Accounting Standards, as adopted by the EU, and the Annual Accounts Act. A corporate governance statement has been prepared. The statutory administration report and the corporate governance statement are consistent with the other parts of the annual accounts and consolidated accounts, and the corporate governance statement is in accordance with the Annual Accounts Act.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor’s Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Valuation of goodwill, trademarks and customer relations and parent company’s shares in subsidiaries

See disclosure 14 to the consolidated accounts and disclosure 14 to the parent company accounts and accounting principles on pages 65 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

The book value of goodwill, trademarks and customer relations amount to SEK 15,544 million as of 31 December 2023, representing 27% of total assets. Goodwill and trademarks with an indefinite useful life should be subject to an annual impairment test.

Other intangible assets are tested when impairment indicators are identified.

Impairment tests are complex and include significant levels of judgments. The calculation of the assets’ recoverable amount is based on forecasts and discounted future cash flow projections, which are established with reference to factors such as estimated discount rates, revenue- and profit forecasts and predicted long-term growth that may be influenced by management’s assessments.

The parent company’s interests in group companies amount to SEK 43 144 million as of 31 December 2023. If the book value of the interests exceeds the equity in the respective group company, an impairment test is performed following the same methodology and using the same assumptions as for the tests in the consolidated accounts.

Response in the audit

We have obtained and assessed the group’s impairment tests to ensure they have been carried out in accordance with the technique stipulated in IFRS.

Furthermore, we have evaluated management’s future cash flow forecasts and the underlying assumptions, which includes the longterm growth rate and the assumed discount rate, by obtaining and evaluating the group’s written documentation and plans. We have also considered previous years’ forecasts in relation to the actual outcome.

An important part of our work has also been to evaluate how changes to the assumptions may impact the valuation. The evaluation has been carried out by obtaining and assessing the group’s sensitivity analysis.

We have also analysed the disclosures in the Annual Report and considered whether they accurately reflect the assumptions that group management apply in their valuation and whether they, in all material respects, are in line with the disclosures required by IFRS.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–33 and 131–138. The other information comprises also of the remuneration report which we obtained prior to the date of this auditor's report. The Board of Directors and the Managing Director are responsible for this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS Accounting Standards as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures that have been taken to eliminate the threats or related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Auditor's audit of the administration and the proposed appropriations of profit or loss

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Husqvarna AB (publ) for the year 2023 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

The auditor's examination of the Esef report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Husqvarna AB (publ) for year 2023.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Husqvarna AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of the assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHMTL format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

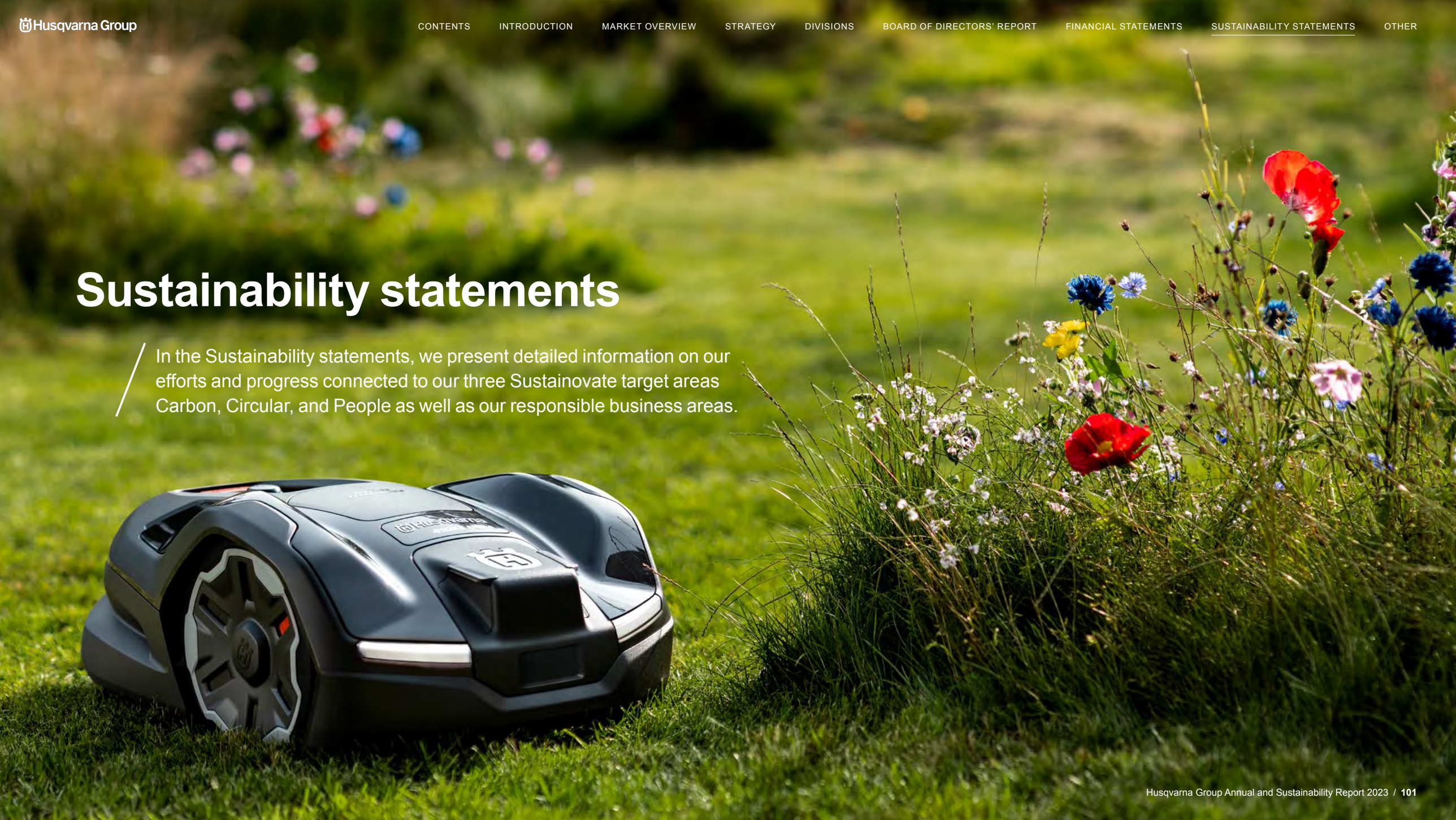
KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of Husqvarna AB (publ) by the general meeting of the shareholders on the 4 April 2023. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2021.

Stockholm March 13, 2024
KPMG AB

Joakim Thilstedt
Authorized Public Accountant

Sustainability statements

In the Sustainability statements, we present detailed information on our efforts and progress connected to our three Sustainovate target areas Carbon, Circular, and People as well as our responsible business areas.



About the Sustainability statements

The sustainability statements contains progress on Husqvarna Group's sustainability targets as well as reporting on responsible business and the relevant GRI indicators. The statements also contain the GRI Index and the EU Taxonomy reporting. This is the first year that the sustainability performance is integrated into the annual report instead of published in a separate Sustainovate Progress Report as previous years.

Based on a materiality analysis that was updated in 2021 and reviewed in 2022, Sustainovate encompasses the impacts most relevant to the Group and to our value chain. Husqvarna Group has reported in accordance with the GRI Standards for the period January 1, 2023 to December 31, 2023. No Sector Standards are yet applicable to the Group. Where relevant, the report also highlights how the Group's priorities and governance reflect our commitment to the UN Global Compact's ten principles.

Boundary of the report

Unless otherwise indicated, standard disclosures include all operations that can potentially affect Group performance. Data has been collected over the 2023 calendar year.

This Sustainability statements covers some 12,775 employees at year-end, including both office and factory workers. Data encompasses 33 (32) production facilities, of which 21 (19) are located in Europe, 5 (5) in the U.S., 3 (4) in China, and 1 (1) each in Brazil, Japan, India and Australia. Unless otherwise indicated, acquisitions made during the reporting period are integrated in the scope of data collection. Historical data has also been adjusted when it has been found to be incorrect, or to improve data quality.

The GRI Index leads readers to relevant indicators, as defined by the GRI Universal Standards 2021. Wherever possible, the Group reports on indicators covering the last five years. For the 2025 Circular and People targets, 2020 serves as our baseline. 2015 is the baseline for the Carbon reduction target, as this was the first year we reported on CO_2 emissions reductions.

Health and safety statistics are based on local definitions in terms of what constitutes a workplace injury and a lost day due to injury. Our previous sustainability report was published in March 2023.

Husqvarna Group's sustainability reporting is an integrated part of the Annual and Sustainability Report. This section, the sustainability statements on pages 101–129, together with pages 12 and 15-19 constitutes the statutory sustainability report. The Board and Group management have reviewed this report. Group management has also reviewed the Group's materiality assessment.

External assurance

Husqvarna Group's financial auditor KPMG has conducted a third-party limited assurance of the 2023 Sustainability statements.

More information

For more information contact Åsa Larsson,
People Target Lead and Sustainability Reporting
sustainability@husqvarnagroup.com

Innovating for sustainability

Sustainovate is our approach for integrating sustainability deeper into our business and across our value chain. With Sustainovate, we are combining our leading innovation capability with our commitment to sustainability. This year, we have taken great steps forward in all target areas.

Carbon

The world needs to transition to a zero-carbon economy. Our Science-based Carbon target is to reduce our absolute CO_2 emissions by –35 percent across our value chain between 2015 and 2025.

Circular

Increased circularity will play an important role in a truly sustainable society. We aim to launch 50 circular innovations between 2021 and 2025.

People

A sustainable business requires the participation of our colleagues and customers. By 2025, we want to have empowered 5 million people to make more sustainable choices.

Responsible business is the foundation

At Husqvarna Group we are committed to protecting the people and the planet. Responsible business is the foundation for this and includes:

- Product safety
- Responsible sourcing
- Our employees – grow together
- Health and safety
- Business integrity

Our material sustainability topics

Husqvarna Group's current materiality assessment guides our strategic direction and how we integrate sustainability topics in our business. It also sets the foundation for Sustainovate, our sustainability framework.

Materiality is the point at which a sustainability topic becomes most relevant to our ability to create value. Our most material topics are issues that substantially:

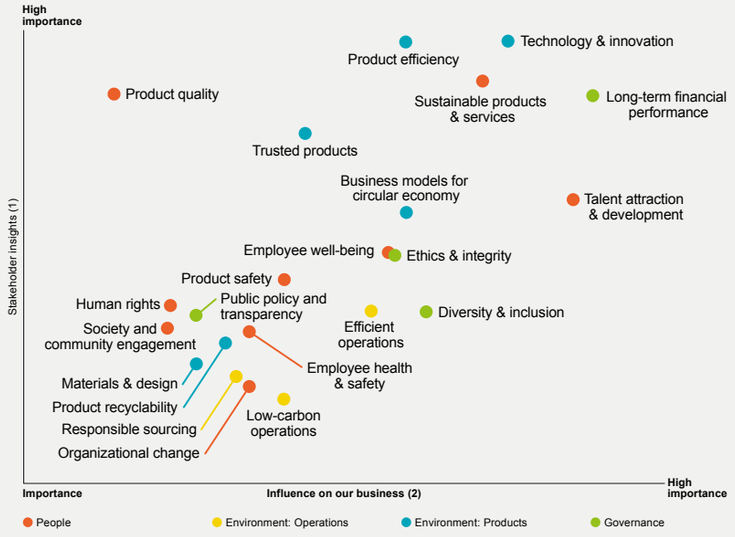
- Reflect our significant economic, environmental, and social impacts.
- Influence our ability to create lasting value, build trust, and reduce risks.
- Influence stakeholder perception of our performance and ability to deliver value to them.

Husqvarna Group's materiality assessment was developed in 2019 and through it we gained a common view on how sustainability topics are interconnected, the importance of staying ahead of stakeholder priorities, and how different topics influence business resilience. The assessment has since been updated once and reviewed once to ensure validity with our strategic direction and to keep us updated on new issues.

In the 2021 update, approximately 360 people including Group Management, representatives from stakeholder groups, and employees were involved. The update process comprised the following steps:

- The world in 2030 – we reviewed research on sustainability impacts related to six macrotrends. Six members of Group Management presented their view on the current and future business relevance of sustainability.
- Stakeholder deep-dive interviews and surveys – we interviewed 20 representatives for stakeholder groups and 329 employees took part in a survey. Together, they helped us better understand their view of the future and the topics that influence our ability to create value for them.
- Ranking and weighting of topics – based on learnings from the interviews and survey, 22 topic weightings were revised.

