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Annual Report 2018
Shaping great experiences



Shaping great
experiences



We make a great difference to people who shape green spaces and urban environments through our leadership in sustainable user-centered solutions. With a passion for innovation, we create performance, pride and improved results for customers around the world.

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The formal Annual Report, including the Directors' Report and the Financial Statements for the Group and for the Parent Company are on pages 41–111.

To learn more about Husqvarna Group's sustainability initiatives, see the Sustainovate Progress Report 2018.

Turning technology into opportunity

Husqvarna Group is a leading global producer of outdoor power products for forest, park and garden care, watering products, and power tools for construction. With a passion for innovation, we create performance, pride and improved results for customers.

Key data

41,085

Net sales, SEKm (39,394)

3,241

Operating income excluding items affecting comparability, SEKm (3,790)

7.9

Operating margin excluding items affecting comparability, % (9.6)

13,206

Average number of employees (13,252)

–21

CO₂ emission intensity reduction, % (–24)

The Group overview on pages 1–37 is based on the new organization as of January 1, 2019 where the Consumer Brands Division has been dissolved and integrated into the Husqvarna and Gardena divisions.

Our divisions and brands

Husqvarna Group has three empowered divisions that focus on premium products and solutions under strong brands.

Husqvarna

A leader in forest and garden products. The undisputed market leader in robotic lawn mowers.



66%

Share of Group net sales



Gardena

A leader in watering products, garden hand tools and smart garden systems.



20%

Share of Group net sales



Construction

A leader in light construction products for professionals.



14%

Share of Group net sales



Celebrating 330 years

Husqvarna Group is one of the oldest companies in the world and will celebrate 330 years of innovation in 2019. Over time, the once-local Swedish company has developed into a global group with world-leading market positions. Innovating and adapting to customer needs has always been a common thread and the company is investing more than ever in exploring new business opportunities. Products and solutions that reduce environmental impact and improve performance among customers will continue to be our drivers for long-term growth and success.

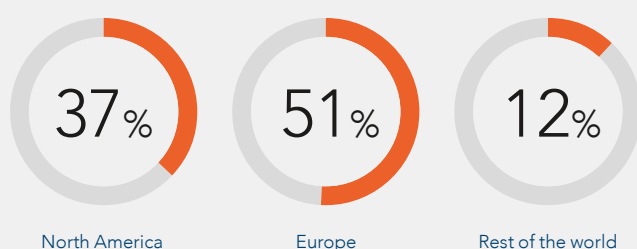
Important events in 2018

- Entered professional segment for robotic lawn mowers.
- Launched a new generation of the iconic Husqvarna professional chainsaw with improved cutting performance and lower emissions.
- Broadened the product range in the Construction Division by acquiring Atlas Copco's Light Compaction & Concrete Equipment business.
- Decision to restructure and dissolve the Consumer Brands Division as of January 1, 2019.

Our markets

Global presence in attractive markets with steady underlying growth.

SHARE OF GROUP NET SALES



Foundation for profitable growth

Husqvarna Group is dedicated to profitable growth and the road ahead is paved for continued successful development. By further exploiting its inherent strengths, the Group is committed to advancing its leading position.

A global leader

Husqvarna Group has market-leading positions in many important product segments. It is the global leader in robotic lawn mowers, number two in professional chainsaws and number one in Europe in consumer watering systems.



Strong brands

The Group's premium Husqvarna and Gardena brands are essential for maintaining market-leading positions and generating attractive margins.



People with a passion for innovation

The Group's success is based on people with a passion for innovation and the user experience. Extensive resources and advanced expertise in user-focused product development are crucial for maintaining technological and innovative product leadership.



Supply chain for the future

The Group's flexible and sustainable global supply chain is imperative for meeting customers' expectations of short lead times and growing omnichannel demands in an industry with strong seasonality, such as the lawn and garden markets.



Driven by sustainability

With a focus on long-term value creation, embracing sustainability is critical for market leadership. Anchored in the passion for innovation and connecting people with nature, Sustainovate is Husqvarna Group's way of integrating sustainability into its business.



330 years of innovation

Husqvarna Group has been doing business since 1689 and is constantly adapting its operations to ever-evolving markets. Curiosity and a passion for innovation have led to a long line of successful products and solutions in many different areas.



Important strategic transformation in a challenging year

The dissolvment of the Consumer Brands Division was an important strategic step. It creates conditions for us to focus all resources on our strengths in premium offerings under the core brands Husqvarna and Gardena. Operationally during the year, we remained firmly committed to our overall ambition to deliver long-term profitable growth. We continued to invest, strengthening our resources in high growth segments such as robotic lawn mowers and battery-powered products. However, financially, 2018 saw a temporary setback from the recent years' improvement trajectory.

I sincerely believe that the new and less complex organization, built on our strengths and with less product overlap, fewer brands and larger divisional autonomy, will release energy that instead can be used to create higher value in other more attractive areas. We can fully focus on profitable growth opportunities in Husqvarna, Gardena and Construction. Strong, focused and empowered divisions are the right way forward to deliver long-term profitable growth.

Financial results

Group net sales increased 2 percent to SEK 41,085m adjusted for changes in exchange rates, and operating income excluding items affecting comparability decreased to SEK 3,241m (3,790). The lawn and garden season in 2018 was challenging and uneven. The effects of the late spring followed by a long, warm and very dry summer in Central and Northern Europe were substantial, particularly for the Husqvarna Division that suffered from lower demand for lawn mowing products and services. On the other hand, the dry weather was favorable for Gardena's watering products, resulting in higher sales and earnings, however not enough to offset the impact on the Husqvarna Division.

During the last four years, we have successfully balanced cost increases related to investments in strategic growth initiatives with strong deliveries from efficiency programs. Unfortunately, this was not the case this year, mainly due to raw material cost increases, US tariffs and higher costs for logistics. Despite the disappointing financial results, we stayed on the course with our profitable growth strategy, investing to drive future profitability and create value.

Restructuring of Consumer Brands

The decision to dissolve the financially underperforming Consumer Brands Division was an important strategic milestone. It allows us to shift focus and attention from problems to opportunities and our strengths. In 2019 and 2020, we will exit certain loss-making product segments and brands. To adjust for reduced business volumes, we executed a restructuring program to

right-size manufacturing capacity, as well as indirect and central resources to better reflect the leaner and simplified Group structure with more autonomous divisions. These measures are expected to have a positive impact on the Group's financial performance already in 2019 and will be finalized in 2020.

Robotic lawn mowing is the future

We are the undisputed market leader in the fast-growing segment for robotic lawn mowers. Demand in the European consumer market has grown rapidly in recent years and still remains a substantial growth opportunity as the market is far from saturated. Other markets like the U.S., which is the largest lawn and garden market in the world, are still untapped.

We are continuing to invest to offer the market-leading range of robotic mowers for consumers, while at the same time we are also starting to enter the professional market. Here, requirements for technology and reliability are even higher which suits us well.

Husqvarna Automower® 535 AWD, which was launched recently, is a revolutionary four-wheel drive robotic lawn mower for the professional market. It delivers superior cutting results even on the most demanding and complex lawns with steep slopes and uneven surfaces. For full automation and connectivity, the mower can also be integrated into our Fleet Services solution for professional lawn and garden service providers, further extending our role as a business partner to this customer group.

Forestry a key market segment

Forestry and tree care have been vital to the Husqvarna brand ever since we entered the chainsaw segment almost 60 years ago. With the professional loggers and arborists in mind, we are continuing to roll out our next generation of professional chainsaws. The latest chainsaws Husqvarna 550 XP® Mark II and Husqvarna 545 Mark II have been developed to deliver outstanding cutting capacity and are equipped with Husqvarna's own designed and manufactured saw chain, the best-in-class X-CUT.



» Husqvarna Automower® 535 AWD which was launched recently, is a revolutionary four-wheel drive robotic lawn mower for the professional market.«



» The decision to dissolve the financially underperforming Consumer Brands Division was an important strategic milestone. It allows us to shift focus and attention from problems to opportunities and our strengths.«

Organic growth complemented by acquisitions

Understanding the needs of our end-user segments is key in our strategy to deliver great customer experiences. An exciting example of our ability to offer unique solutions can be seen in the acquisitions made by the Construction Division to broaden its offering. Now, the product range covers the entire concrete surface and floor creation process, from ground compaction to grinding and polishing concrete floors and collecting the resulting dust and slurry. It also demonstrates our ability to leverage strategically important acquisitions, which in this case involves Pullman Ermator and HTC's Floor Grinding Solutions in 2017 as well as Atlas Copco's Light Compaction & Concrete Equipment that we acquired in 2018.

Gardena continued its trajectory of successful geographic, channel and product category expansion, reinforcing its position in France and making important in-roads in priority markets such as the UK. The development of residential smart garden solutions continues. The core of the solution is a smart app that optimizes automated watering and robotic lawn care in a combined system. New features include software tools that help customers plan their gardens and a visual plant care app that assists users with less "green" thumbs to achieve great results in their gardens. Indeed, we are on an exciting journey with our Smart Garden domain leadership.

330 years of innovation

Turning new technology into opportunities through a passion for innovation is part of our heritage. In 2019 we will celebrate our 330-year history of reinvention. We are determined to remain at the forefront of technology and create great customer experiences by developing high-performance, sustainable and innovative products and solutions.

Sustainovate is the term we use to describe our way of integrating sustainability into our business and innovation processes. We strive to lead our industry in the transition to low-carbon alternatives. Battery technology, together with a roadmap for further efficiency improvements in petrol-powered

products as well as connected smart solutions are vital to fulfill our long-term target to reduce the absolute level of emissions from using our products by 33 percent by 2035. This is a target that was approved by the Science Based Targets Initiative in 2016, where Husqvarna Group was one of the first companies to commit to the Green Path.

Our contribution to a low-carbon future also includes other areas such as logistics and production. Our first solar-power panels that were installed at our factory in Nashville are now fully operational and have been followed by installations in Huskvarna in Sweden and Changzhou in China. Almost half of our energy is now coming from renewable sources.

Dedicated employees make the difference

2018 was a tough and transitional year for us with quite some financial headwinds. But there is no hesitation in my mind that we have taken very important steps to build a stronger and more competitive Group for the future.

As always, it is our employees who drive the development forward and I want to express my appreciation for all the hard work they put in. Their loyalty and skills are highly valued. It is with confidence that I look forward to an exciting 2019 from a platform that is significantly stronger than a year ago.

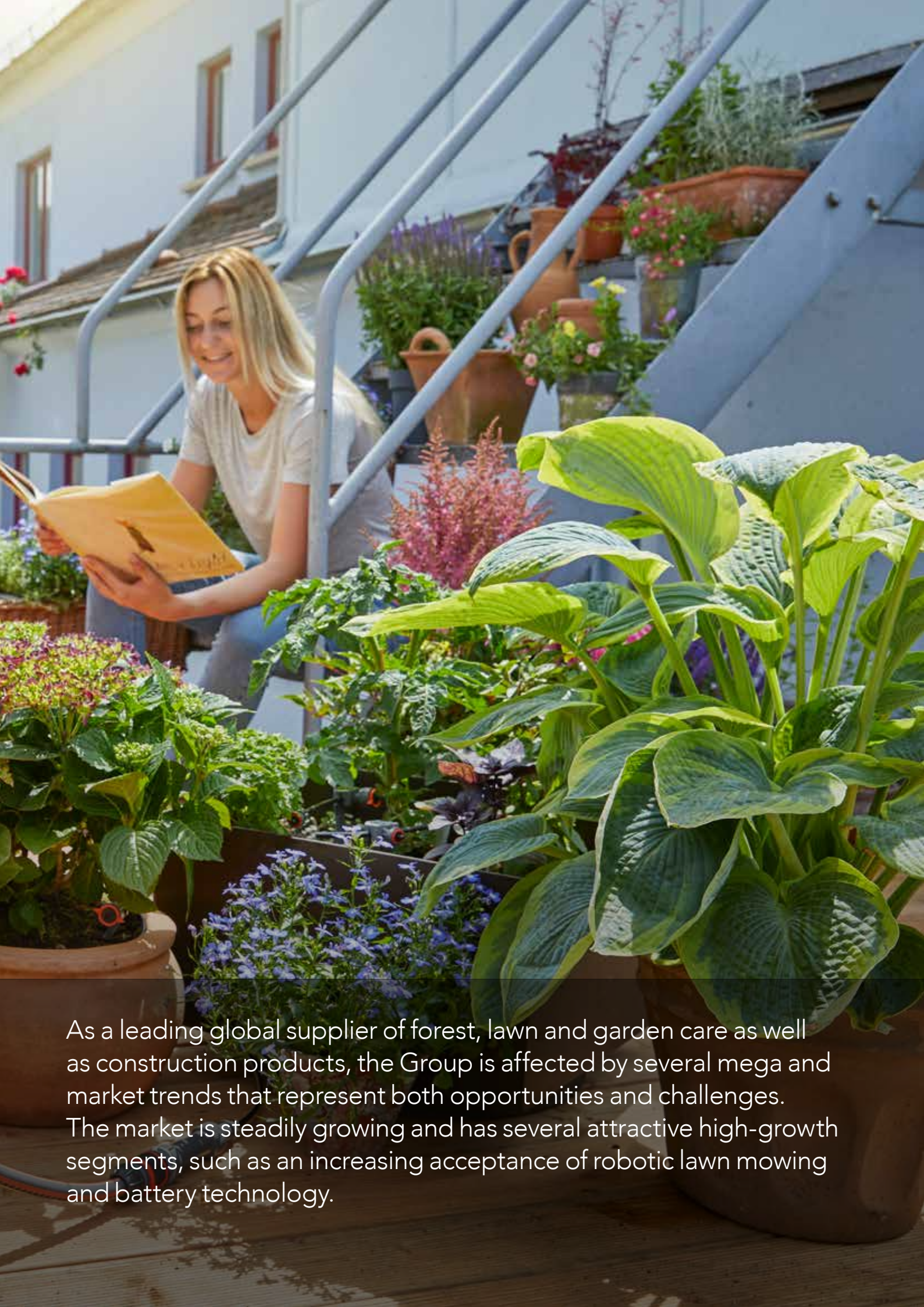
Return to the improvement trajectory in 2019

Going into 2019, we have a strong product and service lineup, a simplified Group structure in place and the main part of our restructuring behind us. Having the right focus in combination with solid execution plans makes me confident that we will deliver both great customer experiences and strong improvements in results. It is indeed an exciting journey!

Kai Wärn
President and CEO



Market
and trends



As a leading global supplier of forest, lawn and garden care as well as construction products, the Group is affected by several mega and market trends that represent both opportunities and challenges. The market is steadily growing and has several attractive high-growth segments, such as an increasing acceptance of robotic lawn mowing and battery technology.

Opportunities and risks in a changing market

An ever-more globalized and technology-driven world, demographic shifts, climate change and access to energy, water and raw materials. These megatrends influence how society and markets are evolving.



Speed of technology

Digitalization is transforming the way products are developed, produced, distributed, serviced and shared. And through systems such as fleet management, it is enabling the shift to services.

Robotic technology is increasing productivity and reducing monotonous activities in green spaces.



The energy transformation

The shift towards low-carbon solutions is a growing priority among customers and regulators.

New battery technologies are increasing capacity at an affordable price, making energy storage a viable alternative for a wide range of industries.

Opportunities and risks

- Gathering and analyzing data from devices and robotic technology is generating greater efficiencies and enabling the development of new features for greater user flexibility, productivity and safety.
- Digitalized manufacturing increases efficiencies in factories, transforming the workplace.
- The growing market for battery and robotic lawn mowers is attracting new and different competitors, driving the need to stay at the forefront of new technology.

The Group's response

- The Group is using robotic and digitalized technologies to reduce monotonous activities both within its factory walls and in green spaces. A substantial share of the Group's R&D budget is dedicated to these priority areas.
- The Group is launching digital solutions such as Husqvarna Fleet Services™ – a cloud-based data gathering system for professional landscapers – to improve customer productivity, profitability and product durability as well as reduce their CO₂ footprint.

Opportunities and risks

- Products that go beyond meeting baseline standards for fuel efficiency are delivering a competitive advantage.
- Energy use and recycling are regulated in more markets and the potential impact of efficiency levels can influence brand reputation.
- Growth in battery-operated products is opening opportunities for greater ease-of-use and the ability to integrate renewable energy solutions into the product mix.
- Sourcing minerals for lithium-ion batteries requires higher levels of transparency for human rights and environmental risks upstream in the supply chain.
- A growing demand for battery-powered products is attracting new types of competitors.

The Group's response

- Sales of the Group's battery-driven product categories have increased significantly since 2015.
- The Group's Science-Based Target aims to reduce the carbon impact of the product offering by 33 percent in 2035 compared with 2015. To date, the Group has reduced the carbon impact by 8 percent since 2015.
- As part of Sustainovate, the Group aims to increase sales of new products that are energy efficient. The Group is also exploring recycled plastic alternatives and replacing pure plastic solutions with a combination of wood and plastic.

Understanding the impact that megatrends have on our markets and operations is critical to our ability to execute on our strategy with maximum agility and resilience.



Rising demand for safe products

Ensuring safety both in the workplace and in the home is central to people's wellbeing.



Shifting consumer values and purchasing behavior

More than 80 percent of consumers research products online, yet only about 10 percent complete their purchases there.

Today, customers are increasingly empowered by technology and transparency. Purchasing decisions are guided by considerations such as sustainability and ethics, individualism and expression, smart and connected as well as easy and affordable.



Urbanization and new customer groups

By 2030, global middle-class spending is projected to triple and two-thirds of the world's population will be living in cities. Most of this growth will occur in Asia.

Consumers are getting older. In Europe and North America, the share of people over 55 will be larger than that of people under 18.

Opportunities and risks

- Product safety is regulated in more markets and the potential impact of product and workplace safety records can influence brand reputation.
- Consistently developing safe products reassures customers and is a strong indicator of market leadership.

The Group's response

- By keeping product safety at the top of the agenda, the Group is underlining the importance of customer experience and wellbeing.
- Measures to strengthen the safety mindset in the Group have led to a 48 percent reduction in new product safety incidents compared to 2016 as part of the Sustainovate Safety Challenge.

Opportunities and risks

- The sector is increasingly being influenced by the shift to e-commerce. This is changing business models, significantly impacting sales channels and creating new competitors.
- Expectations of a tailored, individualized product offering, transparency and the need for experiences are on the rise, changing consumer expectations of companies.

The Group's response

- The Group is exploring an increased direct online presence that also includes third-party providers to simplify customer interactions and increase sales of parts, accessories and value-added services.
- Across the Group, pilot projects are ongoing to take professional, consumer and dealership relationships to the next level.
- Through Sustainovate, the Group is integrating sustainability across all areas of its business, improving transparency of the Group's impacts.

Opportunities and risks

- The importance of parks and other green spaces is increasing as cities grow larger and more populous, opening opportunities in public-sector procurement.
- Consumer demographics and customers are changing, opening new opportunities for product innovation and shifting purchasing power to new geographic regions.

The Group's response

- The Group is meeting changing market demands by growing in Asia.
- The Gardena City Gardening line is just one example of how the Group is developing an offering of quiet, unobtrusive products tailored for compact urban living.
- Robotic lawn mowers are well suited to meet the demand from an aging population. Robots perform work that may be difficult for older users.

MARKET OVERVIEW

Attractive growth opportunities in a stable market

Husqvarna Group is active in attractive markets that show a steady growth rate of around 3 percent annually. The Group enjoys significant growth opportunities in areas where new technologies are gaining ground, including the shift from traditional to robotic lawn mowers and growth in battery-powered products.

The overall forest and garden markets that the Husqvarna and Gardena divisions operate in are characterized as mature with stable growth. Average growth has historically kept pace with GDP (gross domestic product) development at between 2 to 3 percent per year. The market offers attractive growth opportunities within new technology areas such as robotic and battery-powered products. Handheld battery-powered garden products and robotic lawn mowers are examples where annual growth historically has been above 20 percent. The addressable market for forest, lawn and garden products in regions and segments where Husqvarna Group is present is estimated at SEK 200bn.

Demand is driven mainly by general economic growth factors. Housing starts, employment levels, consumer purchasing power and consumer confidence are important indicators. New technology and product innovation are also important drivers of demand. In addition, weather conditions can impact the season and thus affect demand both positively and negatively.