Our most material topics

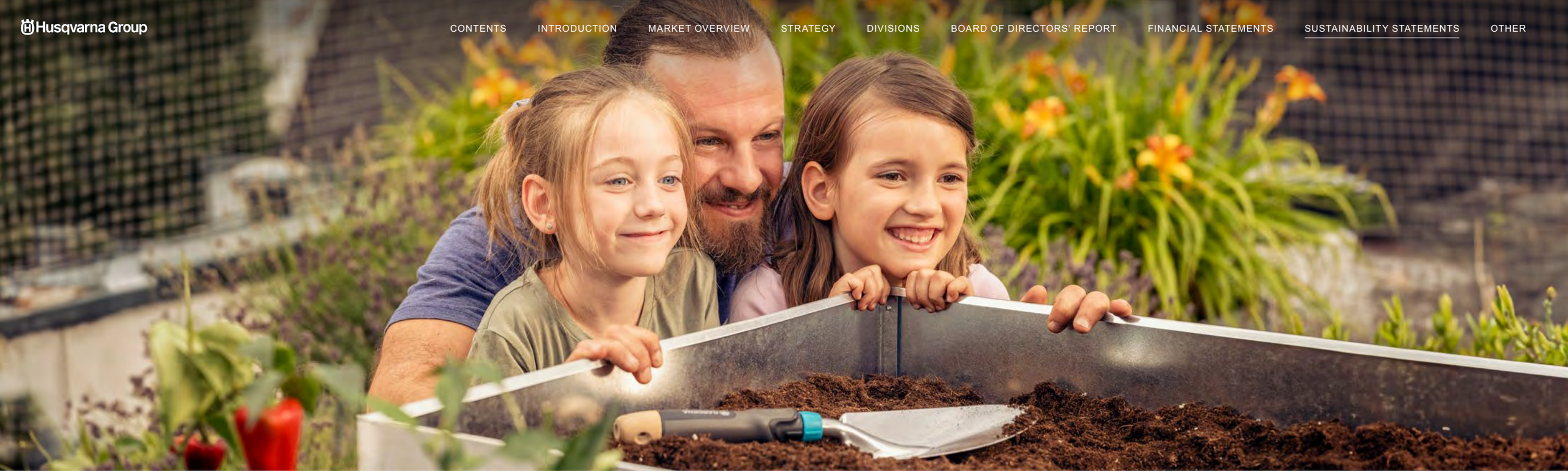


1. **Stakeholder insights:** The degree topics influence stakeholders' perceptions of Husqvarna Group and its ability to create value for them.
2. **Influence on our business:** Husqvarna Group's impact on people and the planet combined with the topic's influence on our ability to create value.

Preparing for Corporate Sustainability Reporting Directive (CSRD)

For the financial year 2023, our strategic priorities and reporting were based on the Group's current materiality assessment. We have however prepared for the upcoming CSRD requirements by conducting a double materiality assessment (DMA). In this assessment we looked at the impacts that our operations have on people and the environment as well as the financial impact that various sustainability matters may have on our operations. While many material topics remain the same, new topics such as energy, biodiversity, and climate change adaptation have risen in importance.

This DMA is an important key for ESG reporting under European Sustainability Reporting Standards (ESRS) and will inform our strategy process beyond 2025. The assessment was presented to the board of directors in the end of 2023 and approved in December the same year. It will replace our current materiality assessment in 2024.



Sustainovate performance

Combining our innovation capability with our commitment to sustainability, Sustainovate is a key driver for long-term growth. This year, we have taken great steps forward in all three target areas.

Sustainovate / Carbon

Reducing emissions across our value chain

Our 2025 carbon target is a straight-forward and absolute target. It takes into account our total CO_2 emissions across the value chain – from suppliers and operations to transportation and product use. The absolute majority of our emissions arise during product use, and it is therefore vital to keep innovating and remain an industry front-runner in low carbon solutions.

From 2015 to 2023, we reduced our absolute CO_2 emissions by –44 percent. This is an encouraging result and we have thereby exceeded our 2025 target. We are managing to reduce our CO_2 emissions while maintaining and increasing sales. Decoupling CO_2 emissions from business growth is crucial for both our customers and our contribution to a zerocarbon society. However, this result by no means implies that we can lower our ambitions. On the contrary, we need to ramp up our efforts further, not least due to current macroeconomic challenges. For instance, consumer price sensitivity may increase in uncertain times, which in turn can affect purchasing patterns. We also need to make sure we as a group remain focused on our long-term agenda, which goes beyond 2025 and includes the development of a net-zero aligned transition plan.

Process and reporting

The three Husqvarna Group divisions each work towards our Carbon target through initiatives relevant to their business context. Heads of sourcing, manufacturing, transportation, and product development within divisions all contribute. Cross-divisional networks within technology and sourcing convene regularly to share best practices. We report progress on our Carbon target as per Scope 1, 2, and 3 in accordance with the GHG Protocol, and work to reduce CO_2 emissions both upstream, downstream and in our own operations.

Husqvarna Group and SBTi

Our carbon target is science-based and approved by the Science Based Targets initiative (SBTi). It reflects our commitment to reducing our fair share of CO_2 in line with the necessary ambition to limit a temperature rise to 1.5°C. SBTi requires us to account for emissions that occur beyond our own operations and throughout a product's life cycle. And by signing the Business Ambition for 1.5°C, we are committing to net-zero CO_2 emissions across our value chain latest by 2050, and to use science-based emissions reduction targets to guide us on our journey.

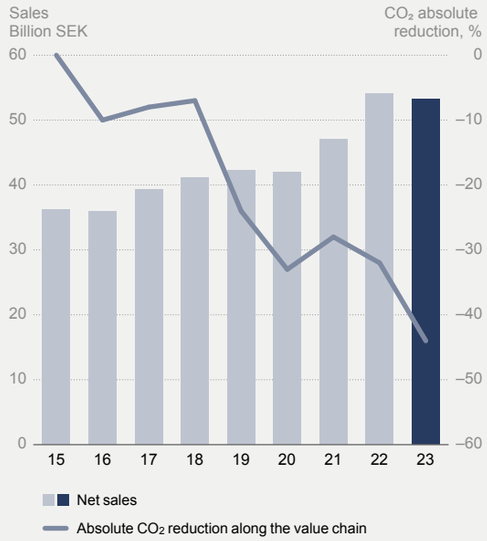
Achievement as of 2023

–44%

Our target 2025:
Reduce absolute CO_2 emissions by –35% (scope 1, 2 & 3).

Decoupling CO_2 from business growth

Over the last nine years, we have reduced our absolute CO_2 emissions by –44% while increasing sales by 47%.



Upstream
Suppliers and transportation

Scope 3 emissions[1)]
Includes supplier emissions (scope 1 and 2) as well as emissions from transportation in form of all air and sea freight as well as road transportation from suppliers to our facilities.

Percentage of current CO_2 emissions **4%**

Own operations
Husqvarna Group

Scope 1 & 2 emissions[1)]
Includes CO_2 emissions energy consumed and managed site-by-site for factories, R&D centers and warehouses larger than 5,000 m² as well as offices adjacent to manufacturing facilities.

Percentage of current CO_2 emissions **1%**

Downstream
Customer use and transportation

Scope 3 emissions[1)]
Includes CO_2 emissions calculated over the products' projected lifetime[2)] as well as transportation from our operations to retail stores.

Percentage of current CO_2 emissions **95%**

1) For definition of Scope 1, 2 & 3 see page 108.
2) Product use includes CO_2 emissions calculated using estimates based on available data and our assumption on typical product use which are subject to uncertainties.

Upstream emissions

Upstream emissions are the indirect Scope 3 emissions stemming from transport and suppliers, and they include our share of supplier Scope 1 and 2 emissions data drawn from the CDP (formerly Carbon Disclosures Project) supply chain disclosures. In cases where suppliers do not report their CO_2 emissions, emissions are extrapolated from CDP data. Transport emissions include all air freight, sea freight, and road transport (for key markets) funded by Husqvarna Group.

Supplier emissions

Our suppliers account for around 4 percent of our total CO_2 footprint, making them the second-largest contributor. Here, enhanced data collection and dialogue are key drivers for change. We request that suppliers measure and report their CO_2 emissions to the CDP. Through CDP, they can also report on their reduction targets and initiatives to cut emissions. We follow up throughout the CDP disclosure cycle and collaborate with strategic suppliers in CO_2 reduction initiatives.

In 2023, 247 (139) of 358 selected key suppliers disclosed their climate data through the CDP supply chain program.

Some 63 (60) percent of our respondents had reduction initiatives in place and 51 (60) percent had reduction targets. We have ongoing initiatives with suppliers to reduce their CO_2 emissions and share best practices.

Transport emissions

Transport emissions are part of both our upstream and downstream emissions, but are described here. In total, transport accounts for roughly one percent of our total emissions. Here, reducing our impact relies on increased logistics efficiency, optimized packaging, and on accelerating the shift from air freight to more CO_2-efficient means of transport such as sea, rail, and road transport. These efforts continued in 2023, and we have managed to decrease air freight by 53 percent compared to last year. As of year-end 2023, Group transport was divided as follows:

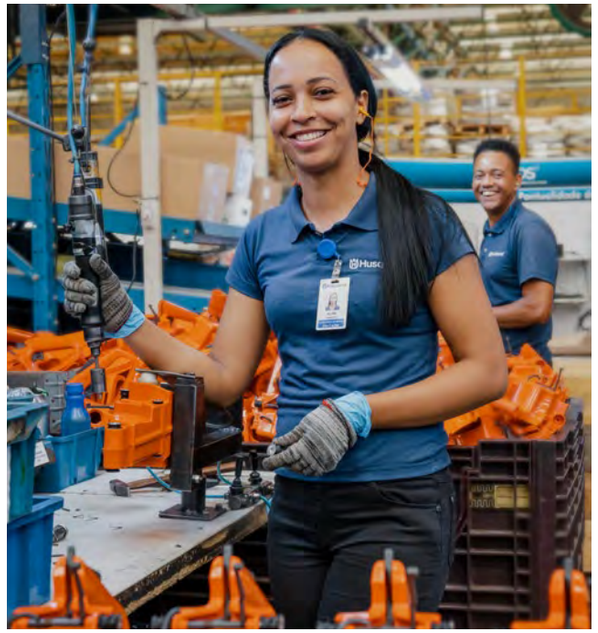
Air freight: 19 percent (31)
Sea freight: 20 percent (20)
Road transport: 61 percent (49)

Emissions from our own operations

Emissions from our own operations include both direct Scope 1 emissions caused by operating our manufacturing machinery, vehicles, and the heating (with natural gas) of some of our buildings, as well as the indirect Scope 2 emissions connected to the electricity and district heating we buy.

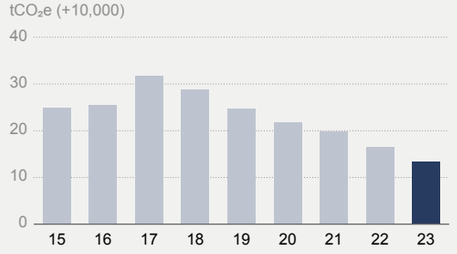
Emissions from manufacturing represent about one percent of our total CO_2 footprint. We are reducing CO_2 emissions through investing in more efficient production, by transitioning to electric vehicles, and by heating buildings with renewable energy sources. We are committed to using renewable energy despite its higher cost. The biggest reduction in CO_2 emissions is achieved by purchasing renewable electricity and/or installing our own renewable electricity sources, such as solar panels.

In the Group, we monitor energy consumption and calculate CO_2 emissions to follow-up on our Carbon target. Monitoring includes factories, R&D centers and warehouses larger than 5,000 m^2 as well as offices adjacent to manufacturing facilities.



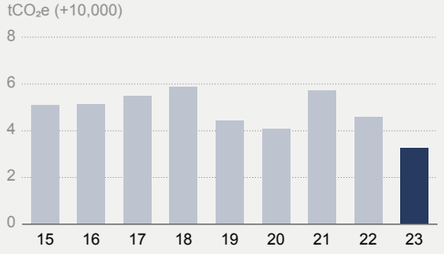
Absolute CO_2 emissions from suppliers

CO_2 emissions from suppliers were reduced by 46% between 2015 and 2023.



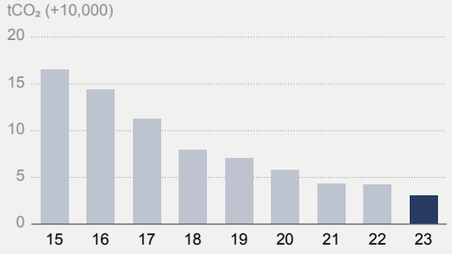
Absolute CO_2 emissions from transportation

CO_2 emissions from transportation were reduced by 38% between 2015 and 2023.



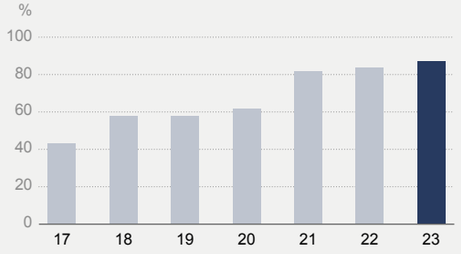
Absolute CO_2 emissions from operations

CO_2 emissions from operations were reduced by 81% between 2015 and 2023.



Share of renewable electricity

Share of renewable electricity is 87% compared to 43% in 2017.



Downstream emissions

Our downstream emission are the indirect Scope 3 emissions stemming from product use throughout a product's lifetime. These emissions make up around 95 percent of our total CO_2 footprint and they are therefore by far our biggest impact area. It is also here we can make the largest difference by being the industry leader in low carbon solutions.

To reduce our downstream emissions, transitioning from fossil fuel-powered products to electric products is key. We aim to increase the share of sold electrical motorized products to two-thirds by 2026. It is an operational ambition that delivers to our Carbon target. Today, 42 percent of our motorized products are electrified, compared to 34 percent in 2022 and 11 percent in 2015.