Europe and North America dominate

Europe and North America are the biggest markets and together make up around 80 percent of the market in terms of value. Consumers in many of the larger markets outside of Europe and North America do not have the same needs or gardening traditions as in these larger markets, which explains why they are relatively smaller. Demand is mainly driven by commercial

end-users and these markets are growing slowly but steadily, particularly in emerging markets in Asia.

Robotic mowers is the fastest growing segment

The wheeled product segment, which includes ride-on and walk-behind lawn mowers, is the largest in terms of market value followed by the handheld segment, of which the largest categories are chain-saws and trimmers.

The fastest growing segment is robotic lawn mowers and battery powered products, which has grown more than 20 percent per year in the last five years. Geographically, the market for robotic mowers remains almost entirely concentrated in western Europe and consumer segments. Awareness of and demand for robotic mowers in other markets such as North America is rising and is considered a major future growth potential. Another segment that today is relatively small but has significant potential is robotic lawn mowers for commercial use, such as for sports fields, lawns in commercial areas, hotels and parks.

Traditionally, the forest and garden market has been dominated by petrol-powered products, but as new battery technology and innovations are introduced, the latter are gaining share and now represent between 10 and 15 percent of the total, with an annual growth rate of more than 20 percent. Growth in electric products is being driven by battery-powered products such as robotic lawn mowers and handheld products such as trimmers, hedge cutters and chainsaws.

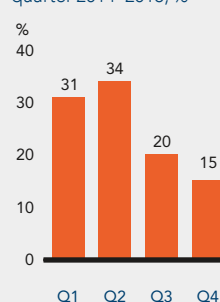
HUSQVARNA GROUP'S GLOBAL MARKET POSITIONS

Robotic lawn mowers	1
Watering	1
Garden tractors	1
Chainsaws	2
Trimmers	2

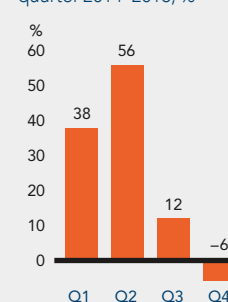
Seasonality

Forest and garden products, which represent around 85 percent of the Group's total sales, are highly seasonal due to end-user buying patterns. Most equipment is sold during the spring and summer when most lawn care and gardening activities take place. Because the main markets are located 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. The season for watering products is normally even shorter and often ends after the second quarter. Demand for forestry products tends to be somewhat higher during the second half of the year. For construction products, demand is fairly evenly distributed over the year.

NET SALES, SEASONALITY
Average distribution per quarter 2014–2018, %

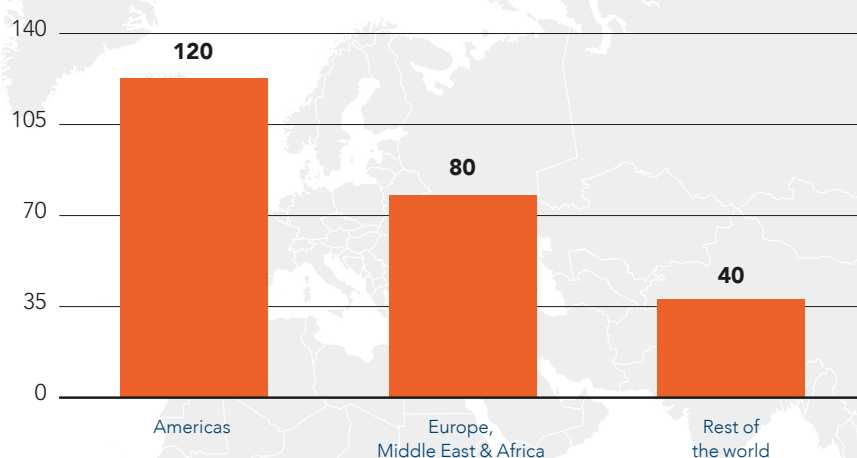


OPERATING INCOME, SEASONALITY¹
Average distribution per quarter 2014–2018, %

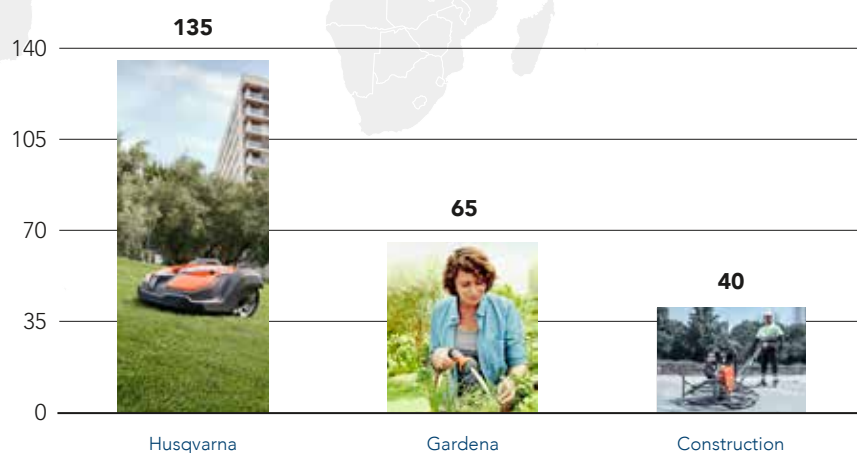


¹ Excluding items affecting comparability.

Estimated value of the market by geography, SEKbn



Estimated value of the market by division, SEKbn



Construction market

The long-term annual growth rate for the Group's products for the construction and stone industries through its Construction Division is about 3 percent for construction products and slightly higher for stone products. Demand normally correlates with activity in the construction industry, which is characterized by cyclical variations. In addition, a large part of the market consist of consumables and after-market services with lower cyclicalities and a steadily growing demand profile.

The estimated addressable market for the Construction Division has been slightly redefined and is now estimated to SEK 40bn.

Customers and distribution

The Group sells forest, park and garden products to more than 25,000 dealers and leading retailers worldwide, which in turn sell them to end-users. Dealers, who represent around 35 percent of the total distribution in the market, primarily sell products in the high-performance segments to professional users and prosumers (demanding consumers) and offer product service while retailers, who represent around half of the market, sell products in the low to medium price ranges, mainly targeting consumer segments. The online channel, which in addition to pure online resellers is also used by dealers and retailers, is becoming increasingly significant and now has a share of about 15 percent of the total market. Construction and stone industry products are sold directly to end-users such as sawing and drilling contractors and quarry operators, to rental companies that lease the equipment to end-users and to dealers who sell to professional construction end-users.



Strategy



The overarching ambition of the Group's strategy is market leadership, of which long-term profitable growth and being the innovation leader are important aspects. The 2018 decision to exit certain consumer products and put greater emphasis on value-creating premium products and brands in the Husqvarna, Gardena and Construction divisions will further support this ambition.

BUSINESS MODEL

Creating sustainable value

Built on a strategy for market leadership, the Group's business model is designed for profitable growth, bringing the best forestry, lawn and garden and construction solutions to the market by maximizing assets and minimizing waste and CO₂ from operations.

ASSETS

- Around 13,000 employees
- R&D of SEK 1.6bn
- Equity of SEK 16.0bn
- Premium brands Husqvarna and Gardena
- Presence in 140 countries
- 35 factories and 26 warehouses
- 170 strategic suppliers
- More than 2,000 patents
- 25,000 dealers and retailers

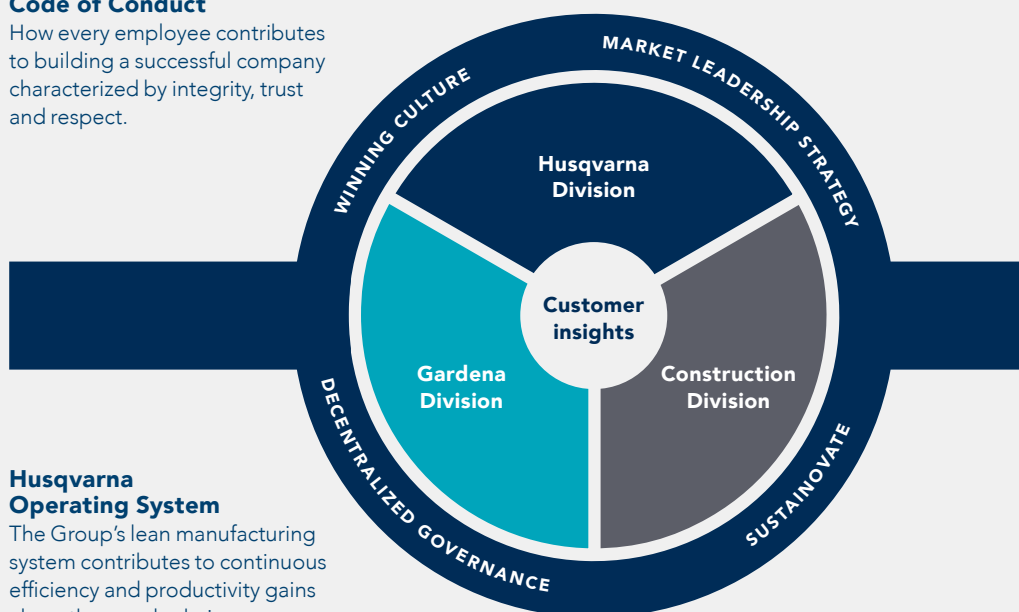
BUSINESS ACTIVITIES

Code of Conduct

How every employee contributes to building a successful company characterized by integrity, trust and respect.

Husqvarna Operating System

The Group's lean manufacturing system contributes to continuous efficiency and productivity gains along the supply chain.



Assets: the building blocks for global operations

The strengths of the Group's brands and its 13,000 colleagues are its most important assets. Long-term shareholders provide the Group with the flexibility to focus on sustainable profitable growth and to invest in innovation and acquisitions. As an integrated part of achieving operational efficiency, the Group optimizes the use of raw materials and components in production, which primarily comprises plastics, steel, aluminum and energy. This allows effective management of fluctuations in the price of and access to raw materials and components. Strong relationships play an important role in the Group's business model. Approximately 170 of some 2,000 suppliers are considered strategic to the business. More than 25,000 dealers and retailers represent Husqvarna and Gardena brands across 140 countries, delivering added value to professionals and consumers alike.

Business activities: what sets the Group apart

Profitable growth is the Group's way to generate stakeholder value. It is founded on innovation, leveraging the Group's strong brands, global distribution and efficiencies of scale to create differentiated product and solutions tailored to end-customer segments. This is achieved through investments in strategic growth areas such as robotic lawn mowers, battery-powered products, smart garden solutions and piloting new business models. The Group also maintains competitiveness through flexible, cost-efficient product manufacturing that easily adjusts to fluctuating seasonal demand while always meeting the customer expectations for quality and safety. Husqvarna Group's business model includes these main priorities:

- The Group strategy aligns the objectives for expansion and profitable growth.
- Customer insights: a deep understanding of the needs of different customer segments.

- Decentralized governance keeps the Group agile, flexible and responsive. Each of the three divisions is organized in a decentralized way to bring decision-making closer to customer. The Husqvarna Operating System (Husqvarna Group's Lean Manufacturing model), improves efficiency and productivity in the supply chain as well as in other areas.
- A winning culture engages the team. A foundation of a shared vision and core purpose, key behaviors and important policies such as the Code of Conduct underscore how every employee can contribute to building a results-oriented and trusted company.
- Sustainovate provides the outside-in perspective and is the way the Group integrates sustainability across its business. It allows the Group to better address market dynamics and societal challenges and understand stakeholders better.

Strategic focus areas

Investments made in battery, robotics and digital commerce leverage growth opportunities in the market.



Flexibility

Maximizing operational efficiency while servicing a market with fluctuating seasonal demands.

OUTCOME

- 13 product categories for end-customer segments ranging from professionals to consumers
- 200,000 connected products sold
- SEK 41.1bn in product sales
- SEK 5.7bn in employee salaries
- 54,000 tonnes of waste, 19 percent less than 2015
- 6 million tonnes CO₂ emissions, 9 percent less than 2015
- 48 percent reduction in product safety incidents since 2016

Outcome: sustainable profitable growth

Through innovation, energy-efficient operations and engaged and dedicated teams, the Group is growing its business while reducing CO₂ emissions and waste across the value chain. Products in a wide range of categories are tailored to customers' demands for efficiency, quality, durability and safety across markets, resulting in great customer experiences.

VALUE CREATED

Customers, retailers and dealers

- Safe, efficient, durable and reliable products and services
- Knowledge building
- Channel of choice
- Lasting partnerships

Investors

- Long-term financial performance
- Dividend payment

Employees

- Fair wages
- Good working conditions
- Employment security
- Attractive positions with development opportunities

Society

- Taxes paid
- Jobs
- Community involvement
- Contributions to a low-carbon economy

Value created: for key stakeholder groups

The focus on profitable growth delivers opportunities for efficient and innovative products and services that generate economic, environmental and societal value. Key stakeholder groups such as customers, investors, employees and society stand to benefit from this approach. It also generates income that is reinvested in the company through research and development of new innovative products and services as well as other market leadership activities.

TARGETS

Financial and sustainability targets

The financial targets should direct and support the Group in delivering on its strategy. The goal of the strategy is to deliver profitable growth. In short, this means achieving net sales growth exceeding the average growth in the industry by around 1 to 2 percentage points and continually improving the operating margin in a capital-efficient way. In terms of sustainability, the most important target is to reduce environmental impact by lowering CO₂ emissions.

Financial targets

Husqvarna Group's financial targets were introduced in 2017 and cover the areas of net sales growth, operating margin and capital efficiency.

DEFINITIONS	TARGET	ACHIEVEMENT 2018
1 Growth The target is to grow 1–2 percentage points faster than the market, excluding the Consumer Brands Division. This means at least 3 to 5 percent annual currency-adjusted net sales growth, excluding any impact from acquisitions. The net sales growth was 3.7 percent (7.7) in 2018.	≥3–5%	3.7%
2 Margin The Group's operating margin should on average exceed 10 percent in the coming years. In 2018, the operating margin, excluding items affecting comparability, declined to 7.9 (9.6).	≥10%	7.9%
3 Capital efficiency The Group's operating working capital, seasonally adjusted by taking the average of the closing balances for the last five quarters, should be a maximum of 25 percent in relation to annual net sales. In 2018, the ratio was 25.9 percent (25.5).	≤25%	25.9%
Other targets In addition to the three financial targets, the Group aims to have a long-term credit rating corresponding to at least BBB, which is the current rating from Standard & Poor's. According to the dividend policy, the annual cash dividend to shareholders should normally exceed 40 percent of net income for the previous year.	BBB ≥40%	BBB 106%

Sustainovate targets

Husqvarna Group's approach to sustainability is built on five challenges where the Group can make the greatest difference and create economic, social and environmental value for key stakeholders. Sustainovate

includes Group-wide targets to drive company performance to 2020 compared to 2015. Below is the Group's progress so far.

DEFINITIONS	2020 TARGETS		2018 PROGRESS AGAINST TARGET	
 Carbon Challenge Decouple business growth from CO ₂ emissions.	10% CO ₂ emission intensity reduction across the value chain.	33% absolute CO ₂ emission reduction from product use by 2035.	21% CO ₂ emission intensity reduction across the value chain.	8% absolute CO ₂ emission reduction from product use.
 Team Challenge Be the best place to work.	+9 A Team Survey Net Promoter Score (NPS) equal to or higher than the peer group (+9).		+11 Net Promoter Score In 2018 the peer group's NPS was +9.	
 Supplier Challenge Inspire and build a sustainable supplier base.	70% of the purchasing spend from strategic suppliers audited and approved on their sustainability performance.		26% of the purchasing spend derived from audited and approved suppliers.	
 Safety Challenge Lead the industry in safety across the value chain.	35% reduction in new product incidents (compared with 2016).	40% reduction in injury rate in operations.	48% reduction in new product incidents.	38% reduction in injury rate in operations.
 Community Challenge Build a platform for teams to engage in local communities.	- Establish a Group-wide framework to align objectives and measure positive impact of emergency response and community work. - Determine Group-wide capacity for emergency response program.			

Strategy for market leadership

The high-level ambition of the Husqvarna Group is to achieve market leadership by 2020. In 2018, the Group took an important step by deciding to dissolve the underperforming Consumer Brands Division. This has enabled full focus on strengths in premium products and services under core brands in the Husqvarna, Gardena and Construction divisions, three divisions with good growth prospects.

The Group operates on the principle of having strong, focused and empowered divisions with the resources needed to drive business towards their desired goals. In essence, this means that each division targets its unique group of end-users and builds operations on the success factors needed in each segment. Group strategic functions are consequently small and tasked with supporting the divisions in areas such as securing vital synergies and safeguarding critical expertise in areas such as robotics and battery technology, digital commerce and business architecture as well as program office for Group-wide efficiency and productivity programs.

Market leadership by 2020

Husqvarna Group's ambition is to achieve market leadership by 2020 in more than just market share. Market leadership is defined as being the number one player or the number two player competing for the number one position. A market leader also drives industry evolution in terms of innovation, customer focus, sustainability and operational excellence. It is also able to capture the financial opportunities inherent in the market share position and innovation leadership.

Gardena products are lightweight with smart features to support ergonomic working positions in all kinds of applications.



The journey towards market leadership 2020

2013

Improvement program

- Launch of AIP (Accelerated Improvement Program) to restore profitability

2014

Strategy 2020

- Market, customer and technology studies
- Breadth and focus
- Goals and definitions

2015

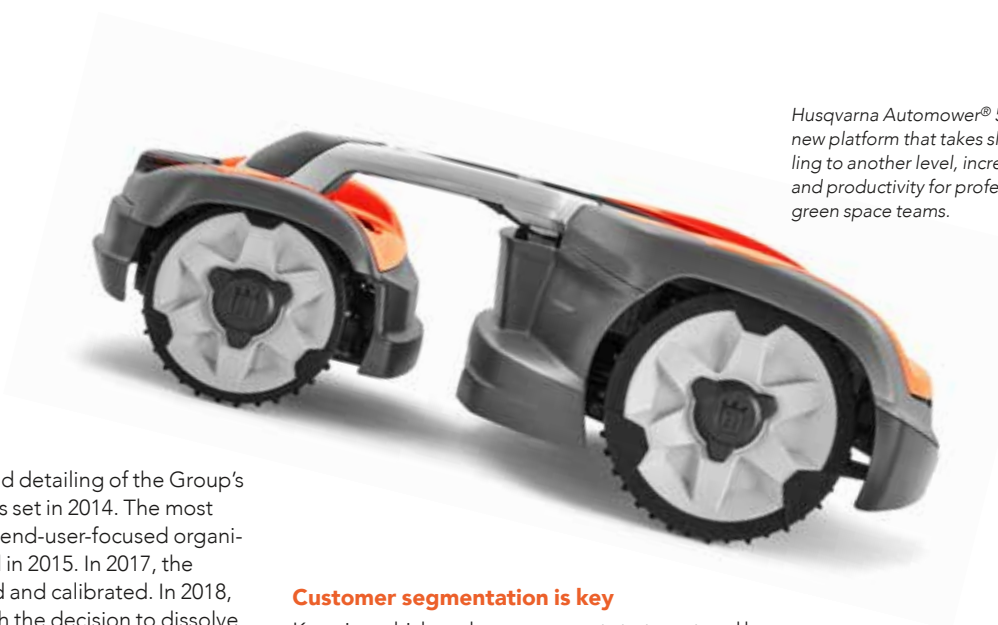
New organization

- Growth and turnaround strategies
- AIP program closed

2016

Profitable growth initiatives

- Financing of growth initiatives
- Support margin target



Husqvarna Automower® 535 AWD is a new platform that takes slope handling to another level, increasing safety and productivity for professional green space teams.

The long-term ambition and detailing of the Group's strategy, Strategy 2020, was set in 2014. The most distinctive change was the end-user-focused organization that was established in 2015. In 2017, the strategy was further refined and calibrated. In 2018, another step was taken with the decision to dissolve the Consumer Brands Division and to organize the Group into the three strong and high-performing divisions, Husqvarna, Gardena and Construction from 2019. The key initiatives to drive profitable growth are detailed in the business plan of each division.

Key components of market leadership strategy **Prioritize core brands and premium offerings**

Husqvarna Group is powered by strong brands, which is a key success factor for the Group. This brand strategy provides an edge in increasingly competitive markets and primarily aims to grow sales of the premium brands Husqvarna and Gardena where the Group enjoys strong market positions in many product segments. The strong brand equity and focus on high-performance products in Husqvarna and Gardena enable premium pricing and thus the ability to earn higher margins.

Customer segmentation is key

Knowing which end-user segments to target and how to effectively serve their needs and requirements determines success in the market. Customer segmentation is the key to developing better offerings, a more balanced product mix, a differentiated channel approach, clear positioning and more targeted communication. Here, the different brands play an important role since they are the direct link to end-users.

Omnichannel, flexibility and traceability

A transparent, reliable, agile and sustainable supply chain is imperative for market leadership. This includes having the right services, processes and commercial structures to meet the ever-changing needs of customers – in their channel of choice. This is especially true in the lawn and garden markets, which are characterized by strong seasonality and weather impact and a global supply chain footprint that puts high requirements on flexibility. The Group has made significant investments to create a transparent demand and supply planning system. This improves forecast accuracy and shortens lead times to better respond to, for example, changes in demand due to weather variations.

2017

New financial targets to support profitable growth

- Execution of profitable growth strategy and continued growth investments

2018

Profitable growth strategy and restructuring

- Continued execution of profitable growth strategy for Husqvarna, Gardena and Construction
- Restructuring and dissolution of Consumer Brands Division initiated

2019

A less complex Group

- Increased focus on higher-margin premium offerings under the core brands Husqvarna and Gardena
- Strategic review to initiate definition of the next phase: "Strategy 2025"

2020

Market leader ambition

No.1 or no. 2 player competing for no. 1

Driving industry evolution in:

- End-customer focus
- Innovation and sustainability
- Operational excellence
- Financial performance

MARKET LEADERSHIP 2020



Stronger, yet lighter and more fuel efficient. The new Husqvarna 550 XP® Mark II chainsaw sets a new standard in professional chainsaws.

Growing omnichannel requirements (a multichannel approach to sales that offers customers a seamless experience online, on their devices, at dealers and in retail stores) are driving demand for shorter lead times and single shipments. For this reason, the Group is constantly developing the supply chain into a more seamless end-to-end model utilizing emerging technologies that are defining the factory of the future.

Another important aspect of the future supply chain is ensuring traceability to manage certain supply chain risks, for example, sourcing and using restricted materials that are found in products and components such as batteries.

To further build on Husqvarna's heritage of innovation, the Group will move from a traditional supplier approach to a more network-oriented collaborative methodology based on long-term strategic partnerships with key suppliers. This will allow it to develop the ability to quickly identify and operationalize opportunities brought by suppliers' innovation capabilities.

Investments to drive profitable growth financed by efficiency and productivity programs

To deliver growth in the future, the Group needs to invest to inject energy, create new ideas and build new capabilities. The principle for financing these investments is that they need to be matched by Group-wide cost and efficiency programs that deliver savings corresponding to the investment needs. Successfully executing these programs will release the funds needed to finance profitable growth initiatives. In addition to cost savings in areas such as product costs, logistics and indirect materials, an important part of the efficiency program is also to ensure that a higher sales volume also leads to good growth in operating income and improvement in operating margins.

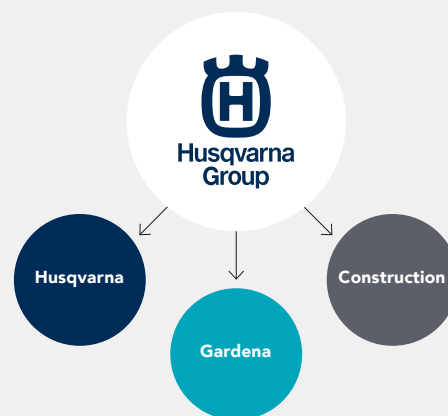
Restructuring of Consumer Brands Division

In 2018, the decision was made to dissolve the underperforming Consumer Brands Division by exiting unprofitable areas of the business.

The restructuring will be carried out in two phases. In 2019, approximately SEK 1.5 to 2bn of sales in low-margin petrol-powered products will be exited followed by another SEK 1 to 1.5bn in 2020. The exits will also decrease the Group's reliance on petrol-powered products, reflecting the Carbon Challenge aim to decouple business growth from CO₂ emissions.

Manufacturing and central Group resources will be downsized to reflect the leaner and less complex Group, decrease the fixed cost base and improve efficiency. The remaining parts of the division will be integrated into the Husqvarna and Gardena divisions, with the North American part integrated into the Husqvarna Division and the European part into the Gardena Division. From 2019, the Group will operate and report on its operations in three divisions: Husqvarna, Gardena and Construction.

In this annual report, the Group overview on pages 1–37 is based on the new organization with three divisions valid from January 1, 2019.



Strategic growth initiatives

Husqvarna Division

- Exploit leading position in robotic lawn mowing
- Drive and build market for commercial robotic lawn mowers
- Become leader in battery-powered products
- Grow in forestry
- Capture spare parts and accessories opportunities

2018 achievements

- Introduced innovations and product releases for robotic lawn mowing for consumer and professional segments
- Achieved strong growth in high-end battery-powered products
- Launched new generation of professional chainsaws
- Increased automation and efficiency in production

Gardena Division

- Expand geographically
- Point-of-sales excellence
- Multichannel expansion
- Category expansion
- New concepts: Gardena Smart System

2018 achievements

- Achieved strong double-digit growth in core and focus markets
- Important new listings in focus markets
- Launched Digital Garden Planner
- Grew significantly in battery products, SILENO City robotic lawn mower for urban gardens and Smart Garden systems

Construction Division

- Create new service revenue streams
- Accelerate growth in emerging markets
- Explore adjacent segments, including acquisitions

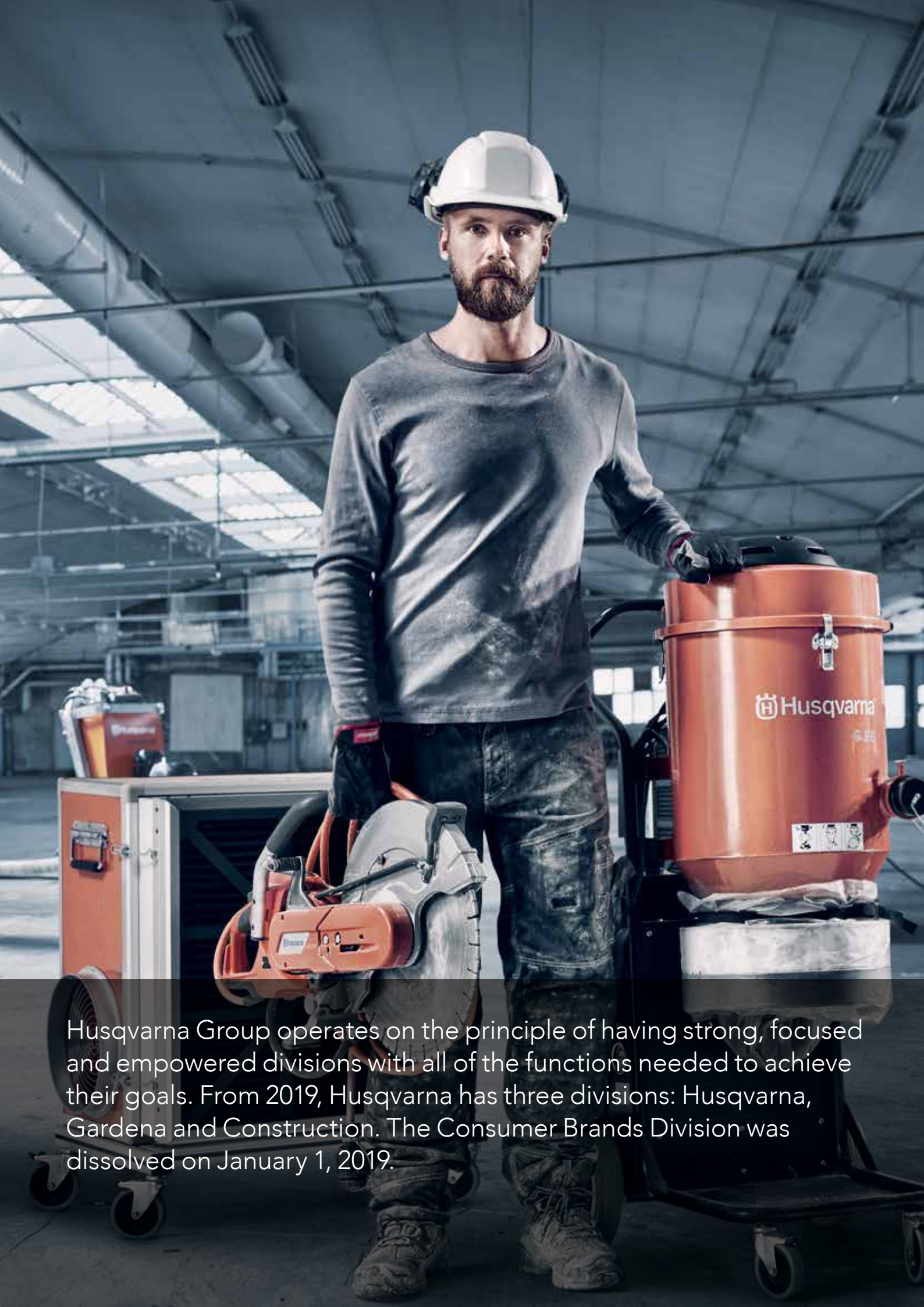
2018 achievements

- Completed 3 acquisitions in adjacent segments in 2017 and 2018 in concrete surfaces and floors area
- Acquired Atlas Copco's Light Compaction & Concrete Placement business in February 2018, complementing the acquisitions of Pullman Ermator and HTC in 2017
- Continued rollout of the UpCare service program
- Expanded regional office in Middle East and established regional office in India



Husqvarna
T 10000

The Divisions



Husqvarna Group operates on the principle of having strong, focused and empowered divisions with all of the functions needed to achieve their goals. From 2019, Husqvarna has three divisions: Husqvarna, Gardena and Construction. The Consumer Brands Division was dissolved on January 1, 2019.

HUSQVARNA DIVISION

Global leader in forest and garden products

Husqvarna Division offers products for forestry, tree care, landscaping and other commercial lawn and garden services, as well as for consumer segments including home and landowners. Heritage products include professional chainsaws and robotic lawn mowers.

Global and regional brands

The division's core brand is Husqvarna, which accounts for the majority of sales. Other brands include Zenoah (Japan), Jonsered, Klippo (Sweden) and RedMax (North America). Husqvarna is the undisputed global market leader in robotic lawn mowers. The division also has strong market positions for handheld products, including chainsaws, trimmers and blowers and for lawn mowing equipment.

The majority of the division's sales are in the mature markets of Europe and North America, however, the faster growing emerging markets represent significant growth opportunities.

The Husqvarna brand is mainly sold through more than 25,000 independent dealers worldwide. As of 2019, the division also includes the remaining North American part of the dissolved Consumer Brands Division with forestry, lawn and garden equipment for the consumer segments.

Growth among commercial end-users

The Husqvarna Division strives to be the preferred partner in the commercial lawn and garden segment, with innovative products and first-class customer service and technical support. The brand is distinguished by products and solutions that promote productivity, safety and sustainability. High-performance battery-powered products and services such as the Husqvarna Fleet Service™ system are important elements.

Continued leadership in forestry

Tree care and forestry are the DNA of the Husqvarna brand and a core pillar of its market and technological leadership. The division continues to innovate, an example of which is the recently launched platform

for professional chainsaws which includes the 572 XP® and 550 XP® Mark II models. Both are equipped with Husqvarna's own designed and manufactured saw chain, the best-in-class X-CUT, and digital solutions for the forestry user group.

Leveraging market leadership in robotic mowers

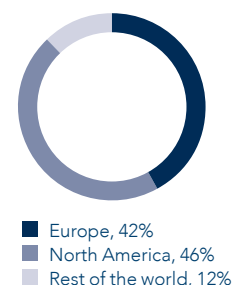
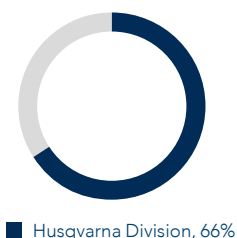
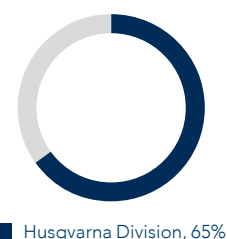
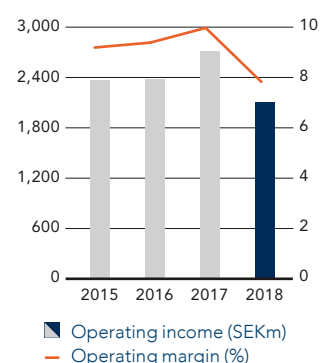
Maintaining Husqvarna's leading position in robotic mowers and fully capitalizing on this expanding market is essential for the division's growth and success. So far, it is mainly in consumer segments in Central and Northern Europe that robotic mowers have gained any sizeable share of the mower market. Significant market opportunities remain in new segments such as for professionals as well as in regional markets such as the U.S.

Other product categories with good growth potential include battery-powered products such as trimmers, blowers and chainsaws for both professionals and for consumers.

Sustainability throughout the value chain

The Husqvarna Division works to enhance the sustainability performance of its products through research and development, service innovation and digitalization. The division helps cities achieve their sustainability objectives by cooperating with municipalities on a variety of projects. For example, the annual Husqvarna Silent City conference has become an important event to promote green landscaping and to develop more sustainable solutions for professional green space maintenance. The division also has ambitious objectives to make its manufacturing operations more sustainable by, for example, sourcing 90 percent of its electricity from renewable sources by 2020.

Main brands	Product range	End-users	Distribution channels	Main competitors
	Handheld products such as chainsaws, brush cutters, trimmers and leaf blowers, both petrol and electric/battery-powered	- Professional users - Prosumers - Consumers	- Dealers for professionals - Retail for consumers - Online	- STIHL Group - Deere & Company - Honda - Toro - Yamabiko Corporation - TTI - Black & Decker
Other brands	- Wheeled products such as front riders, garden tractors, zero-turn mowers, walk-behind mowers and snow throwers - Robotic lawn mowers - Accessories and spare parts			
  				

NET SALES BY REGION¹SHARE OF GROUP NET SALES¹SHARE OF GROUP OPERATING INCOME^{1,2,3}OPERATING INCOME AND MARGIN^{1,2}

¹ Includes allocations from the dissolved Consumer Brands Division.

² Excluding items affecting comparability.

³ The Divisions' share of Group operating income adds up to more than 100 percent due to Group Common Costs.

Four-wheel drive robotic lawn mower

With four-wheel drive and articulated steering that can handle steep slopes and complex, rough and hard-cut lawns, Husqvarna Automower® 535 AWD for professional green space and park management is on a completely new level. For the consumer market, Husqvarna is launching the four-wheel drive 435 AWD, which also is compatible with Amazon Alexa and Google Home.



Interview with Sascha Menges, President Husqvarna Division

Why was 2018 challenging for the Husqvarna Division?

The late spring and long dry summer in Europe made the year challenging for the entire industry in terms of sales. Our industry was also affected by increased raw material costs, logistics costs and tariffs, which put further pressure on our profitability. However, I am extremely proud of the strong morale and engagement our teams demonstrated to make the most of a difficult year to carry some key successes home.

What key trends characterized 2018?

Consumer demand for robotic mowers continued to grow along with growth for battery-powered products. We are tapping these market trends by expanding our customer offering and drawing on our strong brand, consumer insights and application lead. Overall, we gained market share in 2018, for example, in battery products in North America and Europe.

How did digital services develop?

We launched Husqvarna Connect™ to enable consumers to optimize and manage their equipment via a smart phone, and Husqvarna Fleet Services™ 2.0 to help commercial customers better manage their equipment fleet. Our e-commerce offerings were successfully piloted in several markets including the UK and France to offer our users additional purchasing channels while leveraging a strong and dedicated

servicing dealer channel. These services enhance our brand and create additional customer value.

What new products were launched?

Driven by our Sustainovate agenda, we launched a number of products that help customers reduce their environmental impacts – such as new models of battery-powered lawnmowers and an upgraded battery range. Demand for our new Husqvarna 572 XP® professional chainsaw with best-in-range cutting capacity far exceeded our expectations, which demonstrates our innovation leadership and brand recognition among forestry customers. At the end of the year, we launched a professional robotic All Wheel Drive (AWD) lawn mower that will revolutionize the market through its ability to operate on steeper slopes and rougher terrain, further cementing our position as the market and innovation leader in this important segment.

What sustainability progress was made?

Between 2015 and 2018, we reduced the carbon footprint of our products by 10 percent through product efficiency and a broader offering of electric products. We also increased our use of renewable electricity in manufacturing to 86 percent in 2018 making significant progress towards achieving our 90 percent target in 2020. One example is the installation of solar panels at our Changzhou factory in China, which will generate approximately 30 percent of the site's total electricity.



» Between 2015 and 2018, we reduced the carbon footprint of our products by 10 percent through product efficiency and a broader offering of electric products.«



GARDENA DIVISION

The garden care segment leader

Gardena is the number one watering brand and a leading brand of high-quality garden tools in Europe. It is represented in more than 80 countries around the world.

The Gardena brand

Gardena enjoys strong brand awareness in the European garden care segments and the brand is associated with high-quality and market-leading innovation. Gardena is the preferred brand for millions of home and garden owners thanks to its complete product range that includes everything a passionate gardener requires – from watering and lawn care systems to gardening tools. From 2019 the division also includes the European operations of the Consumer Brands Division that was dissolved in 2018; Flymo, an iconic brand for lawn care and electric products in the UK, Universal, which offers accessories, and McCulloch, which offers traditional and robotic lawn mowers and handheld forestry and garden equipment.

A leader in watering and gardening tools

Gardena offers the broadest range of gardening products in its markets and in several European countries it leads the market in watering, hand tools and electric gardening tools. Much of its success has come from systems such as Original Gardena System in watering products (garden hoses, connectors, nozzles, sprinklers) and Gardena Combisystem for hand tools and high-quality cutting tools such as secateurs and loppers. Recent additions include Gardena City Gardening for smaller gardens and balconies and Gardena Smart System, the market's first connected, app-controlled automatic lawn care and water management solution, which connects intelligent sensors, watering equipment and robotic lawn mowing.

Solutions for the passionate gardener

Gardena products and services are designed with the passionate gardener in mind. These users take pride in crafting unique outdoor spaces and truly enjoy the different activities gardening involves. They also like to have some of the work automated so they can focus on the more fun and creative parts of gardening. For this reason, they demand reliable, high-quality and user-friendly products, as well as digital solutions to provide and share inspiration.

The division offers comprehensive digital customer support that includes watering, mowing and garden planning. Developing high-quality services and leveraging them to further strengthen the customer brand experience is important to the division's future success.

Growth in electric, automatic and connected garden care

The range under the Gardena brand includes the rapidly growing electric and battery-powered segments, such as robotic mowers, lawn mowers and trimmers.

Significant market opportunities for profitable growth

Gardena is driving a growth strategy. There are significant opportunities to expand within and beyond Gardena's core markets in Central Europe, for example, in France, Southern Europe and the UK, through new distribution channels including e-commerce, and all of the other channels where consumers shop as well as by maintaining a high share of investment into innovation to develop new products in adjacent product categories.

NET SALES BY REGION¹

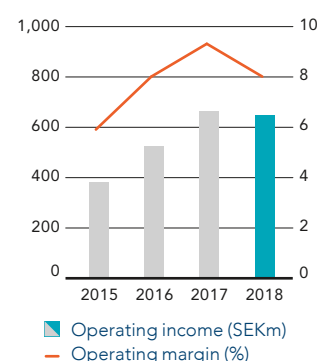
■ Europe, 95%
■ North America, 1%
■ Rest of the world, 4%

SHARE OF GROUP NET SALES¹

■ Gardena Division, 20%

SHARE OF GROUP OPERATING INCOME^{1, 2}

■ Gardena Division, 20%

OPERATING INCOME AND MARGIN¹

¹ Includes allocations from the dissolved Consumer Brands Division.

² The Divisions' share of Group operating income adds up to more than 100 percent due to Group Common Costs.