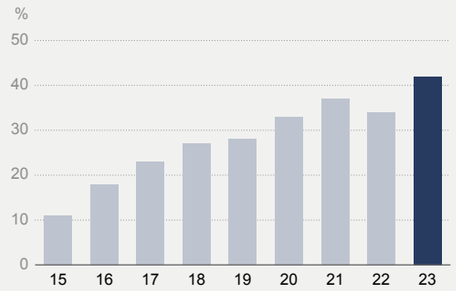
To further accelerate our transition, we are investing in product development, supply chain resilience, and in the sales and marketing of electrified products. We are also addressing sustainability criteria and electrification earlier in product development processes, and our Group Battery Competence Center is helping us take the lead in relevant battery innovation.

Expanding our electric offering is important to reach our Carbon target, but we are also proactively exiting low-margin petrol-powered consumer segments. By 2024, we will have exited products representing approximately SEK 2 billion in annual sales.

One important challenge on our electrification journey is that there are applications, mainly more demanding products within professional product segments, where the limited energy density of batteries is still a barrier for electrification. This means combustion engines will be part of our product offering for some time yet. To meet this challenge, we are investing in new and more efficient engine technologies for lower emissions, while at the same time researching alternative fuels. We are also developing product and technology roadmaps and are introducing new low carbon solutions as the technology evolves.

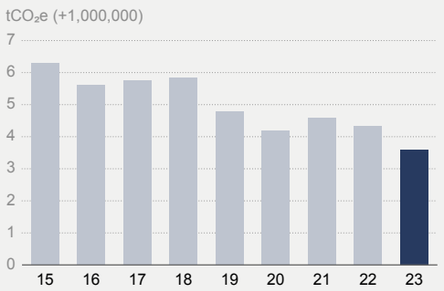
Percentage of sales of electrical products

Around 42% percent of total sales of motorized products are electrical products compared to around 11% in 2015.



Absolute CO_2 emissions from product use

CO_2 emissions from product use were reduced by 43% between 2015 and 2023.



GRI disclosures regarding energy use and CO_2 emissions

Environmental indicators

GRI Indicator		Unit	2023	2022	2021	2020	2019	2018	2017	2016	2015
302-1	Total energy consumption	MWh	276, 572	308,600	324,459	294,451	326,057	367,240	383,649	383,348	388,348
	Electricity renewable	MWh	151,796	167,582	174,244	122,667	119,062	131,657	100,947	17,602	1,305
	Electricity non-renewable	MWh	22,740	31,043	37,102	73,584	85,045	92,388	133,958	215,877	233,046
	Natural gas	MWh	56,864	70,611	71,666	61,899	84,484	99,796	102,608	100,617	106,931
	District heating	MWh	33,106	26,011	28,858	24,652	25,739	28,488	27,678	27,728	24,597
	Steam	MWh	-	-	-	-	-	-	1,288	2,731	3,317
	Other fuels	MWh	12,066	13,352	12,589	11,649	11,727	14,911	17,170	18,793	19,153
	Renewable electricity as a percentage of total electricity	%	87	84	82	62	58	58	43	8	1

GRI Indicator		Unit	2023	2022	2021	2020	2019	2018	2017	2016	2015
305-1	Direct CO_2 emissions (Scope 1)[2]	tCO_2e	16,039	22,468	19,773	17,647	24,259	28,589	33,957	35,202	43,275
305-2	Indirect CO_2 emissions (Scope 2)[1,2]	tCO_2e	15,200	19,796	23,980	40,178	46,156	51,035	79,175	108,756	122,552
305-3	CO_2 emissions from product use (Scope 3)[2]	tCO_2e	3,601,306	4,337,131	4,578,407	4,182,124	4,795,164	5,833,908	5,765,625	5,610,540	6,296,442
305-3	CO_2 emissions from suppliers (Scope 3)[2]	tCO_2e	134,309	165,224	197,948	218,044	246,842	287,677	316,909	254,047	249,212
305-3	CO_2 emissions from transportation (Scope 3)[2]	tCO_2e	32,652	46,002	57,113	40,857	44,198	58,662	54,865	51,304	51,047
305-3	CO_2 emissions from business travel (Scope 3)[2, 3]	tCO_2e	3,503	4,774	1,419	1,740	9,810	12,350	13,250	9,009	8,168
305-4	CO_2 emissions intensity (Scope 1 and 2)[2]	tCO_2e/SEKm VA	1.8	2.7	2.7	4.3	5.6	7.3	9.9	14.2	17.4
305-4	CO_2 emissions intensity (Scope 1, 2 and 3)[2]	tCO_2e/SEKm VA	224	298	316	349	411	589	563	615	727

1) Scope 2 CO_2 emissions disclosed with market-based method.
2) CO_2 emissions disclosed in accordance with GHG Protocol.
3) Include only travel by air.

Scope 1, 2 and 3 definition

Scope 1 are direct emissions caused by operating our manufacturing machinery, vehicles, and heating our buildings.

Scope 2 are indirect emissions created by producing energy that we buy.

Scope 3 are indirect emissions that occur either when our products are used, or from energy consumed by our suppliers and emissions from transporting our products.

Sustainovate / Circular

Creating value through circularity

A circular approach puts smarter use of resources into sharp focus. It helps us re-evaluate how we and our customers can be more productive and efficient, consume less water and energy, and adopt and develop new ways of using and sharing products. In short, a circular approach adds resource-lean thinking to the heart of value creation.

Achievement as of 2023

27

Our target 2025:
Launch 50 circular innovations.

Our circularity goal is measured in the number of circular innovations launched. And while this is important in its own right, the lessons learned along the way are perhaps even more important. Strengthening our overall capability connected to circularity is important for any organization that wants to be relevant in a sustainable future.

Targets – what are we aiming for?

Between 2021 and 2025, our goal is to launch 50 circular innovations. For us, a circular innovation is a great idea that is materialized and reduces the need for virgin material, closes loops in our economy, and keeps products and materials in use for longer. Finding ways to integrate new concepts into existing business processes and securing the right competence are central to realizing the circular opportunity. Our innovation approach rests on the 5 R:s of circularity: Reduce, Reuse, Repair, Remanufacture, Recycle.

The 5 R's of circularity

Reduce Create solutions that consume less natural resources and material.

Reuse Maximize the use of products by sharing them or extending their lifetime.

Repair Repair products so that they maintain their functionality for longer.

Remanufacture Update products or reuse parts from discarded products in new units.

Recycle Use recycled materials in products, and design new products for increased recyclability.

How we work towards our goal

Each division engages its organization to identify their candidates for the circular target. Group-wide activities and tools to support divisions include:

- Defining criteria and governance structure on the scope of circular innovations.
- Third party, high-level sustainability assessments for each innovation candidate.
- Group-wide initiatives that build partnerships for innovation.

We evaluate innovations based on the sustainability value the circular innovations deliver – the 5 R:s – as well as the novelty of the value proposition and their business potential. These benefits may not be made at the expense of other material sustainability aspects. For innovations to be nominated as relevant to the target, they need to have attained proof-of-concept in the form of a paying customer.

As of year-end, we had launched a total of 27 circular innovations in line with the Group criteria. We have another 14 nominees in our innovation funnel and are on track towards our 2025 goal.

GRI disclosures regarding resource use[1]

Environmental indicators

GRI Indicator		Unit	2023	2022	2021	2020	2019	2018	2017	2016	2015
306-3	Total waste	Tonnes	30,640	40,979	39,319	37,580	44,018	54,366	55,592	56,264	67,478
	Non-hazardous recycled waste	Tonnes	23,913	32,724	30,516	28,997	35,067	44,027	45,182	46,228	57,305
	Non-hazardous non-recycled waste	Tonnes	3,969	4,198	5,038	5,063	5,496	7,678	7,613	7,164	7,366
	Hazardous recycled waste	Tonnes	244	353	449	250	280	345	467	437	540
	Hazardous non-recycled waste	Tonnes	2,515	3,704	3,315	3,270	3,174	2,316	2,329	2,435	2,267

GRI Indicator		Unit	2023	2022	2021	2020	2019	2018	2017	2016	2015
N/A	Total water consumed	m^3	647,797	728,981	732,592	701,463	774,586	881,058	1,258,008	1,234,005	1,291,638
	Ground water	m^3	131,914	157,357	218,688	160,348	165,651	222,443	204,934	188,063	183,584
	Surface water[2]	m^3	123,566	143,865	146,185	146,755	156,364	194,863	553,275	554,690	623,906
	Purchased water	m^3	392,316	427,760	367,719	394,360	452,571	463,752	499,798	491,252	484,148

1) A circular approach puts smarter use of resources in focus. This includes one of our most material topics, efficient operation. GRI indicators for water use and waste are important aspects of an efficient operation. For more information about our materiality assessment see page 103.
2) Including harvested rainwater.

Sustainovate / People

An approach that triggers change

As part of Sustainovate, the People opportunity aims to set new norms and inspire behavioral change and actions that make a lasting difference. While the quantitative target is measured in sustainable products sold, the scope is much broader than that. This opportunity challenges us to influence and inspire beyond our direct control. The degree of impact is just as important as reach.

Our People opportunity rests on bringing out the passion, drive, and curiosity of our teams and our customers. By encouraging customers to choose more sustainable alternatives, and by helping them envision the difference they can make, we can maximize positive impact. We inspire through partnerships with others and by giving our teams the tools to be change agents.

Targets – what are we aiming for?

Our goal is to empower 5 million customers and colleagues to make more sustainable choices by 2025. We primarily measure our progress towards this goal in the sales of products and solutions that we have proactively marketed as more sustainable. These include battery-powered and robotic products and solutions, efficient watering solutions, and products made with recycled material. The sustainability claims of these products should be supported by third-party verification such as life-cycle assessment or test reports.

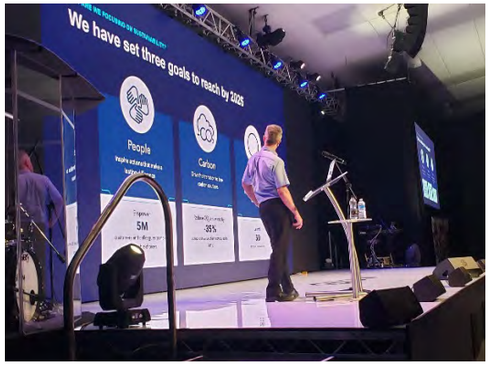
Reaching our ambition is however not only related to extending our reach through sales, but is highly dependent on initiatives, communications campaigns, and partnerships that trigger ripple effects in the market. Furthermore, the number of employees that have participated in sustainability training is also included in our quantitative goal. We aim to create a culture built on continuous learning and we want to shape inclusive and diverse teams with the will and mandate to make a lasting difference. Read more under the "Our employees – grow together" section on page 117.

Achievement as of 2023[1]

2.4m

Our target 2025:
Empower 5 million customers and colleagues to make sustainable choices.

1) Restated Year-end 2023 accumulated figure due to corrections of sales figures in 2022 and 2023 after data improvements. The majority of the increase is related to sales in 2023.

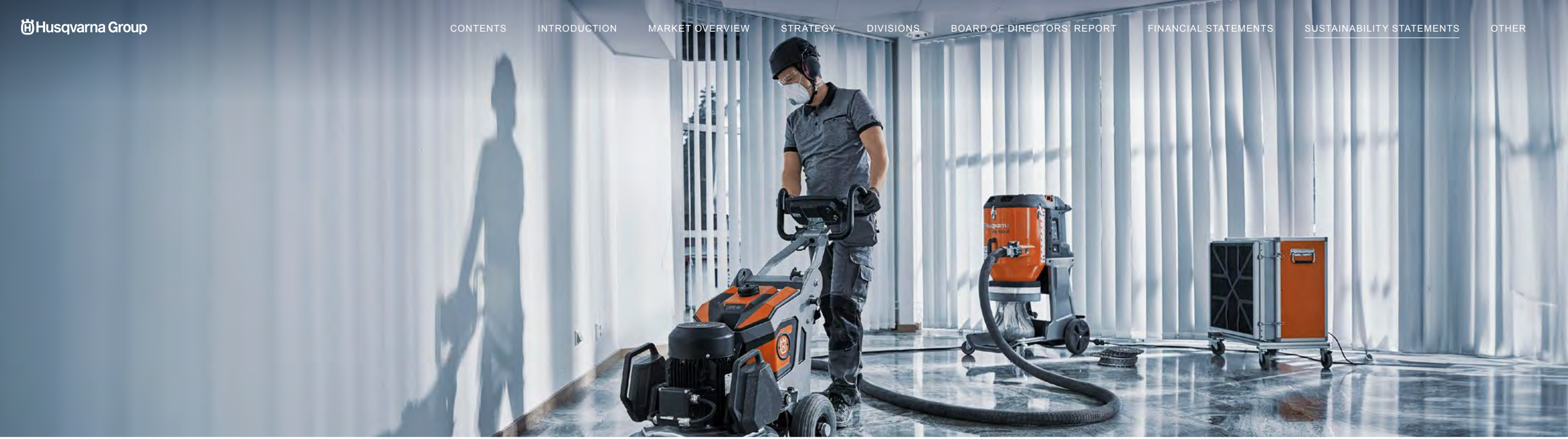


How we work towards our goal

In 2023, our efforts pushed us closer to the 2025 target. With more than 2.4 million customers and colleagues reached, we are well on our way towards our goal. Several product launches and solutions have strengthened our opportunity to communicate more sustainable and circular choices. We have also continued the global roll-out of our sustainability training to different markets and manufacturing sites. The aim of the trainings is to empower our teams to make a lasting difference, both in their private lives and in the decisions they make at work. Physical as well as online training are important tools. In 2022, we developed an e-learning course aimed at deepening our teams' commitment to sustainability and inspire conversations on the actions everyone can take to tackle climate change. Since then, over 6,000 colleagues in our offices have taken the course and in 2023, the roll-out has continued to our manufacturing sites across the globe. We have held physical training sessions in 8 locations, where best practices have been shared across our many markets.