Main brands	Product range	End-users	Distribution channels	Main competitors
	Watering management: garden hoses, connectors, reels and sprayers; sprinklers and sprinkler systems; water pumps and watering controls	Consumers – passionate gardeners	Retail-centric, multi-channel	- Bosch Group - Fiskars - Hozelock - Kärcher - Stiga - TTI - Positec
Other brands	- Battery- and petrol-powered products such as robotic mowers, trimmers, hedge cutters and shrub shears - Garden tools such as secateurs, loppers, axes, digging tools and winter tools - Smart products such as Gardena Smart System			
 				

Battery power for convenient garden care

Battery-driven gardening tools are becoming increasingly popular thanks to their easy and flexible handling and environmental friendliness. With HeartBeat System, Gardena offers full flexibility for every area in the garden. Its ergonomic design and low weight guarantee comfortable posture for use on hedges, trees and lawns.

Interview with Pär Åström, President Gardena Division

How did Gardena perform financially in 2018?

I am pleased to report that 2018 was another record year in terms of profitable growth. Our currency adjusted growth of 14 percent is almost double what we have experienced in recent years. This shows that our profitable growth strategy, focusing on enabling passionate gardeners to realize their gardening dreams, continues to be successful.

What's behind Gardena's success?

Our performance this year was certainly supported by the hot and dry summer, which substantially increased demand for our watering products. We also continued to execute on our organic growth ambitions and saw strong sales throughout our product categories, including hand tools and electric products and across many regional markets.

What challenges did you face during the year?

The greatest challenge was meeting the high demand for our products. But I am incredibly proud of our employees that went the extra mile to make the most of our manufacturing capacity. We have learned a few lessons and are now investing in our manufacturing and logistics capacity to ensure even better flexibility to maintain a high service level and

improving capability to better execute in future extreme demand situations.

What trends are shaping the market?

One important trend we are benefiting from is the strong growth in electric products and battery-powered products in particular. The new higher power range of 40V battery products we launched in 2018 was received very well by the market. Battery-powered products are also increasingly being complemented by digitalization and connectivity features, which is reflected in our new Smart Sileno City robotic lawn mower and the automated Gardena Smart System.

Tell us about the new services launched during the year.

Further tapping into the digitalization trend, we launched an online garden planner, which has been popular among customers wanting to design or remodel their gardens. We also complemented our Smart System app with a plant library that enables people to see what different plants look like and what they need to thrive. I think such services are essential to build our brand value and develop new markets.

How important is sustainability to Gardena?

As greenery is important to our core customer group of passionate gardeners, we need to be green throughout our value chain – from our commitment to source 100 percent renewable energy for our European operations to our product offering. We launched a unique water awareness campaign, Every Drop Counts, together with UNICEF during the year to raise customer awareness of water issues and next year, we will co-brand a product that will partly fund UNICEF water projects around the world.



» The greatest challenge we faced during the year was meeting the high demand for our products.«



CONSTRUCTION DIVISION

The preferred construction industry choice

The Construction Division is a global leader in machinery and diamond tools for the construction and stone industries with a strong focus on innovation and customer support leadership.

Strong global brands

Husqvarna is the division's primary brand for construction products, with the broadest range of light construction equipment and diamond tools for concrete sawing and drilling, concrete surfaces and floors, and light remote demolition. The Construction Division's Husqvarna brand is complemented by three specialist brands that are among the strongest in the industry:

- Pullman Ermator is the world-leading specialist in dust and slurry management solutions for construction applications.
- HTC is the global floor finishing expert offering a complete range of floor grinding solutions.
- Diamant Boart is the world leader in diamond tools for the stone industry.

Products for professionals

The Construction Division offers construction products that are used exclusively by professionals who demand high-level performance, reliability and superior support. The division develops, manufactures and sells the most efficient and powerful solutions on the market for sawing, drilling and demolishing concrete, steel and other hard materials as well as compaction, concrete consolidation and finishing. Significant ongoing investments in innovation are being made to maintain the widest, most innovative and powerful product range on the market to continue deliver maximum customer value.

Solid market positions

With total annual sales of approximately SEK 6bn, the Construction Division has a strong market presence in most target product categories. The division has leading positions in power cutters, floor grinding machines, dust and slurry management solutions, floor, wall and wire saws and related diamond tools as well as multi-wire for the natural stone industry.

First-class global sales and support

The division's global network of sales companies, distributors, service centers and manufacturing plants are focused on the needs of customers in the rapidly changing construction industry. The Construction Division has an excellent sales and service support network, which is essential for offering high-quality products and solutions to professional customers. Products and solutions are distributed globally and sold to dealers, rental companies and directly to contractors by using innovative sales processes and tools.

Ongoing growth prospects

Following consecutive growth since 2010, the Construction Division is continuing to grow with new customers, products and markets as well as through acquisitions. The acquisition of DTS (May 2016), Pullman Ermator (January 2017), HTC (May 2017), and the acquisition of the Light Compaction and Concrete Equipment business from Atlas Copco in February 2018 have also significantly increased revenue and opened up new opportunities.

NET SALES BY REGION



- Europe, 37%
- North America, 45%
- Rest of the world, 18%

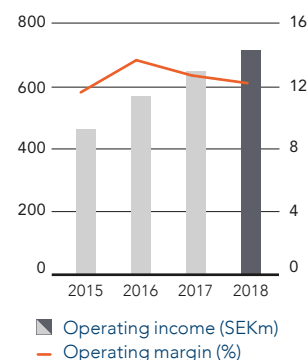
SHARE OF GROUP NET SALES



- Construction Division, 14%

SHARE OF GROUP OPERATING INCOME^{1,2}

- Construction Division, 22%

OPERATING INCOME AND MARGIN¹

¹ Excludes items affecting comparability.

² The Divisions' share of Group operating income adds up to more than 100 percent due to Group Common Costs.

Main brands	Product range	End-users	Distribution channels	Main competitors
Husqvarna	• Power cutters • Floor, tile and masonry saws • Wall and wire saws	• Tradespeople • Compacting, placing and finishing contractors	• Construction dealers and retailers • Rental companies • Direct sales • Stone processing industry	• Hilti • STIHL • Tyrolit • Ehwa • Shinhan • Skystone
Other brands	• Drill motors with stands • Floor grinding machines • Dust and slurry solutions • Demolition robots • Light compaction and concrete placement equipment • Diamond tools for construction and stone industries	• Cutting, sawing and drilling contractors • Flooring contractors • Civil contractors • Demolition contractors • Public sector • Do-it-yourself		

Concrete floor polishing with durable results

Husqvarna HiPERFLOOR® is a complete polishing system for concrete surfaces. It enhances the beauty, strength and wear resistance of concrete floors while minimizing maintenance needs and costs. HiPERFLOOR refines the hardened concrete surface through grinding, polishing and chemical treatments, taking almost any concrete surface to a whole new level of beauty, functionality and strength.

Interview with Henric Andersson, President Construction Division

Did the Construction Division continue to grow in 2018?

The year was our eighth consecutive year of organic growth. Our recent acquisitions further increased revenue, strengthened our market position and have opened up new markets and business opportunities. I am particularly proud of our team – both old and new colleagues – that have done a fantastic job integrating the three major acquisitions in recent years into our business.

What trends did you see in 2018?

Demand for our products was generally good due to continued growth in the global construction industry, even if some signs of lower activity were seen in the U.S. towards the end of the year. Demand for our dust management solutions was driven by regulation, but greater customer awareness of the productivity benefits of cleaner jobsites continued to be a clear trend.

Services is a priority for Construction. What did you achieve in this area during the year?

In 2018, we continued to roll out the UpCare service solution that helps to mitigate customer downtime risks. UpCare combined with our financing solutions provides customers with predictable costs. We are

also about to launch our cloud-based connected Fleet Services™ system to promote smarter, more efficient and profitable operations for the contractors that use our products. During the year, we introduced a new function to accelerate our after-market activities and further integrate digitalization into our business.

Did you continue customer training activities?

Customers continue to appreciate our training in effective dust management that promotes cleaner jobsites and boosts productivity. We also focused on raising awareness of the financial and sustainability benefits of using floor grinders for concrete surface preparation or for a floor finish.

How have you worked with Sustainovate?

We have made sustainability a core part of our business strategy, focusing on the product use phase, which is by far our greatest lifecycle sustainability impact. This is why we promote product electrification and battery use as well as slurry management to help reduce the environmental impact of construction.

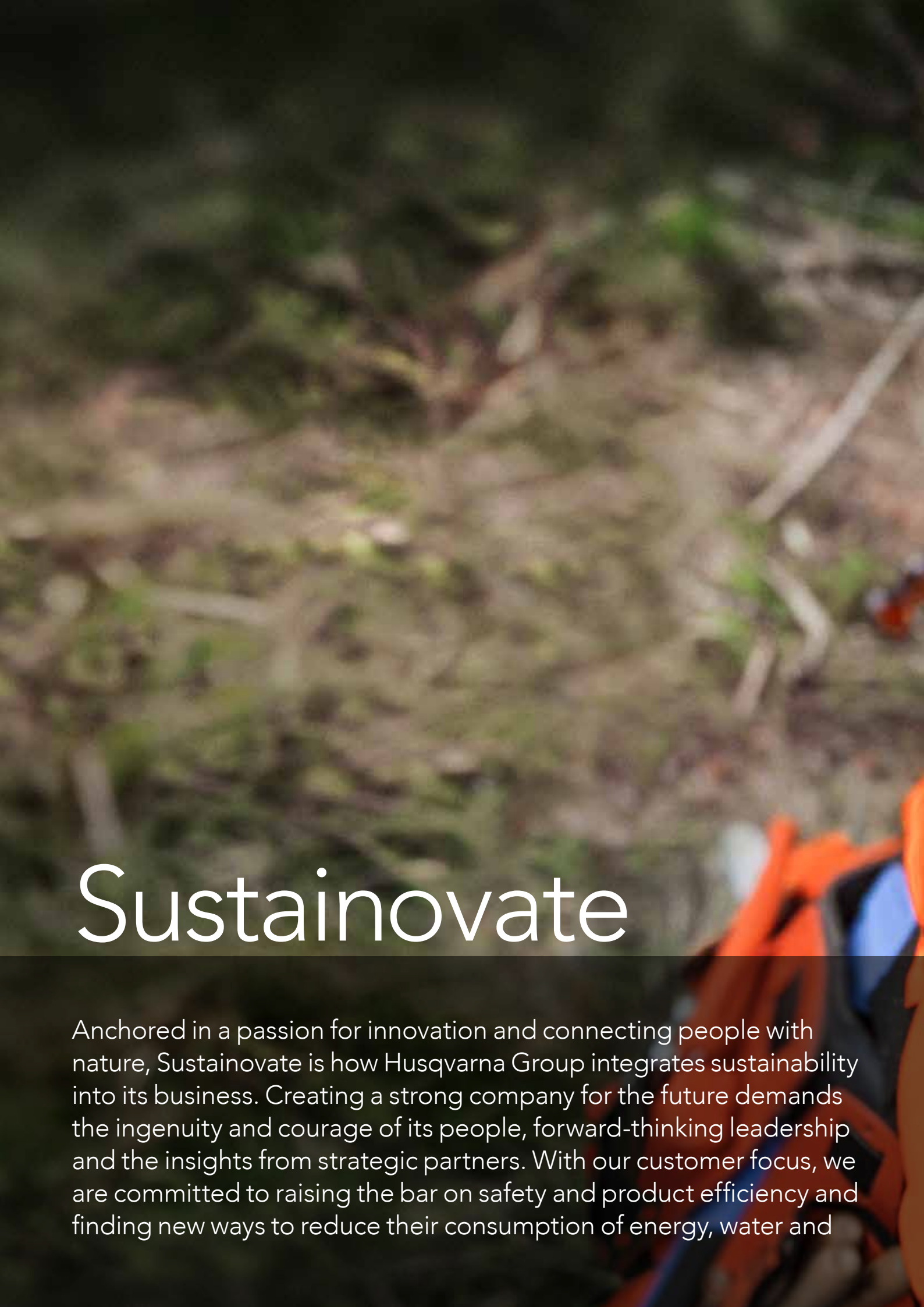
Your strategy is to expand into high-potential emerging markets. How is this going?

We continued to invest in local organizations and adapt our offering to better meet local demand with a focus on Asia, South America and the Middle East. Significantly, our acquisition from Atlas Copco is well-suited to emerging markets as its products currently have a larger addressable market and the business already had a substantial presence in India and Africa. The opening of a sales office in India was an important step that will be further supported by the acquired product range from Atlas Copco.



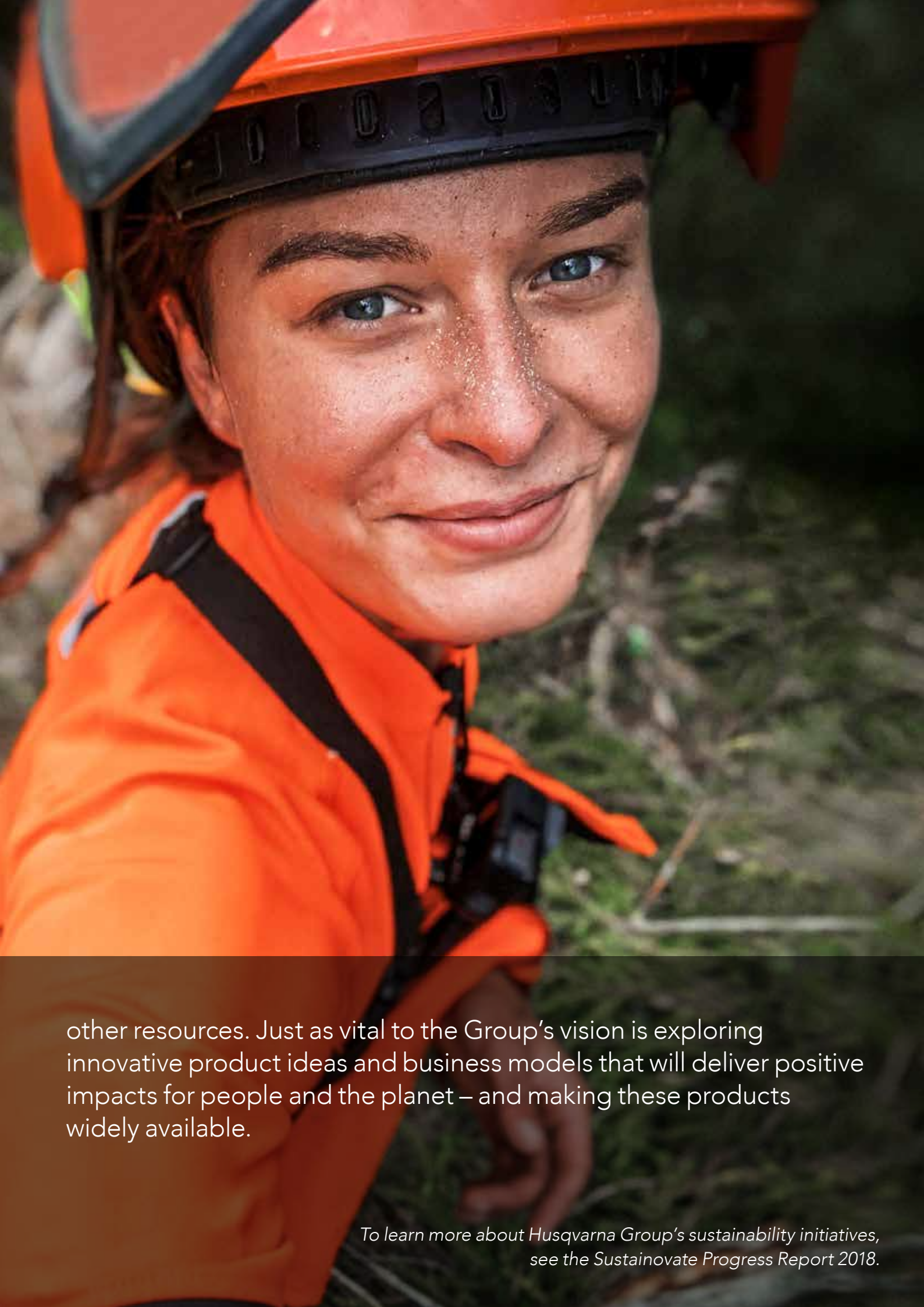
» I am particularly proud of our team, both old and new colleagues, that have done a fantastic job with integrating the three major acquisitions in recent years into our business.«





Sustainovate

Anchored in a passion for innovation and connecting people with nature, Sustainovate is how Husqvarna Group integrates sustainability into its business. Creating a strong company for the future demands the ingenuity and courage of its people, forward-thinking leadership and the insights from strategic partners. With our customer focus, we are committed to raising the bar on safety and product efficiency and finding new ways to reduce their consumption of energy, water and



other resources. Just as vital to the Group's vision is exploring innovative product ideas and business models that will deliver positive impacts for people and the planet – and making these products widely available.

To learn more about Husqvarna Group's sustainability initiatives, see the Sustainovate Progress Report 2018.

PROGRESS

Integrating sustainability across the Group

Innovation that brings people and nature closer together. This is the heart of Sustainovate, the Group's strategic approach to sustainability.

Sustainovate is founded on the principle that a strategic approach to sustainability is vital for creating long-term value and critical for market leadership. The strategic framework is built on five key challenges where the Group aims to reduce its impacts and enhance its ability to positively affect people's lives and the environment.

As an integral part of the Group's business model, Sustainovate includes Group-wide targets to drive sustainability performance to 2020. The targets are compared to 2015, unless otherwise stated. Each division is responsible for driving its own initiatives in the areas where they can add the most value.

Carbon Challenge

Decouple business growth from CO₂ emissions



AMBITION

Through innovation, energy-efficient operations and new products, the Group aims to grow its business while reducing emissions across the value chain, from product design and development to suppliers, manufacturing, logistics and smarter product use

TARGET

10%

CO₂ intensity reduction across the value chain

33%

absolute CO₂ intensity reduction from product use by 2035

PROGRESS

21%

CO₂ intensity reduction across the value chain

8%

absolute CO₂ intensity reduction

HIGHLIGHTS

- Around 27 percent of sales of motorized products are battery-powered or electrical, compared to 11 percent in 2015
- 59 percent of electricity used in operations derives from renewable sources

NEXT STEPS

- Explore internal carbon pricing options for airfreight and carbon offsetting for product sales
- Exit some low-margin petrol-powered product segments, mainly in North America
- Perform life-cycle assessments on key products

Team Challenge

Be the best place to work



AMBITION

Efforts to build an attractive, behavior-led workplace should never stop. By providing a platform for employees to make a difference and offering opportunities for people of all backgrounds to maximize their talents, the Group aims to be the employer of choice

TARGET

+9

Net Promoter Score (NPS) equal to or better than the peer group

PROGRESS

+11

NPS

HIGHLIGHTS

- 93 percent (approx. 12,000 employees) responded to the 2018 Team Survey
- NPS increased for the sixth consecutive year
- Since 2015 some 600 managers have taken part in leadership training, 158 of them in 2018
- Working climate continues to improve

NEXT STEPS

- Update and sharpen the diversity strategy
- Develop Group leadership behaviour model
- Launch new Employee Value Proposition

Supplier Challenge

Inspire and build a sustainable supplier base



AMBITION

By evaluating strategic suppliers' environmental, human rights and safety performance and ethical standards, the Group aims to motivate suppliers to improve and prioritize those with high sustainability performance

TARGET

70%

of purchasing spend from strategic suppliers audited and approved based on sustainability performance

PROGRESS

26%

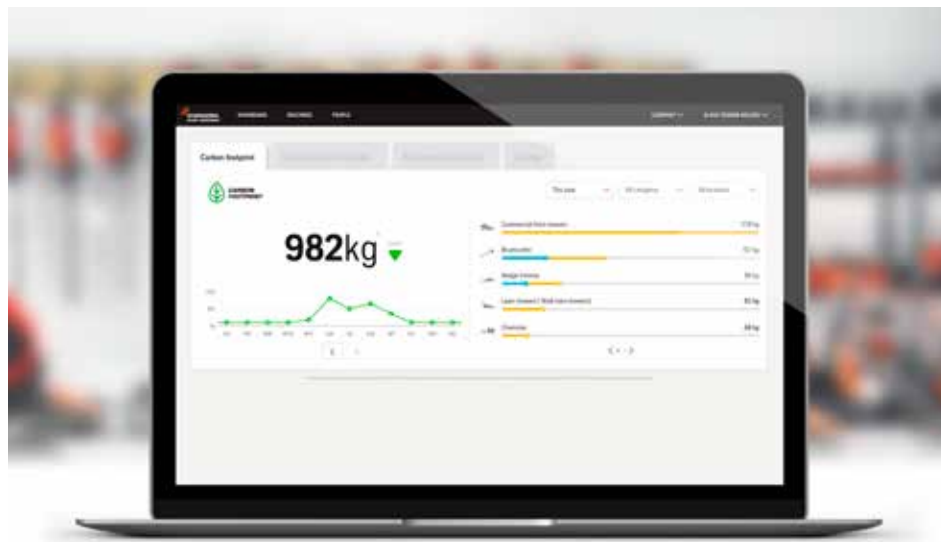
share of spend from approved suppliers

HIGHLIGHTS

- 52 full sustainability audits conducted in Asia, Europe and Americas
- No zero-tolerance issues were uncovered in supplier audits

NEXT STEPS

- Develop assessments for risk evaluations and prioritize due diligence, for lithium-ion battery suppliers
- Review and update the Supplier Code of Business Ethics
- Ensure corrective measures for audited, not approved suppliers



Treading lightly

With the Husqvarna Carbon Footprint Calculator, professional landscapers can better understand the CO₂ impact of their machine fleet. Via machine sensors and built-in connectivity, the new tool is part of Husqvarna Fleet Services™. It collects data from the machine fleet, tracks equipment performance and identifies ways to improve productivity. The carbon footprint is broken down into application area, product category, engine type and location. Following a series of pilot projects in cities across Europe, the Husqvarna Carbon Footprint Calculator will be available in 2019.

Safety Challenge

Lead the industry in safety across the value chain



AMBITION

With its strong focus on safety and ergonomics in products and on occupational, health and safety (OHS), the Group will improve safety across its value chain

TARGET

35%

reduction in new product incidents, compared with 2016

40%

reduction in injury rate in operations

PROGRESS

48%

reduction in new product incidents compared with 2016

38%

reduction in Total Recordable Incident Rate (TRIR)

HIGHLIGHTS

- Product safety: 11 cases involving products released since 2016 were reported
- Workplace Safety: Performance in most facilities reflects or exceeds the industry benchmark for manufacturing
- Implemented an ISO 45001-based OHS management system

NEXT STEPS

- Launch a new Occupational, Health and Safety policy
- Product safety: Implement KPI's and increase collaboration with end customers
- Workplace safety: Introduce a Group-wide OHS incident management system

Community Challenge

Build a platform for teams to engage in local communities



AMBITION

By connecting people with nature, the Group aims to protect biodiversity, promote healthier lifestyles and create more resilient communities

HIGHLIGHTS

- Husqvarna Division initiatives in four countries with local conservation and community organizations
- Hosted an international Silent City conference in Germany and several local events in Poland, Lithuania, Australia, Denmark and France to convene through leaders, academics to explore the role of parks
- Under the banner "Every drop counts", Gardena announced a partnership with UNICEF on World Water Day

NEXT STEPS

- Establish a Group-wide framework to align objectives and measure positive impact of emergency response and community work
- Determine Group-wide capacity for emergency response program

Sustainability snapshots

With the support of Sustainovate, the Group is on a journey to integrate sustainability deeper into the business. This year, a number of milestones was passed that help deliver on the Group's performance.

Always acting with integrity

Husqvarna Group is built on integrity, trust and respect. The Group's Code of Conduct plays an important role in ensuring that these three principles are reflected in the actions of each employee and business partner and in every country where we do business, and that expectations for working according to these principles are understood by all.

Significantly revised and updated this year, the Group's Code of Conduct (Code) incorporates nine new standards covering business ethics, human rights, safe workplaces, safety and quality and reducing the Group's environmental footprint. It showcases examples of how the standards apply to employees and foster a strong company culture.

The Code is being rolled out across the Group and has been translated into 14 languages. To help people in their daily work, all employees have access to the Code and other relevant policies. Approximately 6,000 employees around the world will be trained in the Code as of 2019.

London calling

A future-focused leadership culture helps Husqvarna Group carve its place in a fast-changing marketplace. Together with London Business School, the Group has developed its Future Executive Program, as one of six leadership training opportunities. The program equips managers with insights needed to develop the business. Using the program's outside-in perspective, participants develop strategic approaches to improve resilience and pinpoint opportunities and partnerships in a fast-changing society.

The pilot program concluded in the first quarter of 2018, with 15 selected managers taking part. Group Management joined participants during the program to share learnings.

Ten years with AIESEC

Husqvarna Group just celebrated the 10-year anniversary of its cooperation with AIESEC, the world's largest youth-run organization. An international non-governmental organization, AIESEC provides university graduates with leadership development, cross-cultural global internships and volunteer exchange experiences across the globe.

Through this partnership, the Group is tapping into a talent pool that is engaged and energized and brings both diversity and insights. In turn, young talents get the chance to work in a global company. In 2018, 29 AIESEC interns worked in positions throughout the Group. In the past 10 years, Husqvarna Group has provided 120 jobs for AIESEC alumni.



Contributing to the Sustainable Development Goals

The UN's Sustainable Development Goals (SDGs) are 17 goals designed to end extreme poverty, fight inequality and injustice and protect the planet to 2030. Realizing the SDGs requires significant efforts across all levels of society, not least in business, which has a critical role to play as a change agent.

By reducing the negative impacts of Group operations, contributing to positive change along the value chain and engaging in society at large, the Group can contribute the most to seven of these goals. The SDGs will play an even more important role in developing the Group's Sustainovate strategy beyond 2020, which will be launched in 2019.

Where the Group can reduce negative impacts of its operations



Where the Group can positively impact customers and value chains



Where the Group can positively impact society at large



Every drop counts

By 2030, half the world's population will live in water-stressed areas. Gardena's line of water-efficient products aims to address water scarcity and other urgent related issues.

For example, under the banner "Every drop counts" Gardena announced a water partnership with UNICEF in 2018. In its three-year agreement, Gardena is supporting UNICEF in providing access to clean drinking water for more than 100,000 people in over 100 countries. The UNICEF logo will also be carried on some of Gardena's watering sets of tap and hose connectors.

Gardena's garden watering products can achieve a more efficient way of watering and thus contribute to saving water, especially when used together with sensors. Gardena aims to increase sales of these water efficient products by 50 percent by 2020 compared to 2015. In 2018, the target was reached with a 59 percent increase in sales.





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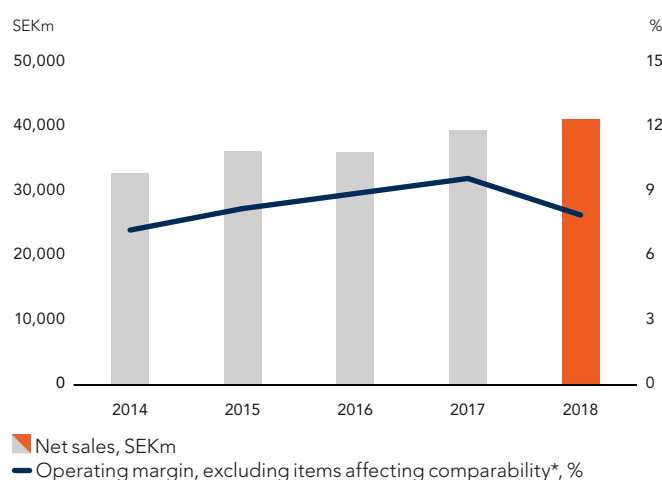
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Board of Directors' Report

The Board of Directors and the President and 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 2018 financial year.

- Net sales amounted to SEK 41,085m (39,394). Adjusted for changes in exchange rates*, net sales increased by 2%.
- Net sales, adjusted for changes in exchange rates*, increased by 1% in the Husqvarna Division, by 14% in the Gardena Division, by 12% in the Construction Division, while sales in the Consumer Brands Division decreased by 9%.
- Decision to dissolve the Consumer Brands Division as of January 1, 2019.
- Operating income amounted to SEK 2,070m (3,790), and to SEK 3,241m (3,790), excluding items affecting comparability*.
- The lower operating income was primarily a result of higher costs for raw materials and tariffs, supply chain costs as well as continued investments in profitable growth initiatives.
- Operating margin, excluding items affecting comparability*, amounted to 7.9% (9.6).
- Net income amounted to SEK 1,213m (2,660).
- Earnings per share amounted to SEK 2.12 (4.62) after dilution.
- Operating cash flow* amounted to SEK –248m (1,847).
- Net working capital to sales amounted to 25.9% (25.5).
- The net debt/equity ratio was 0.62 (0.46).
- The Board of Directors proposes a dividend of SEK 2.25 (2.25) per share.

Net sales and operating margin



Key figures

SEKm	2018	2017 ¹	2016	2015	2014 ²
Net sales	41,085	39,394	35,982	36,170	32,838
Gross margin, %	25.6	29.1	30.8	28.1	28.5
EBITDA*	4,000	5,105	4,382	3,980	3,315
EBITDA margin, %	9.7	13.0	12.2	11.0	10.1
Items affecting comparability* ³	-1,171	–	–	-153	-767
Operating income	2,070	3,790	3,218	2,827	1,581
Operating income, excl. items affecting comparability*	3,241	3,790	3,218	2,980	2,348
Operating margin, %	5.0	9.6	8.9	7.8	4.8
Operating margin, excl. items affecting comparability*, %	7.9	9.6	8.9	8.2	7.2
Income after financial items	1,561	3,290	2,796	2,483	1,256
Net income	1,213	2,660	2,104	1,888	824
Earnings per share after dilution, SEK	2.12	4.62	3.66	3.28	1.43
Dividend per share, SEK ⁴	2.25	2.25	1.95	1.65	1.65
Return on capital employed, %	7.6	14.7	13.7	12.4	7.6
Return on equity, %	7.3	17.4	15.2	14.6	6.7
Net debt/equity ratio	0.62	0.46	0.48	0.49	0.60
Operating cash flow* ⁵	-248	1,847	1,666	1,732	1,274
Average number of employees	13,206	13,252	12,704	13,572	14,337

¹ Restatement of 2017 due to IFRS 15 transition and reclassification of certain exchange rate effects. For further information see note 27.

² 2014 has been restated. For further information see the Annual Report 2015.

³ Items affecting comparability* are provided on the next page.

⁴ 2018 as proposed by the Board.

⁵ Cash flows related to hedging have been moved from cash flow from operations to financing activities (SEK –64m for 2015 and SEK 151m for 2014). The equivalent amount has affected the operating cash flow.

* Alternative Performance Measure, refer to "Definitions and alternative performance measures".

BOARD OF DIRECTORS' REPORT

Net sales and income

Net sales

Net sales in 2018 increased by 4% to SEK 41,085m (39,394). Adjusted for changes in exchange rates, the increase was 2%. Currency adjusted sales were 1% higher in the Husqvarna Division, 14% higher in the Gardena Division and 12% higher in the Construction Division. Net sales in the Consumer Brands Division declined by 9%.

Operating income

Operating income amounted to SEK 2,070m (3,790), including SEK –1,171m of items affecting comparability* referring to restructuring related expenses. Operating income excluding items affecting comparability* decreased to SEK 3,241m (3,790). The higher sales contributed positively, whereas higher costs for raw materials and tariffs as well as logistics impacted negatively.

Changes in exchange rates had a total positive impact on operating income of approximately SEK 225m compared to previous year.

Financial items net

Financial items net amounted to SEK –509m (–500).

Income after financial items

Income after financial items amounted to SEK 1,561m (3,290).

Taxes

Income tax amounted to SEK –348m (–630) corresponding to a tax rate of 22% (19). The higher tax rate in 2018 was mainly due to positive one-time items of net SEK 100m in 2017.

Earnings per share

Income for the period attributable to equity holders of the Parent Company was SEK 1,212m (2,654), corresponding to SEK 2.12 (4.62) per share after dilution.

Net sales by region

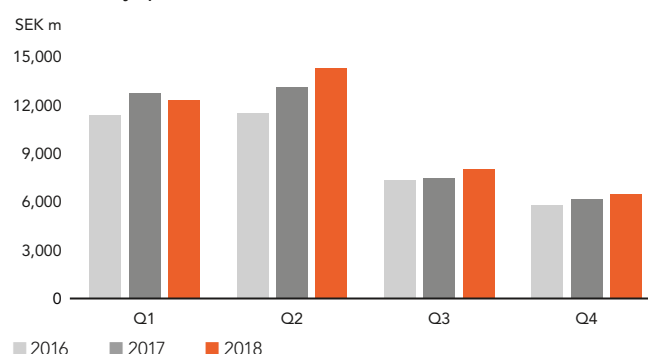
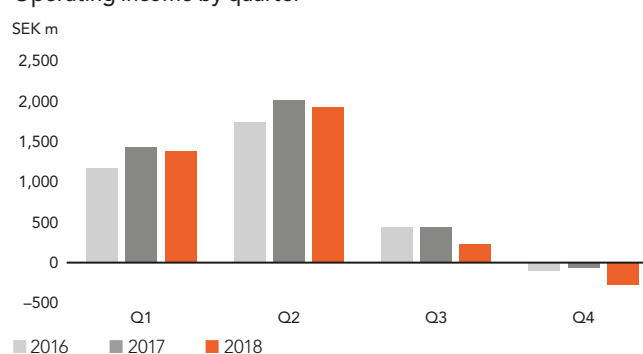
%	2018	2017
Sweden	4.1	4.7
France	5.5	5.1
Germany	13.5	12.1
Rest of Europe	28.2	26.2
Europe	51.3	48.1
Asia/Pacific	7.8	7.9
Canada	3.3	3.6
U.S.	33.8	36.4
Latin America	3.1	3.3
Rest of the world	0.7	0.7
Total	100.0	100.0

EBITDA*

SEKm	2018	2017
Operating income	2,070	3,790
Reversal of depreciation, amortization and impairment	1,930	1,315
EBITDA*	4,000	5,105
Excl. items affecting comparability*	4,710	5,105
EBITDA margin, %	9.7	13.0
Excl. items affecting comparability*	11.5	13.0

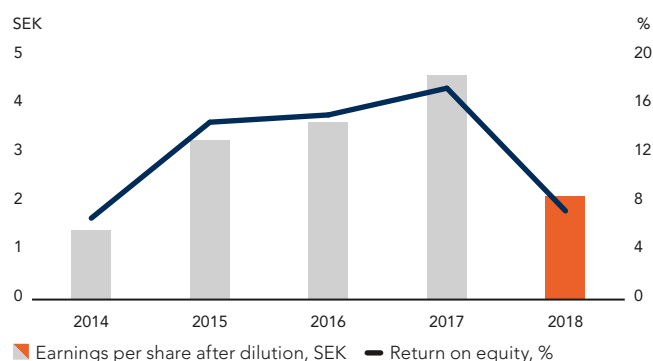
* Alternative Performance Measure, refer to "Definitions and alternative performance measures".

Net sales by quarter

Operating income by quarter¹

¹ Excluding items affecting comparability*.

Earnings per share and return on equity



Items affecting comparability*

SEKm	2018	2017	2016	2015	2014
Restructuring related expense	-1,171	-	-	-153	-
Impairment of goodwill	-	-	-	-	-767
Total	-1,171	-	-	-153	-767

Restructuring related expenses

SEKm	2018
Restructuring provisions	-382
Impairment of non-current assets	-461
Write down of inventory	-328
Total items affecting comparability*	-1,171

Classification in the income statement

SEKm	2018
Cost of goods sold	-1,077
Selling expenses	-48
Administrative expenses	-46
Total items affecting comparability*	-1,171

Operating cash flow*

Operating cash flow* for 2018 declined to SEK -248m (1,847), mainly as a result of lower cash flow from operations, higher taxes paid, increased capital expenditure and higher working capital. The higher working capital was mainly related to inventory which was affected by the sales and by a build up for a potential Brexit.

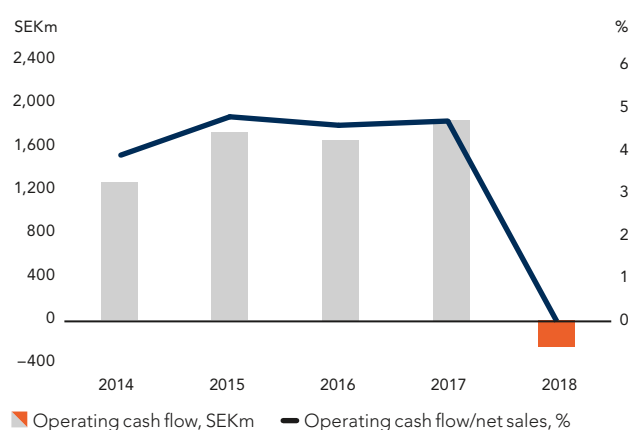
SEKm	2018	2017
Cash flow from operations, excluding changes in operating assets and liabilities	3,196	4,037
Cash flow from operating assets and liabilities	-1,209	-298
Cash flow from operations	1,987	3,739
Cash flow from investments in property, plant and equipment and intangible assets	-2,235	-1,892
Operating cash flow*	-248	1,847

Capital expenditure and Research & Development (R&D)

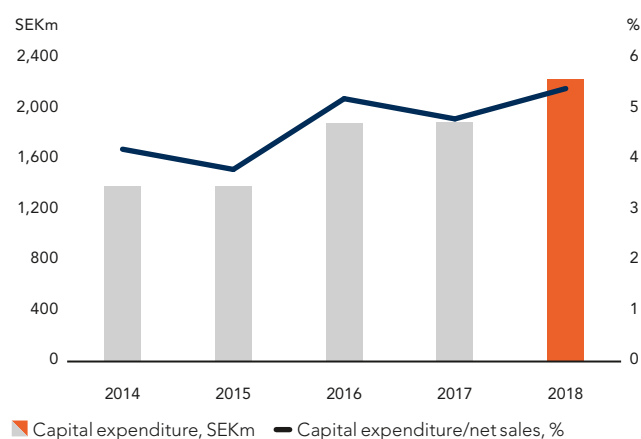
Capital expenditure in 2018 amounted to SEK 2,235m (1,892), corresponding to 5.4% (4.8) of net sales. Investments in property, plant and equipment amounted to SEK 1,542m (1,305) and investments in intangible assets totaled SEK 693m (587), of which SEK 493m (370) was related to product development and SEK 199m (217) to IT and software. Approximately 50% (46) of capital expenditure was related to new products, 18% (19) to rationalization and replacement of production equipment, 8% (9) to expansion of capacity and 12% (13) to IT systems.

R&D expenses, which are included in cost of goods sold, amounted to SEK 1,581m (1,342), of which SEK 265m (200) was amortization of capitalized product development (intangible assets). The total R&D expenses thus corresponded to 3.8% (3.4) of net sales.

Operating cash flow*



Capital expenditure



* Alternative Performance Measure, refer to "Definitions and alternative performance measures".

BOARD OF DIRECTORS' REPORT

Financial position*Operating working capital**

Operating working capital* at year-end amounted to SEK 10,058m (8,831). Inventories increased to SEK 11,067m (9,522), trade receivables totaled SEK 3,613m (3,407) and trade payables equaled SEK 4,622m (4,098).

Change in operating working capital*

SEKm	
December 31, 2017	8,831
Changes in exchange rates	396
Changes in working capital	831
December 31, 2018	10,058

Capital efficiency

Operating working capital as a percentage of net sales* increased to 25.9% (25.5).

Equity

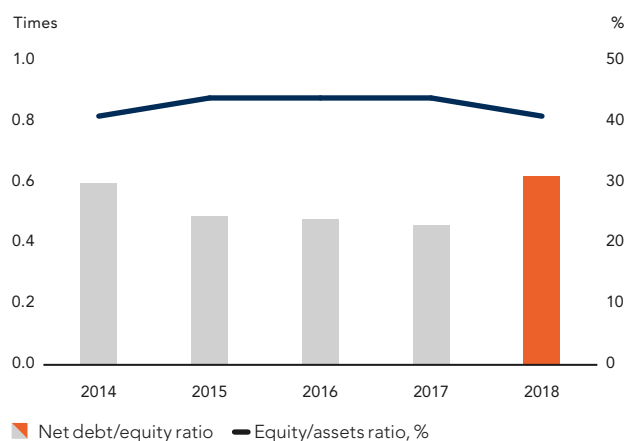
Group equity as of December 31, 2018, excluding non-controlling interests, increased to SEK 16,007m (15,665), corresponding to SEK 28.0 (27.3) per share after dilution.