In addition to our set target and our awareness programs, the efforts of the People opportunity have an even broader scope. We aim to accelerate change in additional ways:

- We build and collaborate in partnerships for green urban environments.
- With our products we engage in crisis relief during natural disasters and emergencies.
- We enhance our creativity by making progress in our diversity and inclusion program.



Responsible business

In addition to our Sustainovate targets, we are committed to protecting the people and the planet – in our own operations as well as throughout our value chain.

Responsible business

Product safety

Our safety process helps us live up to the high expectations set by our customers and colleagues.

Safety is a hallmark of our brands. Products like chainsaws, mowers, and power cutters must be reliable and operated by informed users. By continuously innovating and providing our customers with information, we provide them with state-of-the art features that allow them to complete the job.

Threefold approach

In addition to ensuring that products comply to existing and upcoming regulations, we have a threefold approach to product safety.

1. We innovate and design features that assist operators.
2. We raise safety awareness for users and bystanders through product literature and other media.
3. We take part in developing standards, such as IEC and ANSI standards, that apply to forest and garden equipment.

Should a potential safety concern arise, we assess risks and manage actions through each division. This helps us to quickly get to the root cause of the concern and determine the appropriate action plan. Our Group policy "Product Safety" declares that each division shall assign a gatekeeper team with a responsibility to assess and address potential concerns. Such concerns may be escalated to the Committee on Product Safety (COPS) following a risk assessment. COPS is a Group level advisory body that is tasked with ensuring a proactive and consistent approach to product safety, as well as to indicate where necessary actions can be taken. If actions are deemed necessary, we follow the regulations and procedures relevant to each country. Actions may include a stop of sales or a product recall. COPS convened at multiple quarterly follow-ups and ad hoc meetings during 2023.

Key actions

- During 2023, the focus has been to implement the revised governance structure of the Group policy that was made in 2022.
- We have continued to conduct awareness training on product compliance and product safety.
- We have expanded our product compliance audit program.
- We have continued our engagement in the development of standards and regulations, especially relating to the circular economy and new battery regulations.
- We are working through industry organizations and government agencies to develop public awareness campaigns related to mower safety.

Next steps

- To keep raising and spreading the knowledge about how we as a company manage product compliance requirements, including the regulations for product safety, we will continue with conducting awareness trainings of our Group policies for Product Compliance and Product Safety.
- By continuing with our product compliance audit program, we are assessing selected sites on how they comply to our Group policy for Product Compliance, but also how they have managed the compliance certification of selected products.

Responsible business

Responsible sourcing

Our responsible sourcing program provides transparency on how our suppliers live up to Husqvarna Group's expectations regarding environmental sustainability, workers' rights, and business ethics, as defined in our Supplier Code of Business Ethics and Code of Conduct.

Supplier Code of Business Ethics

Our Supplier Code of Business Ethics covers topics such as legal compliance, fairness in business relations, respect for the individual, fair employment conditions, child labor, environmental issues, health and safety, and fire prevention. If non-compliance with our code is uncovered, suppliers are required to submit corrective actions.

We treat child labor and forced labor as zero-tolerance issues. Cases of other serious non-compliance must be resolved within three months, with periodic monitoring of progress. If compliance is not achieved, termination of our mutual contract is a last resort.

No contracts were terminated due to non-compliance in 2023. All our suppliers need to sign our Supplier Code of Business Ethics.

Conducting sustainability assessments

We engage with high-risk suppliers, identified by their location, operations, and share of our purchasing spend, to report on their sustainability performance.

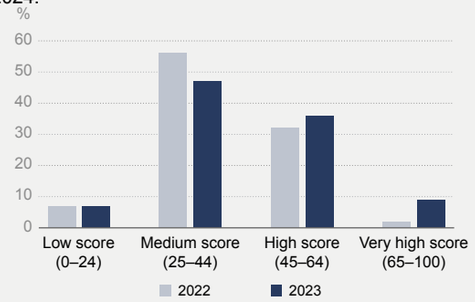
Suppliers report through EcoVadis, a third-party assessment provider, and our aim is to assess and approve these suppliers every three years. All new high-risk suppliers also need to undergo a sustainability assessment or agree to on-site audits. This process strengthens our ability to understand, be transparent about, and reduce sourcing risks. It also ensures comparability among suppliers and peers and helps us improve supply chain performance.

In 2023, 74 high-risk suppliers (out of 208 approached) completed EcoVadis' assessments and received a score, an increase from 41 in 2022.

For suppliers that are given a score below 45 in EcoVadis' assessments, we work on corrective actions and re-assess them the following year. This applied to 40 (26) suppliers in 2023. Engaging with suppliers, particularly small-size companies in high-risk countries, is key to increasing transparency and we recognize the need to further increase the number of assessments conducted.

EcoVadis score distribution

In 2023, 74 out of 208 approached high-risk suppliers completed the EcoVadis assessment. Of the respondents, 47% (56) were rated as medium scorers, and another 7% (7) were rated as low scorers. We requested corrective actions and will reassess them in 2024.



Assessment of CO_2 emissions for suppliers

In order to reduce tier 1 suppliers CO_2 emissions we request suppliers to, via the CDP (formerly Carbon Disclosure Project) global supply chain disclosure system, measure and report CO_2 emissions, identify actions to cut emissions, and set reduction targets. We follow up throughout the CDP disclosure cycle. You can read more about this in the Carbon target section of the sustainability statements on page 106.

Ensuring chemical compliance

We intend to minimize the amount of hazardous chemical substances used in our products and processes in line with our Restricted Material List (RML), published on our web site. All suppliers of articles (products, spare parts, components, and materials) shall upon request, report on which hazardous chemical substances that are part of their products and production processes.

Environmental and social indicator

GRI Indicator		Unit	2023	2022	2021	2020	2019	2018	2017	2016	2015
308-2; 414-2	Audited and approved suppliers[1]	No	86	41	83	37	54	45	25	5	2

1) Include on-site supplier sustainability audits and EcoVadis assessments.

Understanding minerals of concern

Our ambition is to be a leader in electrical and battery-powered products that benefit the planet and our customers while delivering long-term value creation. Conflict minerals are addressed in our Supplier Code of Business Ethics.

Minerals used in electronics and lithium-ion batteries present environmental and human rights risks that we must fully understand and reduce. Furthermore, some sourcing countries pose higher risks than others, such as China and the Democratic Republic of Congo (DRC), the latter being of particular concern for conflict minerals. The following five minerals: tin, tungsten, tantalum, gold also known as 3TGs, and cobalt, are included in our due diligence program.

Tracing the source of minerals of concern, including Conflict Minerals, beyond our direct suppliers helps us avoid being unintentionally and indirectly complicit in actions that harm people or the environment. Husqvarna Group runs a Conflict Minerals due diligence program that helps us gain knowledge of where our suppliers source their minerals. We thereby voluntarily meet future EU regulation and OECD guidelines for transparency.

As of 2021, we require direct suppliers to report in conflict mineral and extended mineral reporting templates, providing documentation on their smelters and the origins of minerals. A third-party provider facilitates data collection, aligned with the Responsible Minerals Initiative, which gives us an overview of mineral supply chains and their impact on local economies and communities.

In 2023, we strengthened our internal supplier engagement in order to improve our continous follow-up efforts. Yet another focus area is to, through capability-building, help our suppliers understand our need for transparency and how they can engage more.

Integration into sourcing processes

By the integration of sustainability deeper into purchasing decisions in each division, we can better ensure that sustainability is equal to other priorities such as quality, delivery, risk and cost. We are continuously working on improving our basic requirements as well as increasing resources within purchasing departments in every division. The sourcing processes that we currently have in place safeguards the minimum requirements for the EU Taxonomy. For more information see page 126.

Looking ahead, we need to achieve a better understanding of the sustainability risks along our entire value chain, including sub-suppliers. This relates to, among other processes, our procurement of raw materials and minerals used for electronic components, diamond tools, and batteries.

Up until 2025, we will focus on reassessing the scope of what constitutes an at-risk supplier in line with CSRD and the upcoming CSDDD regulation. We will also engage more directly in the process of supplier follow-ups.

Key actions

- We assessed 74 suppliers via the EcoVadis platform and conducted 12 on-site audits.
- We required 373 corrective actions from assessed suppliers.
- We conducted a GAP analysis inline with the Corporate Sustainability Reporting Directive (CSRD) to determine where we need to prioritize our efforts.

Next steps

- We will increase supplier's response rate in the EcoVadis assessment tool.
- We will host capacity-building webinars on critical sustainability topics for suppliers.
- We will focus on CSRD and prepare for upcoming EU legislation and CSDDD.

Responsible business

Our employees – grow together

We aim to be a company where people thrive and can realize their full potential. This is how we work towards that ambition.

Every year we ask our employees how we are delivering on our objective to be an outstanding company to work with. In our 2023 "Our Voice'"engagement survey, we received a strong 83 percent response rate and collected some 8,879 valuable comments.

This year's survey indicates that we have maintained above-benchmark scores for employee satisfaction, despite uncertainties in the global environment. We successfully increased our scores in 17 of the 27 areas explored in the survey, with the highest scores related to the understanding of what we should focus on and how employees contribute to the success of our company. Our employees also indicate that they find their work meaningful and feel accepted and respected. Questions relating to sustainability increased two points to an encouraging score of 77 out of 100 possible points. When it comes to the employee experience, areas for improvement continue to be employee development, communication, collaboration and customer focus.

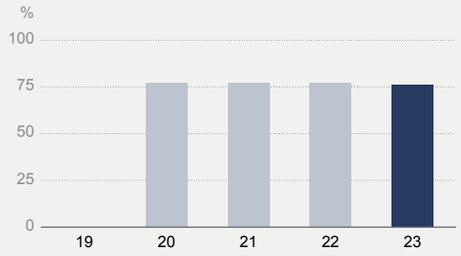
Building a learning organization

Continuous and constructive dialogue between manager and employee is critical to employee development, for guiding employees to achieve their goals, and for shaping skills and ways of working that are fit for the future. The "Our Voice" results show that we are improving in areas like feedback, career discussions, and growth opportunities – but also indicate that further development is required.

In 2023, we strengthened our training efforts related to goal-setting and feedback in our performance development process and in 2024, we will take a further step with expanded digital training and resources on these subjects being made available on Curious by Nature, our company-wide advanced learning platform. This platform, rolled out in all our countries during 2023, provides a wide range of relevant learning content that can aid managers and employees in bridging competence gaps and bolstering employee development and growth. Our Winning Culture framework, described on page 22, provides managers and employees with a strengthened understanding of behavioral expectations that will also support employee development going forward.

Employee Satisfaction Index (eSAT)

Due to adoption of new employee satisfaction indicator (eSAT), from 2020 Net Promoter Score (NPS) will not be disclosed anymore. In 2020 new employee satisfaction indicator (eSAT) was adopted to better reflect engagement.



Accelerating in Diversity & Inclusion (D&I)

Diverse perspectives and experience drive innovation and problem-solving. We have therefore made it a strategic priority to create a company culture that celebrates our differences. We aim to achieve greater diversity, and inclusion of that diversity, in the broadest sense of the word. This includes encouraging differences across a range of diversity perspectives: age, race, ethnicity, gender, sexual orientation, cultural identity, ability diversity, and overall life experience. To get there, we support leaders in finding, promoting, and developing outstanding people from diverse talent pools. By building greater capacity through workshops, processes, and different planned activities, we equip our team leaders with the tools they need to make decisions free from bias.

In 2023, we continued our journey in line with our D&I strategy and roadmap. This strategy, launched in 2021, aims to ensure that our company and colleagues benefit from diverse perspectives and an environment where everyone can contribute to the fullest of their potential. During 2023, our D&I actions focused on accelerating our diversity journey in a number of ways, among them:

- Through more inclusive recruitment practices; by boosting D&I understanding and supporting behavior among our workforce through training, resources, and inclusion in our Culture journey.
- By launching a Group program formally sponsoring Employee Resource Groups (ERG), with the Empowered ERG for women at Husqvarna Group being the first official ERG.
- By strengthening momentum with divisional D&I plans that were shared and discussed in Group Management. Our divisions have been working actively with their D&I strategies in 2023 and we see strong progress.

We are proud of the progress we made in the past year, as demonstrated by increasing levels of the 'Our Voice' scores in areas like Team diversity, Acceptance, Inclusive leadership, and Belonging. We also achieved an increased score on Bloomberg's GEI Index and received recognition by Financial Times as a diversity leader among 15,000 European companies, climbing to a top 3 ranking among Swedish employers.

At the same time, the share of women in senior positions decreased slightly in 2023. The drop is however mainly the result of an organizational change, where parts of the global organization increased the number of management level positions – this while the number of female leaders remained the same. While diversity is a long-term ambition, and yearly fluctuations are to be expected, we are currently reviewing how to increase the level of female representation among our leaders – and in our workforce at large. Diversity, Inclusion & Belonging will remain a key focus area in 2024.