*Net debt**

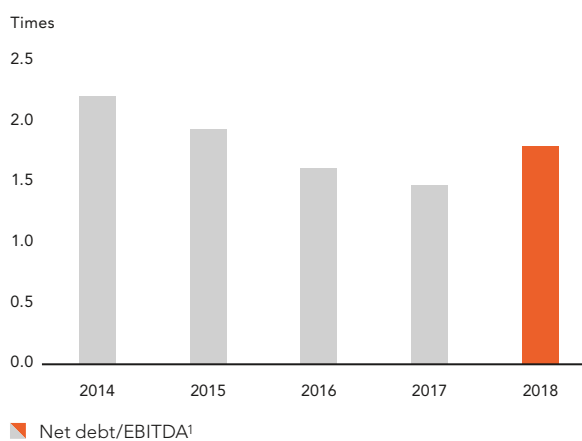
Net debt* amounted to SEK 9,875m (7,199). The net pension liability increased to SEK 1,943m (1,698), other interest-bearing liabilities increased to SEK 10,013m (8,039) and liquid funds and other interest-bearing assets decreased to SEK 2,081m (2,538).

The net debt/equity ratio rose to 0.62 (0.46) and the equity/assets ratio was 41% (44). For more information about the Group's funding, see note 19.

SEKm	2018	2017
Net pension liability	1,943	1,698
Other interest-bearing liabilities	10,013	8,039
Less: Liquid funds and other interest-bearing assets	-2,081	-2,538
Net debt*	9,875	7,199
Net debt/equity ratio	0.62	0.46
Equity/assets ratio, %	41	44
Net debt/EBITDA	1.8	1.5

Net debt/Equity and Equity/Assets ratio

* Alternative Performance Measure, refer to "Definitions and alternative performance measures".

Net debt/EBITDA¹

¹ Excluding items affecting comparability*.

Performance by business segment

Husqvarna Division

Net sales in the Husqvarna Division increased by 1% adjusted for changes in exchange rates. Sales for lawn care products was negatively impacted by the very warm and dry weather during the gardening season, especially in Northern Europe.

Operating income excluding items affecting comparability* decreased to SEK 2,277m (2,727). Unfavorable product and regional mix and higher raw material costs and tariffs impacted negatively, as did costs for continued investments in profitable growth initiatives. Restructuring related expenses amounted to SEK 165m. Changes in exchange rates had a positive year-on-year effect on operating income of approximately SEK 135m for the full-year.

Husqvarna

SEKm	2018	2017 ¹	Change, %
Net sales	19,780	19,209	3
Currency adjusted change*, %	1	8	–
Operating income	2,112	2,727	–23
Excl. items affecting comparability*	2,277	2,727	–16
Operating margin, %	10.7	14.2	–
Excl. items affecting comparability*	11.5	14.2	–

¹ Restatement due to reclassification of certain sales between segments, refer to note 27.

Gardena Division

Net sales in the Gardena Division increased by 14%, adjusted for changes in exchange rates. Sales growth was positively affected by the long period of favorable dry and warm weather in Central Europe that extended the season for watering products. Growth was also strong in robotic lawn mowers and battery-powered products.

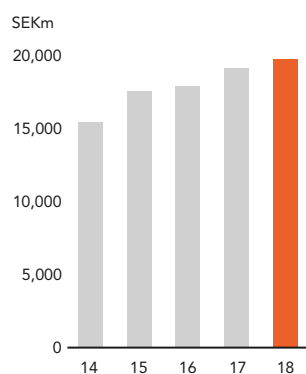
Operating income increased 11% to SEK 786m (706) positively impacted by the strong sales growth but partly offset by continued costs for investments in growth initiatives and higher distribution costs. The operating margin was 11.6% (12.5). Changes in exchange rates had a favorable year-on-year impact of approximately SEK 55m for the full-year.

Gardena

SEKm	2018	2017	Change, %
Net sales	6,801	5,630	21
Currency adjusted change*, %	14	9	–
Operating income	786	706	11
Operating margin, %	11.6	12.5	–

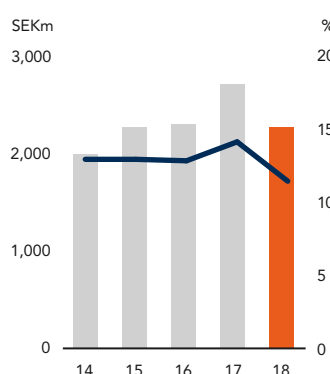
Husqvarna

Net sales



■ Net sales, SEKm

Operating income and margin

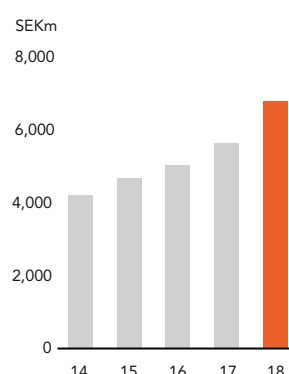


■ Operating income¹, SEKm
— Operating margin¹, %

¹ Excluding items affecting comparability*.

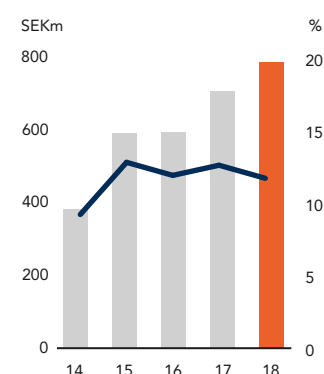
Gardena

Net sales



■ Net sales, SEKm

Operating income and margin



■ Operating income, SEKm
— Operating margin, %

* Alternative Performance Measure, refer to "Definitions and alternative performance measures".

BOARD OF DIRECTORS' REPORT

Consumer Brands Division

Net sales in the Consumer Brands Division decreased with 9%, adjusted for changes in exchange rates. This was mainly due to the volume reduction with one of the Group's largest retail customers in the U.S.

The operating income for the full-year decreased to SEK -306m (-52), excluding items affecting comparability*. Efficiency improvement measures were not enough to offset higher raw material costs and tariffs and lower sales volumes. Restructuring related expenses amounted to SEK -939m. Changes in exchange rates had a negative year-on-year impact of approximately SEK 5m for the full-year.

Consumer Brands

SEKm	2018	2017 ¹	Change, %
Net sales	8,693	9,533	-9
Currency adjusted change*, %	-9	-1	-
Operating income	-1,245	-52	n.a
Excl. items affecting comparability*	-306	-52	n.a
Operating margin, %	-14.3	-0.5	-
Excl. items affecting comparability*	-3.5	-0.5	-

¹ Restatement due to reclassification of certain sales between segments, refer to note 27.

Construction Division

Net sales in the Construction Division increased by 12%, adjusted for changes in exchange rates. Acquired entities contributed with approximately 9 percentage points. Sales in Europe developed positively while organic sales in North America decreased.

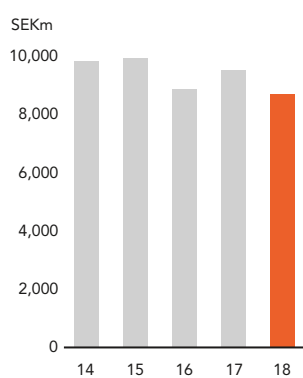
Operating income, excluding items affecting comparability*, increased to SEK 716m (649). The higher sales volume contributed positively while product and regional mix as well as higher raw material and distribution costs impacted negatively. Items affecting comparability amounted to SEK -44m for the full-year. Changes in exchange rates had a positive year-on-year impact of approximately SEK 40m for the full-year.

Construction

SEKm	2018	2017	Change, %
Net sales	5,762	5,015	15
Currency adjusted change*, %	12	21	-
Operating income	672	649	3
Excl. items affecting comparability*	716	649	10
Operating margin, %	11.7	12.9	-
Excl. items affecting comparability*	12.4	12.9	-

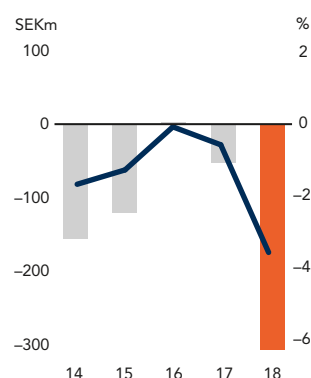
Consumer Brands

Net sales



■ Net sales, SEKm

Operating income and margin



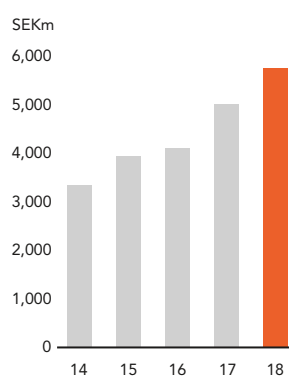
■ Operating income¹, SEKm
— Operating margin¹, %

¹ Excluding items affecting comparability*.

* Alternative Performance Measure, refer to "Definitions and alternative performance measures".

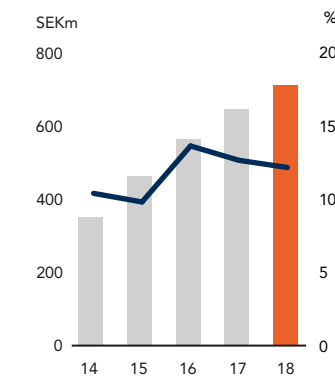
Construction

Net sales



■ Net sales, SEKm

Operating income and margin



■ Operating income¹, SEKm
— Operating margin¹, %

¹ Excluding items affecting comparability*.

Dissolvement and restructuring of the Consumer Brands Division

As communicated in press releases on July 17 and September 18, Husqvarna Group will exit certain lowmargin petrol-powered product segments in the underperforming Consumer Brands Division and instead focus on strengths in premium offerings under the core brands of Husqvarna and Gardena. The exit will enable more focus on profitable growth areas such as robotic lawnmowers, digitalization and technology for battery-powered products. Restructuring measures to adjust the associated manufacturing capacity, mainly at the production unit in McRae, Georgia (USA), and to reduce central resources to reflect the less complex and more focused Group have been initiated.

The restructuring measures are implemented 2018–2019 with an estimated total cost of some SEK 1.2bn before tax, of which some SEK 400m refers to cash items. In 2018, a total of SEK 1,171m was classified as items affecting comparability* and charged to the Group's income statement, including approximately SEK 30m of cash items. The restructuring measures are expected to result in annual savings of around SEK 250m gradually from 2019 and with full effect 2020, which exceeds the lost fixed cost contribution from the exited sales volumes. The lower business volume will also reduce the net working capital need in the Group up to SEK 1bn over the coming years.

In 2019 the Group is expected to exit net sales of SEK 1.5–2bn and in 2020 another SEK 1–1.5bn of low gross margin business that previously was within the Consumer Brands Division. This mainly involves petrol-powered walk-behind lawnmowers and garden lawn tractors in lower price points and to a smaller extent also some consumer handheld products.

The Consumer Brands Division is reported as a separate division for 2018, but has been dissolved and integrated into the Husqvarna and Gardena divisions as of January 1, 2019. The European part, that accounted for approximately 15% of Consumer Brands net sales, has been included in the Gardena Division and the remaining 85%, mainly related to North America, has been included in the Husqvarna Division. The segment reporting in 2019 will consist of three divisions: Husqvarna, Gardena and Construction. A restatement of the full-year 2018 segment reporting in the new structure is included in this report in section "Allocation of the Consumer Brands Division".

Acquisition of light compaction and concrete equipment business completed

The agreement to acquire Atlas Copco's Light Compaction & Concrete Equipment business, which was signed in December 2017, was completed on February 1, 2018.

Atlas Copco Light Compaction & Concrete Equipment, a part of Atlas Copco Power Technique, is a global leader in this business segment and had annual sales of approximately SEK 570m in 2016. The acquisition includes product lines, operations and R&D in Bulgaria, and specific sales and service resources that will reinforce Husqvarna Construction's existing organization. The around 200 employees are predominantly located in Bulgaria but also in all key markets. For further information, refer to note 27.

Group Management

As of year-end Group Management had the following composition: Kai Wärn, President and CEO; Sascha Menges, President, Husqvarna Division; Pär Åström, President, Gardena Division; Henric Andersson, President, Construction Division; Hillevi Agranius Senior Vice President, Global Information Services and CIO; Brian Belanger, Senior Vice President, Legal Affairs and General Counsel; Per Ericson, Senior Vice President, Business Development; Leigh Dagberg, Senior Vice President, People & Organization; Pavel Hajman, Senior Vice President, Operations Development; Anders Johanson, Senior Vice President, Innovation and Technology and CTO; and Glen Instone, Senior Vice President, Finance, IR and Communications and Chief Financial Officer.

Subsequent events

Changes to the segment reporting

As of January 1, 2019, Husqvarna Group's segment reporting will comprise 3 divisions; Husqvarna, Gardena and Construction. The change is due to the restructuring of the former Consumer Brand Division that has been dissolved into the Husqvarna and Gardena divisions. The North American part of former Consumer Brands is included in the Husqvarna Division and the European is included in the Gardena Division. A restatement of the full-year 2018 segment reporting in the new structure is included in this report in section "Allocation of the Consumer Brands Division".

Parent Company

Net sales for January–December 2018 for the Parent Company, Husqvarna AB, amounted to SEK 17,185m (15,662), of which SEK 13,612m (12,124) referred to sales to Group companies and SEK 3,573m (3,538) to external customers.

Income after financial items amounted to SEK –415m (2,894). Income for the period decreased to SEK 55m (1,852). Investments in property, plant and equipment and intangible assets amounted to SEK 1,303m (997). Cash and cash equivalents amounted to SEK 165m (265) at the end of the quarter. Undistributed earnings in the Parent Company amounted to SEK 20,334m (21,914).

The Husqvarna share

At year-end 2018, the share capital in Husqvarna AB amounted to SEK 1,153m (1,153), comprising 112,437,551 A-shares (112,513,001) and 463,906,227 B-shares (463,830,777).

For further information on the change in the number of shares during the year, see note 18.

Each A-share carries one vote and each B-share carries 1/10 of a vote. All shares enjoy equal rights in terms of the Company's 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).

The Company 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 the Company 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 the Company.

As of December 31, 2018, the largest shareholders were Investor AB, with 33.0% (33.0) of the votes, and L E Lundbergföretagen, with 25.1% (25.0). No other shareholder held more than 10% of the votes. Market capitalization amounted to SEK 38bn (45) at the end of 2018. For more information on major shareholders, see section "The share".

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

The Annual General Meeting 2018 resolved to authorize the Board to decide on one or more occasions, until the next AGM, to make the Company enter into one or more share swap agreements with third parties on terms consistent with market practice. The purpose is to secure the Company's obligations due to adopted incentive programs.

The participants in the Group's long-term incentive programs are entitled to receive a maximum number of shares in accordance with the conditions of the programs, and transfers of shares under the programs are made without consideration.

529,584 B-shares were transferred to participants in the long-term incentive program for 2015, decreasing the number of B-shares held by the Company. At the end of 2018 the Company did not own any own shares.

At year-end 2018, Husqvarna AB had entered into an equity-swap agreement whereby a third-party bank had acquired 4,670,416 B-shares to cover obligations under long-term incentive programs.

BOARD OF DIRECTORS' REPORT

In addition, the 2018 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 issue, to facilitate acquisitions where the consideration will be paid with own shares. No such issuance was made in 2018.

Legal matters and compliance

Companies within Husqvarna Group 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 Company 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 our way of doing business and the highest standards of integrity are expected of every employee in every country where we do business. Such commitment is reflected in the Code of Conduct that was adopted in 2008 and recently updated in 2018. Husqvarna Group expects all of its suppliers, dealers, subcontractors, consultants and other business partners to also adopt and follow its principles. Employees who become aware of any non-compliance or other unethical conduct are expected to report such matters to our internal compliance function. Such reports may be made directly to a manager, via a dedicated compliance email or anonymously via a 24-hour toll-free call-in center or online at husqvarnagroup.ethicspoint.com.

Sustainability

In accordance with the Swedish Annual Accounts Act chapter 6, §11, Husqvarna Group has chosen to establish the statutory sustainability report as a report separated from the Annual Report. The sustainability report (Sustainovate Progress Report 2018) has been submitted to the auditor at the same time as the Annual Report and is available on www.husqvarnagroup.com/en/sustainability-report.

The Sustainability Report presents "Sustainovate", which is Husqvarna Group's approach to integrating sustainability into the business. The report is framed around five challenges that are most relevant to the Group's ability to create economic, social and environmental value for its stakeholders.

According to the Swedish Annual Accounts Act chapter 6, §12, Husqvarna Group is required to report on certain sustainability and corporate responsibility related issues which are presented in the Sustainability Report 2018 under sections:

- Environmental impact, pages 14–19.
- Social aspects, occupational health and safety, employees, pages 26–29.
- Respect for human rights, pages 24, 25, 32.
- Anti-corruption efforts, pages 32–33.

Environmental permits

In 2018, Husqvarna Group operated 24 major production facilities, of which eleven were in Europe, eight in the U.S., three in China, one in Brazil and one in Japan. All facilities have the environmental permits required for current operations.

Husqvarna Group included in CSR indexes (stammer)

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 care, social care and corporate governance.

Employees

The average number of employees in 2018 was 13,206 (13,252), of which 2,069 (1,936) were employed in Sweden. At year-end, the total number of employees was 14,076 (13,807). Of the total average number of employees in 2018, 8,693 (8,758) were men and 4,513 (4,494) were women.

Salaries and remuneration in 2018 amounted to SEK 5,712m (5,121), of which SEK 1,263m (1,112) refers to Sweden. For more information on employees, see note 4.

Annual General Meeting 2019

The Annual General Meeting (AGM) of Husqvarna AB (publ) will be held in Jönköping, Sweden on April 9, 2019.

Notification and proposals to the AGM

The notification to attend the 2019 AGM has been available on the Group's website, www.husqvarnagroup.com/agm, since March 6, 2019. The full proposal to the AGM will be available on the Group's website at the latest by March 19, 2019.

Proposed distribution of earnings

The Board of Directors proposes a dividend for 2018 of SEK 2.25 per share (2.25) corresponding to a total dividend payment of SEK 1,286m (1,286) based on the number of outstanding shares at the end of 2018. It is also proposed that the dividend be paid in two instalments to better match the Group's cash flow profile, with one payment of SEK 0.75 per share in April and the remaining SEK 1.50 per share in October.

The proposed record dates are April 11, 2019, for the first payment and October 11, 2019, for the second payment.

SEKt

The following profits are at the disposal of the AGM:	
Share premium reserve	2,605,747
Retained earnings	17,672,339
Net income	54,771
Total	20,332,857

SEKt

The Board proposes the following allocation of available profits:	
Dividend to the shareholders of SEK 2.25 per share. ¹	1,286,265
To be carried forward	19,046,592
Total	20,332,857

¹ Calculated on the number of outstanding shares as of December 31, 2018.

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.

Principles for remuneration to Group Management and remuneration to the Board

For the President & CEO (hereinafter "CEO") and other members of Group Management, the principles for remuneration as set out below and approved by the 2018 AGM currently apply. The Board of Directors proposes that the corresponding principles should be approved by the 2019 AGM for the period up to and including the 2020 AGM.

The principles below shall apply to contracts of employment entered into after the 2019 AGM and also to amendments made thereafter to contracts of employment which are in force. Remuneration to Group Management is determined by the Board of Directors based on proposals from the Remuneration Committee.

Principles

In general, remuneration to members of Group Management shall be based on the position held, individual performance and Group performance, and shall be on a competitive basis in the country of employment. The overall remuneration package for Group Management is comprised of fixed salary, variable salary in the form of short-term incentives based on annual performance targets, long-term incentives, pension and other benefits. In addition, there are conditions on notice of termination and severance pay.

Husqvarna Group shall aim to offer a competitive total remuneration level with a primary focus on "pay for performance".

Fixed salary

Fixed salary shall constitute the basis for total remuneration. The salary shall be related to the relevant market and shall reflect the degree of responsibility involved in the position. The salary levels shall be reviewed regularly (normally through an annual evaluation of salaries) in order to ensure continued competitiveness and in order to correctly reward performance.

Variable salary (Short-term Incentive, "STI")

Members of Group Management shall be entitled to STI in addition to the fixed salary. The STI shall be based on the financial result for the Group and/or for the business unit for which the member of Group Management is responsible. In addition, performance indicators can be used in order to focus on matters of special interest to the Company. Clearly defined objectives for "Target" and "Stretch" levels of performance shall be stated in the beginning of the year and reflect the plans approved by the Board of Directors. STI shall be dependent on the position and may amount to a maximum of 50% (100% in U.S.) of the fixed salary on attainment of the "Target" level and a maximum of 100% (150% in U.S.) of the fixed salary on attainment of "Stretch" level, which also is the maximum STI. The Board of Directors decides whether the maximum levels, 50/100/150%, shall be utilized or if a lower level shall be used.