Optimizing hybrid work

In our 2023 'Our Voice' engagement survey, hybrid working is seen as a key contributor to employee work/life balance. Building on lessons learned during the pandemic, we started developing a model for hybrid work in 2022. The Group framework includes criteria for employee financial support for a safe and ergonomic remote workplace, guidelines to build country frameworks, team workshop material for hybrid working, remote office ergonomic checklists, and leadership and travel guidelines. Following a period of testing, in 2023 we have initiated the harmonization of the various frameworks present in different countries, the calibration of a model to optimize our workplaces, and the update of the teams and leadership guidelines. We have also put a new "Hybrid Working Experience" project structure in place with cross-functional representation and a steering group consisting of the Group Executive Vice Presidents for People & Organization, Finance, IR, Communications, and Global Information Services. The project will take its next steps in relation to the physical workplace, digital workplace, and behaviors and norms.

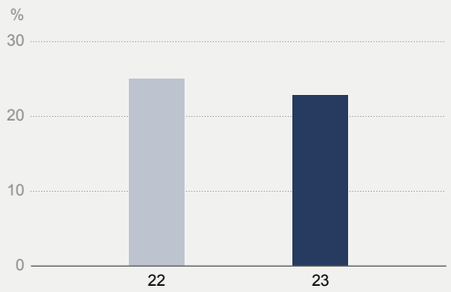
A challenging environment

Our teams have met the business challenges in the 2020s head on and with great determination. The economic downturn has heightened requirements on managers and employees alike to simultaneously protect financial results, advance in key strategic areas and seize opportunities presented by these changing circumstances.

In line with cost savings initiatives and reduction of petrol-powered consumer wheeled products, we have reduced approximately 1,100 positions during 2023, while continuing to invest in and support the strategic transformation in areas such as robotic mowers, battery-powered products, watering, and solutions for the professional market. In order to support colleagues impacted by employee reductions, the company has provided support in the form of severance, job search support, and career counseling. The Gardena and Husqvarna Forest & Garden divisions executed reorganizations to become more customer-centric, agile, and fit to win in the competitive landscape.

Share of female employees in sr. management positions[1]

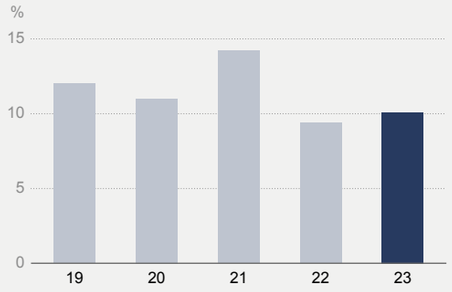
The share of senior female leaders is 23%. The comparable level for 2022 was 25%.



1) In 2023, a new method for calculating the share of women in senior leader positions was introduced based on the company's job architecture rather than hierarchical tier structure. The percentage for 2022 is recalculated based on this new method and architecture. Due to this shift we can only show comparable figures for 2022 and 2023.

Employee turnover (voluntary)

Employee turnover: 10%



Key actions

- 90 percent of employees participated in culture dialogue sessions on the themes Bold, Dedicated, and Care in order to ensure employees understand and know how to live our culture in their daily work.
- We strengthened our employer brand messaging to include our commitments to sustainability, diversity and inclusion, and culture.
- We launched training sessions for HR and managers to promote inclusive recruitment processes and promotion with focus on female talents.
- We continued performance alignment meetings in the performance development process to drive transparent discussions on achievements and align expectations with the purpose of reducing bias in talent and performance assessments.
- We set a three-year Total Rewards roadmap to support our strategy and collaboration in the compensation and benefits area. The function was expanded to provide greater assistance to our divisions and to support equity, efficiency and compliance when it comes to rewards.

Next steps

- We will identify our internal mobility requirements and set a roadmap for strengthening mobility opportunities within the Group.
- We aim to further develop organizational practices to support hybrid working in areas such as governance, physical workplaces, digital solutions, leadership, and well-being.
- We will digitize salary information and our salary review process to support transparency, equity and compliance.
- We are to review and strengthen our principles, policies, and digital solutions in the area of compensation and benefits.

Social indicators

GRI Indicator		Unit	2023	2022	2021	2020	2019
401-1	Employee turnover voluntary	%	10.1	9.4	14.2	10.8	13.0
	Female employees	%	10.0	14.6	15.1	12.4	15.5
	Male employees	%	10.1	13.5	13.7	10.0	11.6
	Total number of new employee hires[1]	No	1,757	4,594	3,823	2,554	2,509
	Female employees[1]	No	634	1,524	1,377	956	944
	Male employees[1]	No	1,114	3,066	2,401	1,590	1,550
404-3	Performance reviews[2]	%	94	91	84	78	89
405-1	Proportion of female employees						
	in total workforce	%	33	32	32	34	34
	in senior management positions[3]	%	23	30	26	28	25
	in the Executive Board	%	43[4]	38[5]	38[5]	38	38

1) In 2023, same as in 2022, new hires number includes rehires.
2) Includes only office workers.
3) From fiscal year 2023 Husqvarna Group's job architecture is used as a base for measuring the percentage of Senior Female leaders instead of the hierarchical tier structure. Included in the measurement are job levels 10–12 which represent Vice Presidents, Senior Vice Presidents, Group Management etc. Due to large reorganizations in two of our three divisions, the former tier model is no longer valid. Reporting data from Job Architecture will support consistency and comparability between years. Data presented in the table for 2023 is based on the new reporting method.
4) The size of the Board of Directors is less in 2023 as CEO is not included.
5) Restatement of figure from 33% to 38%.

Responsible business

Health and safety

Through our Occupational Health & Safety (OHS) incident management system, we want to engage all our employees in identifying and reporting safety risks to support our preventive initiatives. This strengthens our capacity to work more proactively with safety, improves our incident analysis process, and helps us engage employees in building a safety mindset.

In 2023, we accelerated the roll-out of our OHS incident management system across remaining manufacturing sites, warehouses, and service centers. Our aim is for the system to be used across all our sites and activities by the end of 2024.

Safety at every level

In line with the Group's OHS policy, we have appointed contact people throughout our organization to define priorities, set targets, ensure implementation, and evaluate progress. Major manufacturing sites have safety professionals that manage preventive measures and corrective actions. Our management teams regularly visit manufacturing sites and performance is reported monthly to functional and divisional management. Our OHS and environmental networks, as part of Group Governance, identify risks, monitor progress, review incidents, and share corrective actions monthly.

Group Management reviewed Group Safety Performance and approved key initiatives for 2024.

Battery safety training

A growing priority is to develop safety measures for lithium-ion batteries in testing, production, logistics, service centers, and at dealers. In 2022, we released a safety training module to raise awareness among our dealers. This year, we have prepared internal lithium-ion battery safety guidelines to be implemented across our operations.

Key actions

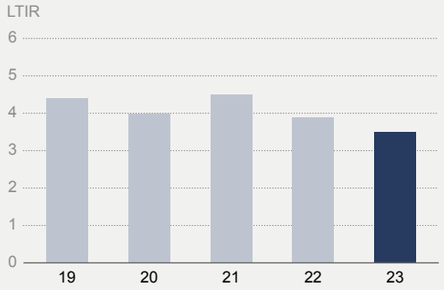
- We have Implemented our OHS incident management system in our warehouses and service centers.
- 6,340 (7,403) risk observations and 1,020 (1,134) near-miss cases were reported.

Next steps

- We will complete the roll-out of the OHS incident management system to the rest of the organization in 2024.
- We will conduct internal safety audits for our sites which went through significant changes during 2023.

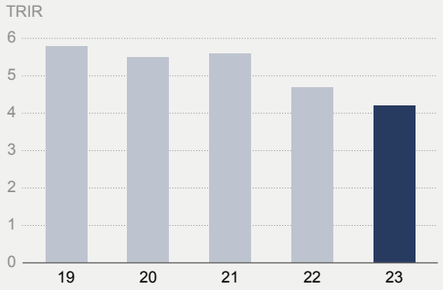
Lost time incident rate million hours worked (LTIR)

Our LTIR decreased by 19% compared to 2019 and decreased by 9% compared to 2022. Based on 1,000,000 hours worked.*



Total recordable incident rate per million hours worked (TRIR)

Our TRIR decreased by 28% compared to 2019 and by 7% compared to 2022. Based on 1,000,000 hours worked.*



*Sites of Golina and Zagorov (Poland), ORBIT (US), and Heger (Germany) are not included, or some 450 employees.

Social indicators

GRI Indicator		Unit	2023	2022	2021	2020	2019
403-9	Fatal workplace accidents involving employees	No	0	0	0	0	0
	High-consequence workplace injuries	No	0	1	0	0	–
	Lost time incident rate	LTIR	3.5	3.9	4.5	4.0	4.4
	Total recordable incident rate	TRIR	4.2	4.7	5.6	5.5	5.8
	Total hours worked	No	26,432,926	27,968,585	28,448,255	26,899,380	27,064,974

Responsible business

Business integrity

Integrity is fundamental at Husqvarna Group. Our Code of Conduct, Supplier Code of Business Ethics, and other Group policies form the foundation for how we act in relation to each other and our business partners.

Our compliance program consists of policies, training, controls, and testing designed to prevent, identify, and remediate non-compliance with laws, regulations, and ethical standards. Our Compliance & Regulatory function operates on a three-year planning cycle that is updated annually and is focused on continuous improvement of the program. This year, we published our recently updated Code of Conduct, updated a number of Group policies and offered our employees additional guidance material to facilitate compliance.

In 2023, our team designed a process to enable horizon scanning for upcoming compliance regulations important to our operations. With our new process, we inform our divisions and functions about regulatory obligations and highlight the state of the organization's readiness. This way, we enable multifunctional support to achieve compliance in an era of increasing compliance-related regulations.

Another priority was to increase our emphasis on training and awareness. Among other initiatives, the Compliance & Regulatory function leveraged new tools and resources to update training for the Code of Conduct. With the implementation of our Curious by Nature learning management system across the globe, the Compliance & Regulatory function is using new tools to prepare and launch training on key compliance topics.

Reporting concerns through AlertLine

We operate a worldwide whistleblower hotline with toll-free numbers and an online portal where anyone can report compliance concerns related to Husqvarna Group. Reporters calling the whistleblower hotline are connected to a third-party service provider, which logs concerns into the AlertLine platform where we track and monitor compliance cases.

AlertLine reports

2023 saw an increase in compliance concerns reported through AlertLine, with 73 concerns compared to 69 in 2022. The reported issues are summarized in the chart. Of the cases closed in 2023, eleven cases were substantiated and eleven cases were partially substantiated. Looking at all 2023 reports, the majority fall into the category of Discrimination/Harassment originating in U.S. plants and warehouses. Most of these allegations were raised based on individual perceptions that could not be substantiated upon investigation.

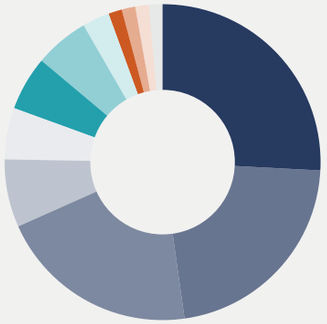
Key actions

- Enhanced compliance governance and launched refreshed Code of Conduct and related training.
- Secured and created new compliance learning content for rollout.
- Improved program tools to enhance engagement with third parties to reinforce compliance with our Code of Conduct and Supplier Code of Business Ethics.
- Improved process for regulatory compliance.

Next steps

- Continue work on analysis of requirements arising in a rapidly expanding regulatory climate, particularly regarding ESG topics.
- Legal support to Group and divisions to satisfy governance requirements under the CSRD and related sustainability regulations to enable compliance.
- Continue emphasis on training and communications in primary risk areas.

AlertLine reports



- Discrimination or Harassment, 26.03%
- Other, 21.92%
- Misconduct or Inappropriate Behavior, 20.55%
- Labor Issues, 6.85%
- Conflict of Interest, 5.48%
- Falsification of Contracts, Reports or Records, 5.48%
- Violation of Policy, 5.48%
- Substance Abuse, 2.74%
- Embezzlement, 1.37%
- Foreign Corrupt Practices Act Violations, 1.37%
- Theft, 1.37%
- Violence or Threat, 1.37%

GRI Index

General Indicators

GRI 2: General Disclosures 2021	Reference (page)	Requirement(s) omitted	Reason	Explanation
2-1 Organizational details	p. 34–35			
2-2 Entities included in the organization's sustainability reporting	p. 3, p.102			
2-3 Reporting period, frequency and contact point	p. 102, p. 138-139			
2-4 Restatements of information	p. 54-55, p. 111, p. 119			
2-5 External assurance	p. 102, p. 130			
2-6 Activities, value chain and other business relationships	p. 3, p. 17, p. 38, p. 102			
2-7 Employees	p. 68	bii, biii, biv, bv, c, d and e	Information unavailable	Not collated on Group level. In place by 2024.
2-8 Workers who are not employees	–	a, b, c	Information unavailable	Not collated on Group level. In place by 2024.
2-9 Governance structure and composition	p. 50–55, p. 57–59	ci, cvi	Not applicable	Only shareholders and employees are represented in the Board.
2-10 Nomination and selection of the highest governance body	p. 50–51			
2-11 Chair of the highest governance body	p. 57			
2-12 Role of the highest governance body in overseeing the management of impacts	p. 50–54	bi	Information unavailable	To be developed to align with CSDDD. In place by 2025.
2-13 Delegation of responsibility for managing impacts	p. 50–54			
2-14 Role of the highest governance body in sustainability reporting	p. 102			
2-15 Conflicts of interest	p. 57–58, p. 121, p. 136			
2-16 Communication of critical concerns	p. 50–54, p. 121			
2-17 Collective knowledge of the highest governance body	p. 50–55			
2-18 Evaluation of the performance of the highest governance body	p. 50–54			
2-19 Remuneration policies	p. 40–41			
2-20 Process to determine remuneration	p. 40–41			
2-21 Annual total compensation ratio	–	a, b, c	Information unavailable	Not collated on Group level. In place in 2024.
2-22 Statement on sustainable development strategy	p. 4–6			
2-23 Policy commitments	p. 49, Online: Sustainability governance			
2-24 Embedding policy commitments	p. 15–19, p. 105–120			
2-25 Processes to remediate negative impacts	p. 16–19, p. 42–49, p. 121			
2-26 Mechanisms for seeking advice and raising concerns	p. 121			
2-27 Compliance with laws and regulations	p. 39, p. 121			
2-28 Membership associations	–	a	Information unavailable	Not collated on Group level.
2-29 Approach to stakeholder engagement	p. 19, p. 22, p. 103, p. 111–112, p. 117–119			
2-30 Collective bargaining agreements	–	a, b	Information unavailable/ incomplete	Not collated on Group level. In place in 2024.

GRI Index

Material topics

GRI 3: Material Topics 2021	Reference (page)	Requirement(s) omitted	Reason	Explanation
3-1 Process to determine material topics	p. 103			
3-2 List of material topics	p. 103			

Economic performance

GRI 3: Material Topics 2021				
3-3 Management of material topics	p. 15–19, p 103			
GRI 201: Economic Performance 2016				
201-1 Direct economic value generated and distributed	p. 34-41			
201-2 Financial implications and other risks and opportunities due to climate change	p. 42–46			

Energy

GRI 3: Material Topics 2021				
3-3 Management of material topics	p. 17, p. 105, p. 106			
GRI 302: Energy 2016				
302-1 Energy consumption within the organization	p. 108			

Emissions

GRI 3: Material Topics 2021				
3-3 Management of material topics	p. 17, p. 105–107			
GRI 305: Emissions 2016				
305-1 Direct (Scope 1) GHG emissions	p. 102, p. 108			
305-2 Energy indirect (Scope 2) GHG emissions	p. 102, p. 108			
305-3 Other indirect (Scope 3) GHG emissions	p. 102, p. 108			
305-4 GHG emissions intensity	p. 108			
305-5 Reduction of GHG emissions	p. 105-108			

Waste

GRI 3: Material Topics 2021				
3-3 Management of material topics	p. 43–46, p. 49, p. 109			
GRI 306: Waste 2020				
306-2 Management of significant waste-related impacts	p. 110			

GRI Index

Supplier environmental assessment

GRI 3: Material Topics 2021	Reference (page)	Requirement(s) omitted	Reason	Explanation
3-3 Management of material topics	p. 42–46, p. 106, p. 115–116			
GRI 308: Supplier Environmental Assessment 2016				
308-1 New suppliers that were screened using environmental criteria	p. 115			
308-2 Negative environmental impacts in the supply chain and actions taken	p. 115			

Employment

GRI 3: Material Topics 2021				
3-3 Management of material topics	p. 22, p. 117–119			
GRI 401: Employment 2016				
401-1 New employee hires and employee turnover	p. 119	a, b	Information unavailable	Not broken down by region or age. In place in 2024.

Occupational health and safety

GRI 3: Material Topics 2021				
3-3 Management of material topics	p. 120			
GRI 403: Occupational Health and Safety 2018				
403-1 Occupational health and safety management system	p. 120			
403-2 Hazard identification, risk assessment, and incident investigation	p. 120	c	Information unavailable	Not collated on Group level. In place in 2024.
403-3 Occupational health services	–	a	Information unavailable	Not collated on Group level. In place in 2024.
403-4 Worker participation, consultation, and communication on occupational health and safety	p. 120	b	Information unavailable	Not collated on Group level. In place in 2024.
403-5 Worker training on occupational health and safety	–			
403-6 Promotion of worker health	p. 117–119	a, b	Information unavailable	Not collated on Group level. In place in 2024
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	p. 115–116			
403-9 Work-related injuries	p. 120	a, b, c, d, f, g	Information unavailable	Not collated on Group level. In place by 2024.

Training and education

GRI 3: Material Topics 2021				
3-3 Management of material topics	p. 117–119, p. 121			
GRI 404: Training and Education 2016				
404-3 Percentage of employees receiving regular performance and career development reviews	p. 119	a	Information unavailable	Not broken down by gender and employee category. In place in 2024.

GRI Index

Diversity and equal opportunity

GRI 3: Material Topics 2021	Reference (page)	Requirement(s) omitted	Reason	Explanation
3-3 Management of material topics	p. 111–112, p. 117–118			
GRI 405: Diversity and Equal Opportunity 2016				
405-1 Diversity of governance bodies and employees	p. 57–60, p. 118–119	aiii, bii, biii	Information unavailable	Not collated on Group level. In place in 2024

Non-discrimination

GRI 3: Material Topics 2021				
3-3 Management of material topics	p. 49, p. 121			
GRI 406: Non-discrimination 2016				
406-1 Incidents of discrimination and corrective actions taken	p. 121			

Child labor

GRI 3: Material Topics 2021				
3-3 Management of material topics	p. 49, p. 115–116			
GRI 408: Child Labor 2016				
408-1 Operations and suppliers at significant risk for incidents of child labor	p. 49, p. 115–116			

Forced or compulsory labor

GRI 3: Material Topics 2021				
3-3 Management of material topics	p. 49, p. 115–116			
GRI 409: Forced or Compulsory Labor 2016				
409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	p. 49, p. 115–116			

Supplier social assessment

GRI 3: Material Topics 2021				
3-3 Management of material topics	p. 49, p. 115–116			
GRI 414: Supplier Social Assessment 2016				
414-1 New suppliers that were screened using social criteria	p. 115			
414-2 Negative social impacts in the supply chain and actions taken	p. 115			

Alignment to EU Taxonomy

Disclosing on the EU Taxonomy increases transparency on the share of our business that helps in the transition to a low-carbon economy.

The EU Taxonomy is a classification system intended to encourage investments in sustainable projects and activities. By aligning definitions and providing this classification system, it gives companies, investors and policymakers a common view of the economic activities that can be considered environmentally sustainable.

Currently, 28 percent (23) of our turnover is eligible and aligned for the Taxonomy. The aligned activities make a substantial contribution to the first of the Taxonomy's six objectives: climate change mitigation. The aligned activities meet three Taxonomy requirements:

1. They contribute to climate change mitigation: They relate to products where electrification has replaced fossil fuels as their source of power and thereby support the transition to a renewable energy system.
2. They 'Do No Significant Harm' to any of the other five environmental objectives. This includes stipulation that activities comply with the technical screening criteria developed by the EU Technical Expert Group.*
3. They meet 'Minimum Safeguards' based on the precautionary principle to ensure fair competition and to prevent bribery and corruption (p. 121), sound taxation policies and actions that protect human rights (p. 115 for suppliers).

We will seek green financing and improve disclosures to give investors information needed to follow our journey and compare outcomes. To this end, we will develop our Taxonomy disclosures in pace with clarifications on requirements and its expanding scope.

* In regards to the 'Do No Significant Harm' criteria on Pollution: Some products comprise of substances that have been approved for use under controlled conditions, when no suitable alternative substances or technologies are available on the market. Through the Husqvarna Restricted Material List (RML), we comply with relevant EU regulation relating to substances used in our products. We also report deviations in the EU SCIP database.

Accounting principles

We applied accounting principles EU Taxonomy article 8 (2020/852) to disclose the degree our turnover, CapEx and OpEx meet Taxonomy requirements.

In 2023 the full six Taxonomy objectives are effective for disclosure requirements; climate change mitigation, climate change adaptation, water, pollution, circular economy and biodiversity. For Husqvarna Group we have assessed climate change mitigation to be relevant for alignment disclosure. To this end, we include revenue from motorized products considered electrified – including both corded and battery products as well as digitalized products, as they are deemed Taxonomy-eligible as "Manufacture of other low carbon technologies, that substantially contribute to climate change mitigation".

Husqvarna Group have evaluated eligibility for the new environmental objectives and assessed that circular economy is also relevant for aligned current economic activities. However, it is currently not possible to split the KPIs by the environmental objectives but further analysis will be undertaken before alignment reporting for FY 2024.

An economic activity can significantly contribute to more than one environmental goal and we assess the Group for FY 2024 significantly contributes only to one environmental goal per economic activity. Due to the fact that we structure cost reporting in order to separate costs per activity, we are reducing the risk of double accounting of key data.

Turnover: Turnover has been calculated as the share of net turnover derived from products or services, including intangibles associated with Taxonomy-eligible economic activities divided by net turnover. Turnover is calculated according to International Accounting Standard (IAS) 1. This sum represents the share of net turnover deriving from products and services associated with economic activities that contribute to mitigating climate change.

CapEx: We include additions to tangible and intangible assets considered before depreciation, amortization and any re-measurements. Eligible CapEx estimates are based on our R&D budget for robotics and including a share of other R&D spend corresponding to the share of Net Sales of electric motorized equipment. We also account for investments such as property, plant and equipment as well as intangible assets relating to electrified and digitalized products. Total CapEx has been accounted as Capital Expenditure in Cash flow (MSEK 2,627) plus New, Modified and Remeasurement leases (MSEK 496) as per Note 13 in the Annual and Sustainability Report.

OpEx: OpEx covers direct non-capitalized costs that relate to research and development, but also maintenance and repair, and other direct expenditures. We do not collate R&D costs dedicated for electrification. Thus, the ratio of this spend is estimated as equal to the share of our Taxonomy-eligible turnover. Operational Expenditures related to maintenance and repairs have not been possible to extract. For detailed information on Taxonomy disclosures, see tables on p.127-129.

Share of turnover	Share of CapEx	Share of OpEx
Eligible: 28% **Aligned: 28%**	**Eligible: 39%** **Aligned: 23%**	**Eligible: 28%** **Aligned: 28%**

EU Taxonomy

Proportion of turnover from products or services associated with
Taxonomy-aligned economic activities – disclosure covering year 2023

Financial year 2023	Year			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic Activities (1)	Code (2)	Turnover (3)	Proportion of Turnover, year 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
	CCM, CCA, WTR, POL, CE, BIO	*mSEK*	*%*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of other low carbon technologies[1]	**CCM 3.6**/CE 1.2	14,683	28%	Y	N/EL	N/EL	N/EL	–	N/EL	Y	Y	Y	Y	Y	Y	Y	23%	E	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**14,683**	**28%**	**28%**	–	–	–	–	–	Y	Y	Y	Y	Y	Y	Y	23%		
Of which enabling		14,683	28%	28%	–	–	–	–	–	Y	Y	Y	Y	Y	Y	Y	23%	E	
Of which transitional		0	0%	0%						–	–	–	–	–	–	–	0%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*										
Turnover of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**0**	**0%**	**0%**	–	–	–	–	–								0%		
A. Turnover of Taxonomy-eligible activities (A.1+A.2)		**14,683**	**28%**	**28%**	–	–	–	–	–								23%		

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES		
Turnover of Taxonomy- non-eligible activities	38,578	72%
TOTAL	**53,261**	**100%**

1. Husqvarna Group have assessed that CE 1.2 is also relevant for aligned current economic activities. However, it is currently not possible to split the KPIs by the environmental objectives but further analysis will be undertaken before alignment reporting for FY 2024.

	Proportion of Turnover / Total Turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	28%	28%
CCA	–	–
WTR	–	–
CE	0%	28%
PPC	–	–
BIO	–	–

EU Taxonomy

Proportion of CapEx from products or services associated with
Taxonomy-aligned economic activities – disclosure covering year 2023

Financial year 2023	Year			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic Activities (1)	Code (2)	CapEx (3)	Proportion of CapEx, year 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) CapEx, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
	CCM, CCA, WTR, POL, CE, BIO	*mSEK*	*%*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of other low carbon technologies[1]	**CCM 3.6**/CE 1.2	722	23%	Y	N/EL	N/EL	N/EL	–	N/EL	Y	Y	Y	Y	Y	Y	Y	18%	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**722**	**23%**	**23%**	–	–	–	–	–	Y	Y	Y	Y	Y	Y	Y	18%		
Of which enabling		722	23%	23%	–	–	–	–	–	Y	Y	Y	Y	Y	Y	Y	18%	E	
Of which transitional		0	0%	0%						–	–	–	–	–	–	–	0%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*										
Acquisition and ownership of buildings[2]	CCM 7.7	330	*11%*	*EL*	*N/EL*	*N/EL*	*N/EL*	*N/EL*	*N/EL*								*21%*		
Transport by motorbikes, passenger cars and light commercial vehicles[2]	CCM 6.5	168	*5%*	*EL*	*N/EL*	*N/EL*	*N/EL*	*N/EL*	*N/EL*								*4%*		
CapEx of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**498**	**16%**	16%	–	–	–	–	–								26%		
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		**1,220**	**39%**	39%	–	–	–	–	–								44%		

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES		
CapEx of Taxonomy- non-eligible activities	1,903	61%
TOTAL[3]	**3,123**	**100%**

	Proportion of Turnover / Total Turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	23%	39%
CCA	–	–
WTR	–	–
CE	0%	23%
PPC	–	–
BIO	–	–

1. Husqvarna Group have assessed that CE 1.2 is also relevant for aligned current economic activities. However, it is currently not possible to split the KPIs by the environmental objectives but further analysis will be undertaken before alignment reporting for FY 2024.
2. The activity might very well be Taxonomy aligned but sufficient documentation on Taxonomy alignment have not been received at the time of publishing of this report. The DNSH evidence is pending our suppliers for these activities.
3. Total CapEx have been accounted as Capital Expenditure in Cash flow (2,627mSEK) plus New, Modified and Remeasurement leases (496mSEK) as per Note 13 in AR.