Long-term incentive

The Board of Directors will annually evaluate if a long-term incentive program (e.g. share or share price based) should be proposed to the AGM. For more information on long-term incentive programs, see note 4.

Pensions and insurance

Pension and disability benefits shall be designed to reflect regulations and practice in the country of employment and the value of the benefits shall match normally accepted levels in the country. If possible, pension plans shall be defined contribution plans in accordance with the "Pension and other Benefits Policy".

Other benefits

Other benefits can be provided in accordance with normal practice in the country where the member of Group Management is employed. However, these benefits shall not constitute a significant part of the total remuneration.

Notice of termination and severance pay

Members of Group Management shall be offered notice periods and levels of severance pay which are in line with accepted practice in the country where the member is employed. 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-compete obligation with continued payment may be applied also after the end of the notice period. Such non-compete obligation shall not apply for more than 24 months from the end of the notice period.

Authority for the Board to deviate from the principles

Under special circumstances, the Board of Directors may deviate from these principles. In case of such deviation, the next AGM shall be informed of the reasons.

Remuneration to the Board 2018

Remuneration to AGM-elected Board members is resolved by the AGM based on proposals from the Nomination Committee. The 2018 AGM resolved on fees of SEK 5,820t.

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

All business operations involve risk. Therefore, the goal of risk management is not to eliminate risk, but rather to optimize the risk portfolio in a manner designed to best secure the Group's business goals. To do so, Husqvarna Group strives to identify and prioritize all material risks that could affect its operations, and to limit, control and manage such prioritized risks in a proactive manner.

Responsibility for managing risks

The Board of Directors ("Board") is ultimately responsible for ensuring proper risk management within Husqvarna Group. The Board has delegated this responsibility, in part, to the President & CEO ("CEO"), who must act in accordance with the Board's guidelines and instructions. The Presidents of the divisions and the Group functions, in turn, are responsible for risk management implementation within their divisions/areas of responsibility.

The Group also has a dedicated risk management function that:

- oversees the Group's overall Enterprise Risk Management efforts,
- 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.

The Group has increasingly adopted a pro-active and structured approach to the identification and evaluation of risks, which involves everyone from operational decision-makers to the Board. The Group has formally incorporated such approach into our strategic decision-making and budgeting processes, with the primary purpose being to identify, facilitate, and fund, critical risk mitigation activities. At the same time, this process allows the Group to identify external risks/changes, which if handled pro-actively, can provide an opportunity to achieve an advantage over our competitors.

Market and operational risks

The following sections highlight certain market and operational risk areas that are relevant to Husqvarna Group. (Financial Risks are separately discussed further below.)

Competitive market risks

Husqvarna Group's long-term profitability depends on, among other things, the ability to successfully develop, manufacture and market new products and solutions that meet customers' performance and price requirements. Husqvarna Group, as any company, is subject to the risk that its competitors can develop and offer alternative products at a better cost-to-performance ratio. Other vital factors for maintaining competitiveness include (a) maintaining flexible, cost-efficient manufacturing of products while meeting the customers' demand for quality, and (b) effective management of fluctuations in the prices of raw materials and components.

The markets in which Husqvarna Group operates are relatively mature, which means that underlying demand is fairly stable under normal economic conditions. Price competition is intense, particularly for consumer products in the retail market. The Group's strategy is based on product innovation, utilization of the Group's strong brands and

global distribution to create differentiated product and solution offerings for the different end-customer segments.

Product life cycles are becoming shorter, requiring product development to become more efficient. Certain of the Group's products require long development lead times, making it essential to understand the end-customers' need to ensure that such product will be demanded. Customer demands and needs may also change as a result of overall macro-economic and demographic changes, such as the trend towards urbanization, changing climate effects, new distribution models and/or the advent of new technologies.

One such technological change is the increasing number, and performance, of battery-powered products in certain of our market segments that have historically been dominated by petrol products. This creates both opportunities and risks for the Group, including the risk that other manufacturers, having a greater scale in manufacturing or sourcing battery-powered products, will increasingly use that leverage to take share in the outdoor power equipment market.

Another change the Group must be aware of, and take a leadership role in, is our increasingly digitized marketplace, where the internet and technology are causing changes to customer preferences and demands, including demands for connected products and/or alternative service oriented solutions that may be in addition to, or in lieu of, traditional product purchases. These changes can be gradual or more sudden as a result of technology disruptors. Finally, the Group must also be a leader in terms of more efficient and environmentally sound products in order to differentiate the Group's offering from those of its competitors, and to be prepared for future legislative changes affecting, primarily, petrol-powered products. For more information on our commitment to a sustainable product offering in the Group's Sustainovate Report on progress 2018.

Weather related risks

Demand for the Group's products is also dependent on the weather. Unexpected or unusual weather conditions in our core markets can affect sales either adversely or positively. Dry weather can reduce demand for products such as lawn mowers and tractors, but can stimulate demand for 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 safety stock inventories.

Sales channels risks

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 the market consolidation is still ongoing. This implies

that the Group's retail customers, such as large Do it Yourself (DIY) chains, are becoming larger and fewer in number, which gives them greater bargaining power and several of them source products that they market under their own brands. This situation can provide Husqvarna Group with an opportunity to generate higher growth by displaying the Group's products in a large number of retail outlets in a wider geographical market. However, it also entails risks. Most obviously, the failure to build or maintain strong supply relationships with key DIY retailers can have significant negative effects on volumes and profitability. Conversely, successfully maintaining such customer relationships can lead to a greater degree of dependence on individual customers, with higher levels of trade receivables and credit risks related to these customers. Moreover, any decline in the relative market success of a retailer with whom we have a strong relationship can have a disproportionately negative effect on the Group.

Professional products are sold mainly through local independent dealers or in some cases directly to end-customers, which means that these customers purchase much smaller volumes and generally are not individually significant for the Group. Unit costs for sales to dealers are higher than, for example, retail chains but the level of risk related to receivables and credit is lower.

Internet commerce is increasing and becoming an even larger portion of our total turnover, partly as the result of on-line sales activities of our dealers and retail partners but also from our accounts with major online resellers. This brings new risks and uncertainties, including new buying patterns and challenges to ensuring adequate pre- and post-sales support for products sold on-line. Our challenge is to ensure that we offer relevant products to all customer segments in all relevant purchasing channels. We are taking a number of measures to reduce sales channels risks, including setting annual credit limits for large customers.

Risks in manufacturing, production and supply

Husqvarna Group's production consists mainly of assembly of purchased components, 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. Hand-held products such as chainsaws and clearing saws, for which the Group also manufactures engines, as well as watering products, feature a higher proportion of specialized components that are produced in-house. We maintain a relatively large manufacturing base with corresponding fixed costs, meaning that any material decline in overall sales volumes can have a significant negative impact on the profitability and overall cost-efficiency. Moreover, having a broad supply chain potentially increases the risk that products may contain components that are not produced sustainably. The Group and its suppliers must share the same high standards for the environment, labor and human rights performance as stated in the Supplier Code of Conduct.

The Group's operations and operations at its suppliers' facilities are subject to disruption for a variety of reasons, including, but not limited to, work stoppages, fire, earthquake, flooding, or other natural disasters. Such disruption could interrupt Husqvarna Group's ability to manufacture certain products. Any significant disruption could negatively impact the Group's sales and earnings.

The effects of interrupted deliveries vary, depending on the specific materials and components. A shortfall in deliveries or quality-related issues from a supplier could have negative consequences for production and for deliveries of finished products. This risk is exacerbated in those cases where Husqvarna Group relies on a few (or even single) suppliers to deliver key materials or components. The Group's purchasing organization works closely with suppliers in order to manage deliveries, and monitors the suppliers' financial stability, quality-assurance systems and flexibility of production.

Electronic components, including batteries and related parts, are becoming increasingly common and important for the Group's prod-

ucts and services. At the same time, worldwide demand for such components, especially battery cells is dramatically increasing. As for all direct material supply, availability is dependent on suppliers and if they have supply interruptions or lack of capacity, it may have an adverse effect on the Group's production and deliveries. To proactively address these challenges, the Group has established "battery products" as one of its three so-called "acceleration initiatives", with the stated goal of achieving market leadership in this important segment. Steps taken under such initiative have included a significant expansion of internal resources dedicated to battery products and a significant increase in battery related R&D spend.

The Group is investing substantial resources in building a production facility for manufacturing saw chains. The Group has limited experience of producing saw chains, so this involves adding and building new technological expertise. Risks, include, but are not limited to, unsatisfactory ramp up of the production capacity potentially requiring additional unplanned investments, or finetuning of the manufacturing equipment parameters that could take longer than planned to achieve desired quality and product cost.

In light of the seasonal variations in the Group's operations, the number of temporary employees increases in preparation for the peak production season, and decreases at the end of the production season. The production season for most products is during the first and second quarters, whereas chainsaws and other handheld products have its production peak in the third quarter. Husqvarna Group relies to a great extent on temporary labor for the seasonal production, which poses risks in terms of training and availability of such temporary labor. Sick leave and issues related to wellness can negatively impact the productivity of the Group.

Risks related to prices for raw materials and components

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

In 2018, Husqvarna Group purchased materials, components and finished products amounting to SEK 19,194m (18,901).

Cost structure, Group

	2018		2017 ¹	
	% of net sales	SEKm	% of net sales	SEKm
Cost of goods sold:				
Raw materials, components and finished products	46.7	19,194	48.0	18,901
Factory overhead, R&D, tools	14.5	5,983	13.8	5,427
Direct wages	4.0	1,631	3.8	1,510
Restructuring	2.6	1,077	0.0	9
Other	6.6	2,698	5.3	2,075
Total cost of goods sold	74.4	30,583	70.9	27,922
Gross operating income	25.6	10,502	29.1	11,472
Selling expense	15.6	6,425	14.8	5,830
Administrative expense	4.8	1,968	4.8	1,883
Restructuring	0.2	94	0.1	40
Other	0.0	-55	-0.2	-71
Operating margin/income	5.0	2,070	9.6	3,790

¹ Restatement of 2017 due to IFRS 15 transition, reclassification of certain exchange rate effects, and reclassification of certain sales between segments, for further information see note 27.

RISK MANAGEMENT

Tariffs and Trade Disputes

Our operations involve the movement of products, components and raw materials across national boundaries, meaning that such goods may be subject to import and export duties or similar tariffs. Normally, the costs of such tariffs are taken into account in our product pricing. However, any abrupt changes to (or unclarity regarding) such tariffs exposes us to a number of risks. For example, it may be difficult to pass on such higher product costs, or may take a significant period of time to do so. Likewise, our competitors may have a different supply chain structure, meaning that they are able to produce similar goods that are free from such tariffs. In either case, we may be forced to absorb such extra tariff costs, thereby lowering our gross margin on products sold. The risk for disruptive changes in the tariff landscape have been exacerbated by recent geopolitical factors, such as the decision by the United Kingdom to exit the European Union ("Brexit"), as well as the recent tariffs imposed by the United States against China and other countries, and associated risks of so-called "trade wars." Such a trade war could not only result in significant increases in Husqvarna Group's overall tariff rates, with the associated consequences noted above, but could also have larger macro-economic effects on the overall global economy and the markets in which we produce and sell our products. Whenever and wherever possible we strive to adjust our supply chain and manufacturing in such a way to minimize the impact from various tariffs.

Risks related to acquisitions, restructurings and organizational changes

Husqvarna Group may undertake acquisitions, divestitures or organizational changes from time to time, all of which involve risks. For example, restructuring and organizational changes involve the risk of creating 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 case of acquisitions or cessation of operations, environmental risk assessments are always conducted by qualified experts. The Group aims to mitigate these risks by, among other things, thorough pre-transaction due diligence as well as having clear post-transaction planning, whereby clear roles and responsibilities are established for post-closing hand-over and integration matters.

Product compliance risks

Husqvarna Group is subject to a vast array of laws, regulations and industry standards applicable to our products in terms of design, operation, chemical content, noise, safety and (in the case of petrol products) exhaust emissions. Any failure to comply with such product standards could harm our end-customers and result in significant costs, as a result of "stop sale" orders, product recalls, fines, and damage to the Group's reputation. Product standards are often subject to interpretation and frequently change, typically becoming more strict over time. In particular, we anticipate more stringent emissions regulations (including potentially a zero-emissions requirement in certain jurisdictions over the longer-term) which will require new technical solutions and products. Husqvarna Group continually works to adapt existing products, or develop new products, to meet new legislative requirements. When appropriate, the Group supplements its existing governance structures with dedicated cross-divisional project teams to pro-actively mitigate risks associated with major regulatory challenges and/or legislative changes, with regular reporting to Group Management.

Product liability risks

The Group is exposed to product liability in the event that products are alleged to have caused damage to persons or property. The Group is insured to a large degree against such claims, partly through insurance

in its own captive subsidiaries, and partly through external insurers. However, there is no guarantee that such insurance cover is in force or sufficient in a specific case, or that claims regarding product liability may not have an adverse effect on the company'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, the tasks of which include monitoring all safety related product issues and ensuring that product safety is integrated into the design, production and distribution of all Group products.

Risks related to information systems, personal data and cyber-crime

To a large extent the Group relies on IT systems in its operations. Disruptions or faults in critical systems may have a direct impact on operations such as production and logistics. Cyber security risks are increasing in society in general, especially due to cyber-criminals 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 condition or reputation. The Group works continuously to keep systems protected and in addition, is also investing in enhanced disaster recovery, confidential or data storage capabilities and cyber security expertise as well as information security awareness and training. In parallel with such efforts and in connection with the EU's General Data Protection Regulation, the Group has enhanced its policies and practices to protect individual's rights in connection with any personal data processed by us.

Environmental, health and safety risks

Risks related to human rights, health, safety and the environment can arise in the entire supply chain, both at our suppliers and at our own production facilities. These risks can be followed by reputational impact for well-known brands owned by the Group. The Group applies the precautionary principle and takes action to prevent or mitigate injury or harm to human health or the environment.

Integrity and compliance risks

The Group maintains several reporting channels including a compliance AlertLine and an employee who becomes aware of any non-compliance or other unethical conduct are expected to report such matters to our internal compliance function. All such reports are investigated under the direction of our Chief Compliance Officer. A newly revised Code of Conduct, policies, guidelines and a strong corporate culture provide a foundation for a sound business environment. The Group also provides employee training on the Code of Conduct and related policies to ensure awareness and compliance to those standards. Corruption could exist in markets where the Group conducts business. In regions with estimated higher risks, the Group strengthens its efforts to mitigate these risks by increasing its internal control and audit activities, as well as third-party due diligence where appropriate.

Certain risks in the Construction Division

The construction market is less weather sensitive than the forest and garden market. On the other hand, it is more subject to financial cycles and changes in the political environment. Such cyclicity can have a significant impact on the capital intense equipment and the rental channel overall, as exemplified by developments during the 2008–2009 financial crisis. However, the specific sub-markets addressed by the 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 Division's products are often used in renovation projects, which are relatively more stable 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 annually updated and approved by the Board. Management of financial risks is based largely on the use of financial instruments and is mainly centralized in Group Treasury, which operates in accordance with specified risk mandates and limits. For more information on accounting principles and financial risk management and risk exposure, see notes 1 and 19.

Financing risks

Financing risks refer 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, 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 by using derivatives such as interest rate swaps.

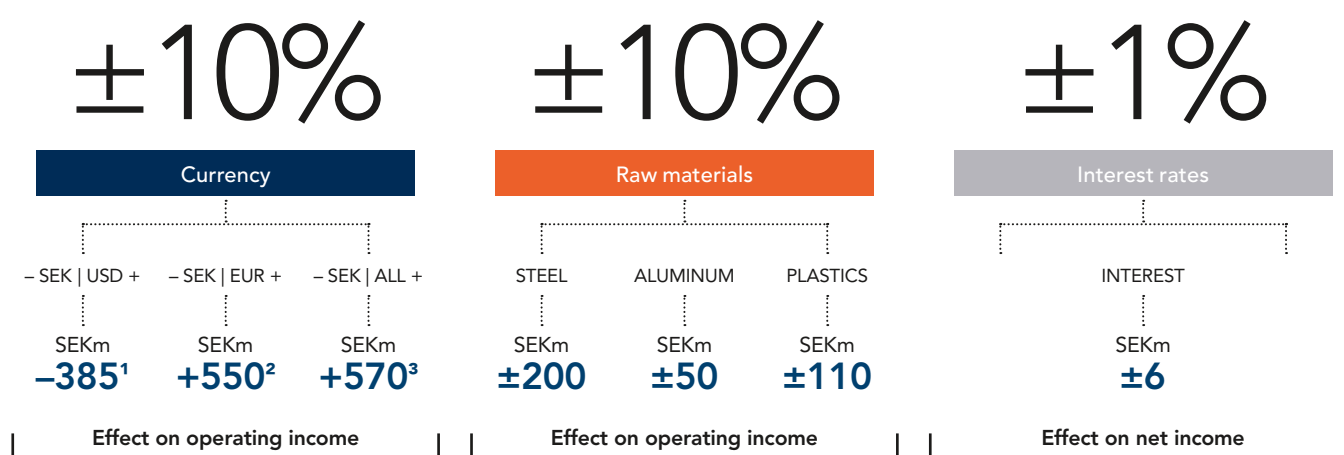
Foreign exchange risk

The goal of foreign exchange risk management is to limit the short-term adverse effects of currency exchange rate fluctuations on the Group's earnings and financial position. As Husqvarna Group sells its products in more than 100 countries, has production in approximately 10 countries and likewise 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 also 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.

In order 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.

Sensitivity analysis



¹ Excluding hedge effects. SEK -325m refer to effect of transactions and SEK -60m to translation effects.

² Excluding hedge effects. SEK 500m refer to effect of transactions and SEK 50m to translation effects.

³ Excluding hedge effects. SEK 550m refer to effect of transactions and SEK 20m to translation effects. All other refer to the other currencies including USD and EUR.

RISK MANAGEMENT

Credit risks

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.

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.

Tax risks

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 employs a centralized transfer pricing model based on the Group's operating model with central Group functions and global divisions. Due to the increased focus and the changing regulatory environment following, e.g., the Base Erosion and Profit Shifting initiative launched by the G20 countries, transfer pricing related exposure for multinational companies has in general increased.

From 2013, new restrictions on tax deductibility of interest expenses on intra-group loans apply in Sweden. Interest is only deductible provided one of two exceptions is satisfied: (i) the loan is mainly justified by business reasons, or (ii) the interest beneficiary is taxed at income tax rate of at least 10% and the loan is not merely tax driven. At the moment it is not clear how these exceptions will apply. For this reason, Husqvarna Group has made provisions to reflect potential exposure related to these restrictions.

Pension commitments

Husqvarna Group's commitment for pensions and other post-employment benefits amounted to SEK 1,943m (1,698) at year-end 2018. The Group manages pension funds amounting to SEK 2,543m (2,555). At year-end 2018, 37% (40) of these funds were placed in shares, 51% (51) in interest-bearing securities and 12% (9) in other investments.

Changes in value of the assets and liabilities depend primarily on trends for share prices and interest rates. Factors affecting the pension obligation include changes in the assumptions, such as discount rate, life expectancy and expected salary increases. In the interest of effective control and cost-efficient management of the Group's pension assets, management is centralized in Group Treasury and conducted in accordance with the pension fund policy adopted by the Board. For more information on pension commitments, see note 20.

Corporate Governance Report

As required by the Swedish Annual Accounts Act and the Swedish Code of Corporate Governance (the "Swedish Code"), this Corporate Governance Report describes the organizational bodies, rules, and other governance structures by which Husqvarna Group is controlled and operated. Husqvarna Group's auditors have reviewed this report and their opinion has been included in the Auditor's 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 in part by external laws (e.g., the Swedish Companies Act), in part by self-regulatory standards (e.g., the Swedish Code and the Nasdaq Stockholm Rulebook for Issuers) and in part by internal rules (e.g., the Company's Articles of Association, Code of Conduct, and policies). While not mandatory, Husqvarna Group has elected to comply with all aspects of the Swedish Code, without exception.