EU Taxonomy

Proportion of OpEx from products or services associated with
Taxonomy-aligned economic activities – disclosure covering year 2023

Financial year 2023	Year			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic Activities (1)	Code (2)	OpEx (3)	Proportion of OpEx, year 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) OpEx, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
	CCM, CCA, WTR, POL, CE, BIO	*mSEK*	*%*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of other low carbon technologies[1]	**CCM 3.6**/CE 1.2	557	28%	Y	N/EL	N/EL	N/EL	–	N/EL	Y	Y	Y	Y	Y	Y	Y	23%	E	
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**557**	**28%**	**28%**	–	–	–	–	–	Y	Y	Y	Y	Y	Y	Y	23%		
Of which enabling		557	28%	28%	–	–	–	–	–	Y	Y	Y	Y	Y	Y	Y	23%	E	
Of which transitional		0	0%	0%						–	–	–	–	–	–	–	0%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*										
OpEx of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**0**	**0%**	0%	–	–	–	–	–								0%		
A. OpEx of Taxonomy-eligible activities (A.1+A.2)		**557**	**28%**	28%	–	–	–	–	–								23%		

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES		
OpEx of Taxonomy- non-eligible activities	1,463	62%
TOTAL[2]	**2,020**	**100%**

1. Husqvarna Group have assessed that CE 1.2 is also relevant for aligned current economic activities. However, it is currently not possible to split the KPIs by the environmental objectives but further analysis will be undertaken before alignment reporting for FY 2024.
2. Operational Expenditures related to maintenance and repairs have not been possible to extract. OpEx is based on R&D expenses.

	Proportion of Turnover / Total Turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	28%	28%
CCA	–	–
WTR	–	–
CE	0%	28%
PPC	–	–
BIO	–	–

Nuclear and fossil gas related activities		
Row	**Nuclear energy related activities**	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

Auditor's limited review

Auditor's Limited Assurance Report on Husqvarna ABs Sustainability Report and statement regarding the Statutory Sustainability Report To Husqvarna AB (publ), Corp. id. 556000-5331

Introduction

We have been engaged by the Board of Directors and the Executive Management of Husqvarna AB to undertake a limited assurance engagement of Husqvarna ABs Sustainability Report for the year 2023. Husqvarna AB has defined the scope of the Sustainability Report on pages 102 and 122-125 in this document, the Statutory Sustainability Report is defined on page 102.

Responsibilities of the Board of Directors and the Executive Management

The Board of Directors and the Executive Management are responsible for the preparation of the Sustainability Report including the Statutory Sustainability Report in accordance with applicable criteria and the Annual Accounts Act respectively. The criteria are defined on page 102 in the Sustainability Report, and are part of the Sustainability Reporting Guidelines published by GRI (The Global Reporting Initiative), that are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed and to express an opinion regarding the Statutory Sustainability Report. Our responsibility is limited to the historical information reported and thus does not include future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 (Revised) Assurance engagements other than audits or reviews of financial information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. Our examination regarding the Statutory Sustainability Report has been conducted in accordance with FAR:s accounting standard RevR12 The auditor's opinion regarding the Statutory Sustainability Report. A limited assurance engagement and an examination according to RevR 12 is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Husqvarna AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The limited assurance procedures performed and the examination according to RevR 12 do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion based on a limited assurance engagement and an examination according to RevR 12 does not provide the same level of assurance as a conclusion based on an audit.

Our procedures are based on the criteria defined by the Board of Directors and the Executive Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusions below.

Conclusions

Based on the limited assurance procedures performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and the Executive Management.

A Statutory Sustainability Report has been prepared.

Stockholm, March 13, 2024

KPMG AB

Joakim Thilstedt
Authorized Public Accountant

Torbjörn Westman
Expert Member of FAR

Financial 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 are 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)	An average of the last twelve months has been used to assist stakeholders in their analysis of seasonal variation in the market Husqvarna Group operates in.

Alternative performance measures	Description and reason for use
Profitability measures	
Organic growth	Organic growth is the change in net sales compared to the same period of the previous year excluding acquisitions, divestments, planned exits and adjusted for currency translation effects. The measure is important in order to understand the underlying performance of the operations and increases the comparability between periods.
Gross margin	Gross income as a percentage of net sales.
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.
EBITDA margin	EBITDA as a percentage of net sales.
Operating margin	Operating income as a percentage of net sales The operating margin is a key profitability measure.

Capital indicators	Description and reason for use
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.
Capital turnover rate	Net sales during the last twelve months divided with average net assets. Shows how effectively capital is managed and is a key measure for monitoring value creation.
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.
Liquid funds	Cash and cash equivalents, short-term investments and fair value derivative assets. Shows the ability to repay short term commitments.
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 is defined as total interest-bearing liabilities plus dividend payable, less liquid funds and interest-bearing assets. The key performance indicator shows the Group's indebtedness
Net debt / EBITDA excluding Items affecting comparability	Average net debt in relation to EBITDA last twelve months, excluding items affecting comparability. A financial measure that shows the company's capacity to repay its debt, adjusted for the impact of items affecting comparability.

Capital indicators (cont.)	Description and reason for use
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	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.
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.
Return on capital employed (ROCE)	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 (ROE)	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 shareholders' capital yields interest during the period.

Share-based measures	Description and reason for use
Earnings per share, after dilution	Earnings per share is expressed as net income attributable to equity holders of the parent company divided by the weighted average number of shares outstanding (net of treasury shares), after dilution. Earnings per share is a good measure of the company's profitability and is used to determine the value of the company's outstanding shares.
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.

Other measures	Description and reason for use
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. Direct operating cash flow provides a measure of the cash generated by the Groups operating business.
Items affecting comparability	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.

Five-Year Review

Income and key ratios, SEKm	2023	2022	2021	2020	2019
Net sales	53,261	54,037	47,059	41,943	42,277
Husqvarna Forest & Garden Division	31,759	32,082	29,217	26,607	27,506
Gardena Division	12,964	13,606	10,537	9,427	8,343
Husqvarna Construction Division	8,398	8,232	7,210	5,844	6,340
Gross income	**16,125**	**14,613**	**15,513**	**12,576**	**12,529**
Gross margin, %	*30.3*	*27.0*	*33.0*	*30.0*	*29.6*
EBITDA *	6,985	6,385	7,987	6,206	5,779
EBITDA margin, %	*13.1*	*11.8*	*17.0*	*14.8*	*13.7*
Operating income	**3,880**	**3,043**	**5,746**	**3,669**	**3,690**
Operating income excl. items affecting comparability *	4,970	4,853	5,684	4,484	3,915
Operating margin, %	*7.3*	*5.6*	*12.2*	*8.7*	*8.7*
*Operating margin excl. items affecting comparability, % **	*9.3*	*9.0*	*12.1*	*10.7*	*9.3*
*Husqvarna excl. items affecting comparability, % **	*10.2*	*10.0*	*12.7*	*10.1*	*8.8*
*Gardena excl. items affecting comparability, % **	*8.8*	*8.6*	*14.5*	*15.2*	*10.2*
*Construction excl. items affecting comparability, % **	*11.9*	*10.4*	*11.7*	*10.8*	*13.2*
Income after financial items	**2,878**	**2,581**	**5,494**	**3,330**	**3,122**
Net Income for the period	**2,177**	**1,932**	**4,437**	**2,495**	**2,528**
Of which depreciation, amortization and impairment	–3,105	–3,342	–2,241	–2,537	–2,089

Financial position and key ratios, SEKm	2023	2022	2021	2020	2019
Total assets	57,610	61,636	50,920	43,517	41,981
Net assets	39,412	41,720	31,270	23,555	28,565
Husqvarna Forest & Garden Division	18,078	18,187	13,657	12,427	15,371
Gardena Division	14,823	16,798	13,740	6,650	7,733
Husqvarna Construction Division	7,107	7,334	6,281	5,608	5,833
Operating working capital	16,986	18,490	11,350	8,179	10,379
Total equity	23,772	24,011	21,646	17,062	17,283
Net debt *	15,640	17,709	9,623	6,493	11,315
*Return on capital employed *, %*	*8.4*	*7.3*	*17.9*	*10.9*	*11.7*
Return on equity, %	*8.5*	*7.9*	*22.2*	*13.5*	*14.7*
Capital turn-over rate, times	1.3	1.4	1.9	1.6	1.5
Net debt/equity ratio	0.66	0.74	0.44	0.38	0.65
Equity/assets ratio, %	*41*	*39*	*42*	*39*	*41*

Cash flow, SEKm	2023	2022	2021	2020	2019
Direct operating cash flow *	6,541	–572	3,651	6,071	3,849
Capital expenditure	2,627	2,344	2,524	1,994	2,232

Other key ratios	2023	2022	2021	2020	2019
Earnings per share after dilution, SEK	3.81	3.38	7.73	4.35	4.42
Equity per share after dilution, SEK	41.6	41.9	37.7	29.8	30.2
Average number of shares after dilution, millions	571.6	573.0	574.1	572.9	572.4
Dividend per share, SEK [1]	3.00	3.00	3.00	2.40	2.25
Dividend pay-out ratio, % [2]	*79*	*89*	*39*	*55*	*51*
Salaries and remunerations, SEKm	9,875	9,279	8,156	6,990	7,147
Average number of employees	13,755	14,416	13,873	12,374	12,708

[1] As proposed by the Board.
[2] Dividend pay-out ratio is defined as total dividend in relation to net income excluding non-controlling interest.
* Alternative Performance Measure, refer to section "Financial definitions" for further information.

Quarterly Data

Income, SEKm	Year	Q1	Q2	Q3	Q4	Full year
Net sales	2023	17,167	16,976	10,512	8,605	53,261
	2022	15,685	15,792	12,206	10,353	54,037
	2021	14,030	14,614	10,180	8,234	47,059
Operating income	2023	2,364	2,101	398	–983	3,880
	2022	2,159	2,065	555	–1,737	3,043
	2021	2,293	2,659	926	–132	5,746
Operating income excl. items affecting comparability *	2023	2,410	2,313	415	–168	4,970
	2022	2,190	2,075	601	–13	4,853
	2021	2,293	2,645	926	–180	5,684
*Operating margin excl. items affecting comparability, % **	2023	*14.0*	*13.6*	*3.9*	*–1.9*	*9.3*
	2022	*14.0*	*13.1*	*4.9*	*–0.1*	*9.0*
	2021	*16.3*	*18.1*	*9.1*	*–2.2*	*12.1*
Net income for the period	2023	1,653	1,411	125	–1,011	2,177
	2022	1,638	1,417	269	–1,392	1,932
	2021	1,659	2,001	631	146	4,437
Earnings per share after dilution, SEK	2023	2.88	2.46	0.22	–1.77	3.81
	2022	2.86	2.47	0.47	–2.43	3.38
	2021	2.89	3.48	1.10	0.26	7.73

Financial position, SEKm	Year	Q1	Q2	Q3	Q4	Full year
Net debt *	2023	17,178	15,748	15,184	15,640	15,640
	2022	11,188	12,501	13,835	17,709	17,709
	2021	5,323	3,365	2,615	9,623	9,623
Operating working capital	2023	21,412	20,305	18,636	16,986	16,986
	2022	15,490	16,741	17,665	18,490	18,490
	2021	10,802	10,577	9,966	11,350	11,350

Net sales by division, SEKm	Year	Q1	Q2	Q3	Q4	Full year
Husqvarna Forest & Garden Division	2023	10,656	9,722	6,123	5,257	31,759
	2022	8,701	8,826	7,761	6,793	32,082
	2021	8,820	8,836	6,331	5,231	29,217
Gardena Division	2023	4,321	5,031	2,287	1,326	12,964
	2022	4,960	4,775	2,400	1,470	13,606
	2021	3,506	3,851	2,031	1,148	10,537
Husqvarna Construction Division	2023	2,177	2,192	2,061	1,968	8,398
	2022	1,981	2,157	2,024	2,071	8,232
	2021	1,680	1,904	1,795	1,830	7,210

Operating margin by division, %	Year	Q1	Q2	Q3	Q4	Full year
Husqvarna Forest & Garden Division	2023	*15.7*	*11.6*	*4.8*	*–7.2*	*8.5*
	2022	*16.0*	*12.5*	*7.2*	*–18.4*	*5.6*
	2021	*17.4*	*17.4*	*8.8*	*1.3*	*12.7*
Gardena Division	2023	*13.5*	*16.3*	*–2.0*	*–30.7*	*7.3*
	2022	*14.2*	*16.2*	*–3.9*	*–31.8*	*6.8*
	2021	*18.7*	*25.4*	*9.6*	*–24.1*	*14.7*
Husqvarna Construction Division	2023	*12.0*	*12.4*	*10.9*	*–0.2*	*9.0*
	2022	*7.7*	*13.9*	*9.0*	*3.9*	*8.7*
	2021	*12.2*	*13.7*	*12.9*	*7.9*	*11.7*

* Alternative Performance Measure, refer to section "Financial definitions" for further information.

The Share

Listing and trading volume

The Husqvarna AB shares have been listed on Nasdaq Stockholm since June 2006. A total of 284 million shares (398) were traded in 2023, with a total value of SEK 25bn (37), corresponding to an average daily trading volume of 1.1 million shares (1.6) or SEK 98m (145). The turnover velocity for the B-share was 59 percent (82) in 2023. During 2023, the price of the B-share increased 13 percent to SEK 82.98 (73.12). According to the EU Markets in Financial Instruments Directive (MiFID), a share can also be traded on a "Multilateral Trading Facility" (MTF), i.e. on markets other than the stock exchange where it is listed. The Husqvarna AB share is traded on several MTFs including BATS Chi-X and Turquoise. However, the Nasdaq Stockholm exchange accounts for the majority of trading.

Share swap agreement

At year-end, the total number of Husqvarna AB shares held by a third party as a share swap agreement amounted to 4,825,197 B-shares (5,890,581) corresponding to 0.8 percent (1.0) of the total number of outstanding shares. The purpose of the share swap agreement is to hedge obligations under the Group's long-term incentive programs.

Conversion of shares

Shareholders who hold A-shares are entitled to convert their A-shares into B-shares. 654,745 A-shares were converted to B-shares in 2023.

Analyst coverage

There are currently around 10 analysts who analyze and follow Husqvarna Group and give recommendations on the share.

ADR

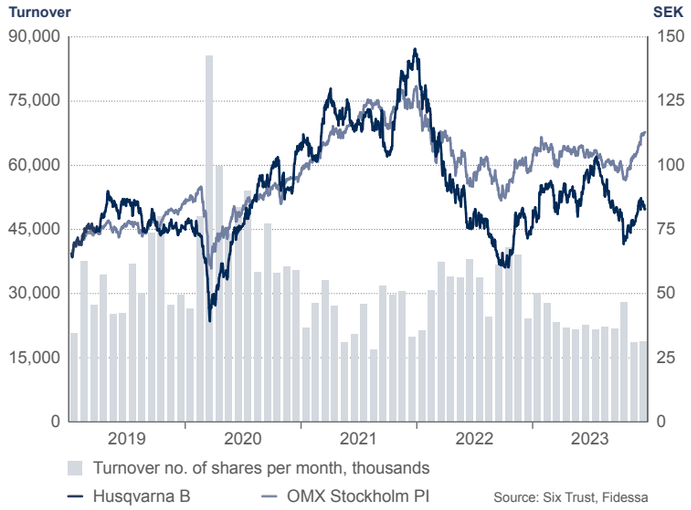
Husqvarna Group sponsors a Level 1 American Depositary Receipt (ADR) program in the U.S. The ADRs, which each represent two ordinary B-shares, are publicly traded in the U.S. on the OTC Market, under symbol HSQVY. The ADR is a USD denominated security and the associated dividends are paid to investors in USD. Citibank is ADR depositary bank.

KEY FACTS

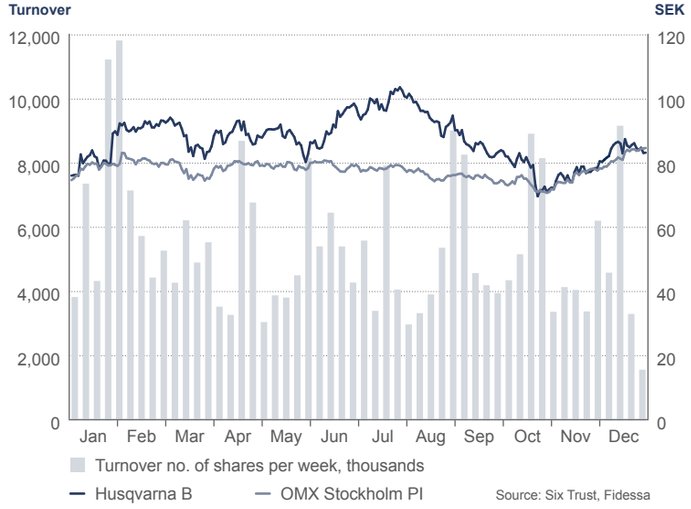
Husqvarna AB shares

Listing:	Nasdaq Stockholm
Number of shares:	576,343,778
Market capitalization at year-end 2023:	SEK 48bn
Ticker codes:	Bloomberg: HUSQA SS, HUSQB SS Thomson Reuters: HUSQa.ST, HUSQb.ST Nasdaq Stockholm: HUSQ A, HUSQ B
ISIN codes:	A-share SE0001662222 B-share SE0001662230
Husqvarna ADR	
Ticker code:	HSQVY
ISIN code:	US4481031015
Ratio:	Two ordinary B-shares equal one ADR

Husqvarna B, price development 2019–2023



Husqvarna B, price development 2023



Share capital and number of shares

		Share capital, SEK	Quotient value, SEK	Number of A-shares	Number of B-shares	Total number of shares
Husqvarna before listing 2006		495,000,000	100			4,950,000
2006:	stock-split and bonus issue	592,518,306	2	9,502,275	286,756,878	296,259,153
2007:	bonus issue	770,273,790	2	98,380,020	286,756,875	385,136,895
2008:	no transactions	770,273,790	2	98,380,020	286,756,875	385,136,895
2009:	rights issue	1,152,687,556	2	147,570,030	428,773,748	576,343,778
2010:	conversion from A-shares to B-shares	1,152,687,556	2	134,755,087	441,588,691	576,343,778
2011:	conversion from A-shares to B-shares	1,152,687,556	2	129,460,339	446,883,439	576,343,778
2012:	conversion from A-shares to B-shares	1,152,687,556	2	127,699,058	448,644,720	576,343,778
2013:	conversion from A-shares to B-shares	1,152,687,556	2	126,593,868	449,749,910	576,343,778
2014:	conversion from A-shares to B-shares	1,152,687,556	2	122,425,469	453,918,309	576,343,778
2015:	conversion from A-shares to B-shares	1,152,687,556	2	113,694,826	462,648,952	576,343,778
2016:	conversion from A-shares to B-shares	1,152,687,556	2	113,393,909	462,949,869	576,343,778
2017:	conversion from A-shares to B-shares	1,152,687,556	2	112,513,001	463,830,777	576,343,778
2018:	conversion from A-shares to B-shares	1,152,687,556	2	112,437,551	463,906,227	576,343,778
2019:	conversion from A-shares to B-shares	1,152,687,556	2	112,015,629	464,328,149	576,343,778
2020:	conversion from A-shares to B-shares	1,152,687,556	2	111,690,460	464,653,318	576,343,778
2021:	conversion from A-shares to B-shares	1,152,687,556	2	111,088,990	465,254,788	576,343,778
2022:	conversion from A-shares to B-shares	1,152,687,556	2	110,106,194	466,237,584	576,343,778
2023:	conversion from A-shares to B-shares	1,152,687,556	2	109,451,449	466,892,329	576,343,778

Share data

	2023	2022	2021
Earnings per share, SEK	3.81	3.39	7.76
Earnings per share after dilution, SEK	3.81	3.38	7.73
Equity per share after dilution, SEK	41.6	41.9	37.7
Dividend per share, SEK [1]	3.00	3.00	3.00
Yield, % [2]	3.6	4.1	2.1
Dividend payout ratio, %	79	89	39
Year-end price, A-share, SEK	82.30	73.50	144.20
Highest price, A-share, SEK	104.00	142.60	145.40
Lowest price, A-share, SEK	69.40	60.20	100.00
Year-end price, B-share, SEK	82.98	73.12	144.85
Highest price, B-share, SEK	103.35	143.40	145.85
Lowest price, B-share, SEK	69.40	60.30	99.14
Number of shareholders	80,078	81,056	74,207
Market capitalization, SEKm	47,751	42,148	83,483

[1] Dividend 2023 as proposed by the Board.
[2] Dividend/year-end share price.
Source: Holdings/Euroclear as of December 31, 2023.

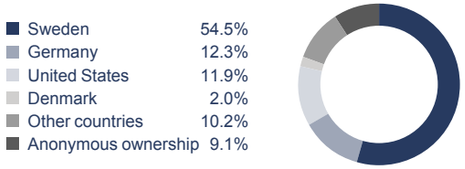
Largest shareholders in Husqvarna AB as of December 31, 2023

Owner	Capital, %	Votes, %
Investor	16.8%	33.5%
Robert Bosch	12.0%	4.4%
Lundbergföretagen AB	7.6%	25.5%
Swedbank Robur Fonder	2.8%	1.0%
Vanguard	2.6%	1.0%
Fourth Swedish National Pension Fund	2.4%	0.9%
BlackRock	2.3%	0.8%
Tweedy, Browne Company LLC	1.9%	0.7%
Handelsbanken Fonder	1.9%	0.7%
A.P. Møller Holding A/S	1.8%	0.7%
Sum for ten largest holders	**52.2%**	**69.3%**
Other	47.8%	30.7%
Total	**100.0%**	**100.0%**

Shareholding by size in Husqvarna AB

Size of holding	Capital, %	Votes, %
1–1,000	2.6%	2.5%
1,001–10,000	4.2%	3.7%
10,001–100,000	2.7%	1.7%
100,001–1,000,000	8.8%	4.7%
1,000,001–	72.7%	82.5%
Anonymous ownership	9.1%	4.9%
Total	**100.0%**	**100.0%**

Distribution of shareholders by country



Further information concerning the share

The following information, and more, is available on www.husqvarnagroup.com

- Share price development
- Shareholder ownership structure
- Conversion of A-shares
- Analyst coverage
- Repurchase of shares
- Share capital

2024 Annual General Meeting

The 2024 AGM of Husqvarna AB (publ) will be held on Thursday, April 18, 2024 at the Jönköping Concert & Congress hall at Elmia, Hammarskjöld Hall, Elmiavägen 15 in Jönköping, Sweden, from 16:00–18:00 (CET).

Participation

Shareholders may participate in the AGM either (1) by attending the meeting venue in person or by proxy, or (2) by advance voting. In either case, to be eligible to participate, a shareholder must be registered in the register of shareholders maintained by Euroclear Sweden AB as of Wednesday, April 10, 2024 and notify attendance no later than Friday, April 12, 2024.

Notice of participation in person

Notice of intent to participate in person or by proxy can be given:

- at www.husqvarnagroup.com
- by telephone at +46 36 14 70 10 between 9:00 a.m. and 4:00 p.m. (CET) weekdays, or
- by mail to Husqvarna AB, c/o Euroclear Sweden AB, P.O. Box 191, SE-101 23 Stockholm, Sweden

The notification to attend in person (or by proxy) must include the shareholder's name, personal or company registration number, address, telephone number and information on the number of assistants (maximum two) that will be attending, if any.

Notice of participation by advance voting

Notice of intent to participate by advance voting can be given at www.husqvarnagroup.com. Notice should include the shareholder's name, social security number or company registration number if any, address and telephone number.

Information provided together with the notice will be made subject to data processing and will be used solely for the 2024 AGM. Shareholders may vote by proxy, in which case a power of attorney must be submitted to Husqvarna AB prior to the AGM.

Shares registered by nominees

To participate in the AGM, shareholders whose shares are nominee registered must have their shares temporarily registered in their own name not later than on Wednesday, April 10, 2024. To ensure that such registration is made prior to Wednesday, April 10, 2024, shareholders must inform the nominee well in advance of this date. Voting right registrations completed not later than Friday, April 12, 2024 are taken into account when preparing the share register.

Dividend

The Board has proposed a dividend for financial year 2023 of SEK 3.00 per share to be paid in two installments, firstly SEK 1.00 per share with Monday, April 22, 2024 as the first record day, secondly SEK 2.00 per share with Tuesday, October 22, 2024 as the second record day. Assuming the AGM resolves in accordance with the Boards' proposal, the estimated date for payment of the dividend from Euroclear Sweden AB is Thursday, April 25, 2024 for the first part of the dividend and Friday, October 25, 2024 for the second part.

The last day for trading in Husqvarna AB shares with a right to the first part of the dividend is Thursday, April 18, 2024. The last day for trading in Husqvarna AB shares with a right to the second part of the dividend is Friday, October 18, 2024.

For information on how your personal data is processed, see www.euroclear.com/dam/ESw/Legal/Privacy-noticebolagsstammor-engelska.pdf

Financial calendar 2024

April 18	Annual General Meeting
April 24	Interim Report January–March
July 18	Interim Report January–June
October 23	Interim Report January–September

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Market data, statistics and market shares are estimates made by Husqvarna Group.

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 comprice, 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 of 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 Group operates, the effects of currency fluctuations, downward pressure on prices due to competition, a material reduction of sales by important distributors, any success in developing new products and in marketing, outcome of any product responsibility litigation, progress when it comes to reach the goals set for productivity and efficient use of capital, successful identification of growth opportunities and acquisition objects, and to integrate these into the existing business and successful achievement of goals to make the supply chain more efficient.

PRODUCTION
Husqvarna AB (publ) and Narva.

Husqvarna Group

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