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 can also be in the form of an Extraordinary General Meeting under certain circumstances. The 2019 AGM will take place at 4 p.m. on Tuesday, April 9, 2019 at the Elmia Congress Center, Elmiavägen 15 in Jönköping, Sweden. The Company prepares the AGM agenda with input from its shareholders, who have the right to propose matters for consideration at the AGM.

Shareholders

Husqvarna AB's shares have been traded on Nasdaq Stockholm since June 2006. At year-end 2018, the share capital amounted to SEK 1,153m, represented by 112,437,551 A-shares and 463,906,227 B-shares, each with a par value of SEK 2. A-shares carry one vote and B-shares carry 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 2018, 75,450 A-shares were converted to an equivalent number of B-shares.

As of December 31, 2018, the number of shareholders was 60,000, whereof foreign shareholders held approximately 27.6% of the outstanding share capital. Investor AB was the single largest shareholder with a holding of 16.8% of the share capital and 33.0% of the votes. L E Lundbergföretagen was the second largest owner with a holding of 7.5% of the capital and 25.1% of the votes. For further information on the Husqvarna AB shares and shareholders, see section "The share".

Nomination Committee

In accordance with the Swedish Code, Husqvarna AB 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 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;
- Selection 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 Husqvarna AB's 2013 AGM it was decided that the following process would apply until the 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, with the fifth member being the Chair of the Board.
- 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.
- The Company's Board Secretary shall serve as secretary of the Nomination Committee.

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

The formation of the Nomination Committee for the 2019 AGM was announced on October 2, 2018. The members of the Nomination Committee (and corresponding appointing shareholders) for the 2019 AGM are:

Member	Appointing shareholder
Petra Hedengran (Chair)	Investor AB
Claes Boustedt	L E Lundbergföretagen AB
Ricard Wennerklint	If Skadeförsäkring AB
Henrik Didner	Didner & Gerge Fonder AB
Tom Johnstone ¹	–

¹ Chair of the Husqvarna AB Board.

The determination of the four largest shareholders for purposes of nominating representatives to the Nomination Committee was based on known holdings of voting rights as of August 31, 2018. Nomination Committee members do not receive compensation from Husqvarna AB 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, the results of which are shared and discussed with the Nomination Committee.

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Based on survey results and, if deemed appropriate, subsequent discussions and interviews, 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's management, and that at least two (from such majority) are also independent of 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. Shareholders who wish to submit proposals to the Nomination Committee may do so by sending an email to nominationcommittee@husqvarnagroup.com. While there is no formal cut-off date for proposals, it was recommended in the October 2, 2018 notice of the formation of the Nomination Committee that such proposals from shareholders should be received by the Company no later than February 12, 2019.

For the 2019 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 6, 2019. The Nomination Committee will present and explain its work and proposals at the AGM.

The Annual General Meeting

General

The AGM is the highest decision-making body of the Company. In accordance with the Swedish Companies Act, the AGM of Husqvarna AB 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 Husqvarna AB's Articles of Association, the AGM must be held in Jönköping or Stockholm, Sweden, although it has traditionally been held in Jönköping. 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 the Swedish Official Gazette (Post- och Inrikes Tidningar). It is also announced in a press release and on the Company's website at www.husqvarnagroup.com/agm. For the 2019 AGM, the notice was published by press release on March 6, 2019 and in Svenska Dagbladet and the Swedish Official Gazette (Post- och Inrikes Tidningar) on March 8, 2019.

Shareholders who are listed in the share registry on the record day (i.e., Wednesday, April 3, 2019) and wish to be represented at the AGM must register to do so with the Company by no later than Wednesday, April 3, 2019. 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.

AGM agenda items & 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 AGM¹;
- Adoption of statutory financial documentation;
- Discharge of liability for the Board members and CEO;
- Disposition of the Company's profit;
- Number of elected Board members¹;
- Remuneration to Board members, committee members and external auditors¹;
- Election of external auditor^{1,2};
- Election of Chair of the Board¹;
- Election of Board members¹;
- Principles of remuneration for Group Management;
- 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 makes a proposal.

² The 2018 AGM resolved to amend article 7 of Husqvarna AB's Articles of Association regarding the term of office for external auditors, so that the appointment as auditor shall apply until close of the AGM that is held during the first, second, third or fourth financial year after the initial election of the auditor. The 2018 AGM also resolved to appoint Ernst & Young as auditor for the period from the 2018 AGM up until the end of 2019 AGM, meaning that the appointment of auditors will also be a voting item at the 2019 AGM.

Shareholders may also, prior to the publication of the notice to attend the AGM, propose matters to be put on 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 Remuneration Committee reports on remuneration to Group's executive management (herein, "Group Management") and, if it is to be decided by the AGM, the Company's long-term incentive programs. Shareholders may also direct questions to the Chair of the Board, the CEO, the Nomination Committee, the Chair of the Remuneration Committee, the external auditors or any other Board member. Written documentation is presented at the AGM, normally both in 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 Board's report on the Remuneration Committee's evaluation of programs of variable remuneration for Group Management, the application of the principles of remuneration for Group Management and applicable remuneration structures and levels in the Company;
- The Nomination Committee's explanatory statement regarding the proposal for appointment of Board members; and
- 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 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. A press release including the decisions made by the AGM is published immediately after the AGM.

The 2018 AGM

The 2018 AGM was held on April 10, 2018 in Jönköping, Sweden with 803 shareholders attending in person or by proxy, representing 58% of

the total number of shares and 77% of the total number of votes. Also attending 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 2017.
- To declare a dividend of SEK 2.25 per share in total, to be paid in two separate payments of SEK 0.75 per share to be paid on April 17, 2018, and SEK 1.50 per share to be paid on October 17, 2018.
- To discharge the Board and the CEO from liability for the financial year 2017.
- To establish the size of the Board at eight (8) elected members (including the CEO).
- To elect Tom Johnstone, Ulla Litzén, Katarina Martinson, Bertrand Neuschwander, Daniel Nodhäll, Lars Pettersson, Christine Robins and Kai Wörn as Directors of the Board.
- To appoint Tom Johnstone as Chair of the Board.
- To set Board remuneration at SEK 5,820t in total, of which SEK 1,900t to the Chair of the Board and SEK 545t to each of the Board members elected by the AGM and not employed by the Company. Furthermore, to pay additional remuneration of SEK 200t to the Chair of the Audit Committee and SEK 105t to each of the other two members of the Audit Committee, as well as SEK 120t to the Chair of the Remuneration Committee and SEK 60t to each of the other two members.
- To amend the Articles of Association regarding the term of office for the auditors
- To pay auditor's fees on the basis of approved invoices.
- To set principles of remuneration to Husqvarna Group Management, based on fixed salary, variable salary, long-term incentives, pensions and other benefits.
- To establish a performance-based long-term incentive program for 2018, LTI 2018, to be offered to 100 senior managers, whereby, subject to the fulfilment of certain performance targets and other conditions during a three-year vesting period, the participants would have the right 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 the LTI 2018 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 2019 AGM.

The 2019 AGM

The 2019 AGM of Husqvarna AB will be held at 4 p.m. on Tuesday, April 9, 2019 at the Elmia Congress Center, Elmiavägen 15 in Jönköping, Sweden. For more information regarding the 2019 AGM, see section "Annual General Meeting 2019".

The Board of Directors

According to Husqvarna AB's Articles of Association, the Board shall be comprised of no less than five and no more than ten Board members. The Articles of Association do not contain any specific provisions concerning the appointment and dismissal of directors (or the method by which the Articles of Association themselves may be amended), meaning that the rules otherwise stated in the Swedish Companies Act apply. There are currently eight Board members elected by the AGM (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 non-voting deputies.

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

- Establishing the overall goals and strategy of the Company;
- Appointing, evaluating and, if necessary, dismissing the CEO;

- 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 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; and
- Ensuring that the Company's external communications are characterized by openness and that they are accurate, reliable and relevant.

The Board has adopted Rules of Procedure for its internal activities, which include rules regarding the number of Board meetings, matters to be handled 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.

The Board has also issued written instructions specifying when and how information required to enable the Board to evaluate the Company 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 Remuneration Committee, which discharge certain monitoring and oversight responsibilities on behalf of the Board, as more fully described 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 2018, such evaluation was conducted principally through a combination of individual interviews and a detailed Board questionnaire. The results of such evaluation were presented to, and discussed with, the Nomination Committee as well as to the full Board. The Board members elected by the 2018 AGM fulfil the independence criteria set out by the Swedish Code, which requires that a majority be independent of the Company's management, and that at least two of those be independent as to 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 2018, 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 2018, the Board held ten meetings, of which three were by telephone, three were held in Stockholm, Sweden, two were held in Huskvarna, Sweden, one was per capsulam (i.e., by unanimous written consent) and one was held in Zurich, Switzerland.

At Board meetings, the Company's CFO and General Counsel are also present. 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 fall. 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

CORPORATE GOVERNANCE REPORT

sustainability agenda. In addition, the Company's external auditors meet with the Board once a year, without participation of the members of Group Management.

The Audit Committee

In accordance with the Swedish Companies Act, the Board annually appoints an Audit Committee whose primary responsibilities are to (a) monitor the Company's financial reporting, (b) oversee the effectiveness of the Company's internal control, internal audit function and risk management as they relate to financial reporting, (c) review and supervise the Company's external auditors' impartiality and independence, and (d) when applicable, 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. At least one of the members of the Audit Committee must have auditing or accounting competence. 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 2018 were Ulla Litzén (Chair), Daniel Nodhäll and Katarina Martinson, who were the same members as the previous year. Audit Committee meetings are also attended by the Company's internal auditor, by the General Counsel, who keeps the minutes of the meetings, the Company's CFO, and the external auditors. Other members of Group Management are present to report on matters as relevant. The Audit Committee regularly reports on its findings and recommendations to the full Board. Minutes of all Audit Committee meetings are also distributed to the full Board.

In 2018, the Audit Committee held seven 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 and Boards' Report before they are submitted to the Board. The Committee meets frequently with the Company's external auditors who deliver reports on the audit. It also reviews the Company's compliance work quarterly.

The Remuneration Committee

In accordance with the Swedish Code, the Husqvarna Board annually appoints a Remuneration Committee whose primary responsibilities are to (a) prepare proposals on remuneration and other terms of employment for Group Management, (b) monitor and evaluate programs for variable remuneration for Group Management, and (c) monitor and evaluate the application of the remuneration guidelines for the Board and Group Management and current remuneration structures and levels in the Company. The Board has adopted a charter for the Remuneration Committee, which is periodically updated and approved by the Board.

The Remuneration Committee takes an active interest in talent management within the Company. The Remuneration Committee may exercise any other powers and carry out any other responsibilities delegated to it by the Board from time to time.

The Board determines the composition of the Remuneration Committee, which shall have at least three members, of which at least two must be independent of the Company and its executive management. Such Committee members are appointed annually by the Board at its Statutory Board Meeting or when a Committee member needs to be replaced. The Committee members appointed in April 2018 were Tom Johnstone (Chair), Lars Pettersson and Bertrand Neuschwander.

All Remuneration Committee meetings are also attended by the Company's SVP People & Organization, who takes the minutes of the meetings. Other participants are invited, if relevant. For more information on remuneration to Group Management, see note 4.

In 2018, the Remuneration Committee held three meetings, which fulfils the charter criteria that it shall meet at least twice a year. All Committee meetings follow an adopted agenda plan, which includes a review of the Company's long-term incentive ("LTI") and short-term incentive ("STI") programs and ensures that these programs follow legal and internal policies, decisions from the AGM and other relevant rules and instructions. If needed, the Committee solicits advice and external benchmarks to ensure that the Company's remuneration principles are up to date. The Remuneration Committee also ensures that the performance of Group Management members and the CEO is evaluated once a year. The Remuneration Committee reports on its findings and recommendations to the full Board.

External Auditors

At the 2018 AGM, in accordance with the proposal of the Nomination Committee, Ernst & Young AB was elected as auditor for the period from the 2018 AGM up until the end of the 2019 AGM. The auditor-in-charge is Hamish Mabon.

As per the decision taken at the 2018 AGM, the auditor's fee until the 2019 AGM shall be paid on the basis of approved invoices. For more information, see note 8.

Group Management & Divisional Structure Organization (Prior to Mid-2018 Restructuring)

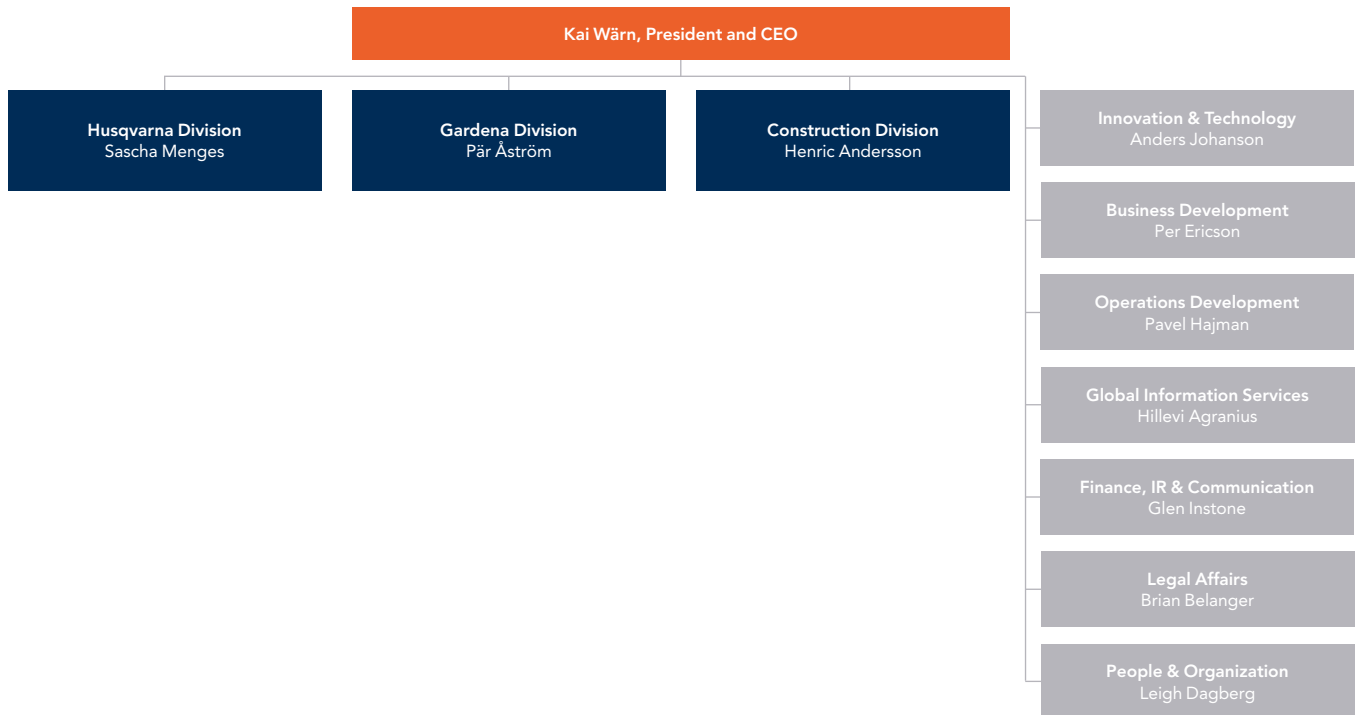
Prior to the reorganization that took place in mid-2018 (see next section), the Husqvarna Group had four separate reporting divisions: The Husqvarna Brand Division, the Gardena Brand Division, the Consumer Brands Division and the Construction Division. Group Management consisted of a 14 member team comprised of (a) the CEO, (b) the four divisional presidents, (c) four Group Staff Function heads, and (d) five Group Strategic Function heads. More detail on this organizational structure is described in our 2017 Annual Report.

The Mid-2018 Restructuring

In July 2018, the Company announced a decision to (a) dissolve the Consumer Brands Division, (b) exit certain product segments previously served by the Consumer Brands Division, and (c) transfer the remaining business to the Husqvarna and Gardena Brand Divisions. In fall 2018, the Company announced further organizational changes to reduce

complexity and cost, including a reduction and reorganization of such central Group functions. These changes were implanted gradually during the second half of 2018, with full implementation achieved by December 31, 2018. The following section describes the Group's organization structure following such changes.

Group Management Structure



Current Organization (Post Mid-2018 Restructuring)

Husqvarna Group continues to have a brand-driven organizational structure, now with three separate reporting divisions: The Husqvarna Brand Division, the Gardena Brand Division, and the Construction Division. Group Management is now an 11 member team comprised of (a) the CEO, (b) the three divisional presidents, and (c) the heads of seven Group Functions, in each case, as shown above.

Group Management, together, makes decisions on:

- the Group's strategic and business development,
- allocations of responsibilities as between the Group functions and the respective divisions,
- enhancing Group synergies,
- internal financial and business follow-up,
- external financial reporting for Board approval,
- Group governance,
- Group staffing plans,
- issue resolution,
- budgets,
- external affairs,
- Board reporting,
- risk management and mitigation, and
- Group policies and guidelines.

Group Management meets in person on a quarterly basis, with a telephone meeting in each month in which there is no physical meeting. The meetings are chaired by the CEO.

Clear roles and responsibilities apply for each of the Group functions as well as for the divisions. A Group governance structure has been implemented to ensure 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.

The 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 instructions. These instructions include responsibility for financial reporting, preparation of information for decisions and ensuring that commitments, agreements and other legal documents are in compliance with applicable laws and the Group Code of Conduct. The CEO also ensures compliance with the goals, policies and strategic plans approved by the Board, and updates the Board on the same when necessary. The CEO appoints all members of Group Management, with input from the Board Chair.

CORPORATE GOVERNANCE REPORT

The Divisional Presidents

Each of the three divisions has its own President, who in turn reports to the Group CEO. Each of such division Presidents is responsible for the income statement and balance sheet for his/her 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 please see section "Divisions".

The Group Function Heads

Group Management includes the heads of the seven "Group Functions" as described below. These functions consist of both traditional central functions (such as Legal, Finance and HR), as well as additional functions that are designed to support the divisions with forward-looking initiatives and/or to continue to capture certain Group synergies where appropriate following the recent shift to increased divisional autonomy.

1. **Innovation and Technology.** This function, which is headed by Anders Johanson, is leading the Groups Innovation Strategy, with focus on the future of Robotics and Data Driven Services. This function scouts new opportunities and innovates early concepts in close cooperation with the start-up community and leading academic centers. It also drives applied research in selected digital areas with leading universities. The function's organization is comprised of three sub-groups focusing on (a) Accelerated Innovation and Venturing, (b) Applied Digital Innovation, and (c) Technology and IP Intelligence, respectively. It also houses our newly formed Artificial Intelligence Lab.
2. **Business Development.** This function, which is headed by Per Ericson, is primarily responsible for leading the work on the Group's long-term strategy, as well as M&A activities. The function's organization is comprised of five sub-groups focusing on (a) Business Intelligence, (b) Strategy Planning & Projects, (c) Mergers & Acquisitions, (d) Venture Capital investments, and (e) Licensing, respectively.
3. **Operational Development.** This function, which is headed by Pavel Hajman, is primarily responsible for securing Group wide synergies where appropriate, accelerating certain key priority areas, and securing business assurance. The function's organization is comprised of five sub-groups focusing on (a) Business Assurance (Sustainability, EHS, Product Compliance and Quality), (b) Digital Commerce acceleration, (c) Robotics & Battery Acceleration, (d) a Program Office, which includes Sourcing coordination, Efficiency programs and Change management, and (e) a Controlling sub-group.
4. **GIS (IT).** This function, which is headed by Hillevi Agranius, is primarily responsible for overseeing the Group's IT strategy, systems and infrastructure. It provides IT services and solutions including IT security, and also supports and collaborates with the IT personnel housed within the divisions. The function's organization is comprised of four delivery focused groups and two governing groups, each with a designated focus area.
5. **Finance.** This function, which is headed by the Group's CFO, Glen Instone, is a traditional group function with primary responsible for the Group's financial controlling and reporting. It also coordinates and collaborates with finance personnel housed within the divisions. The function's organization is comprised of a number of sub-groups including (a) Treasury, (b) Internal Control, (c) Tax, (d) Business Control and (e) Internal Audit. It also houses the Group's Investor Relations and Communications functions.

6. **Legal Affairs.** This function, which is headed by the Group's General Counsel, Brian Belanger, is another traditional group function with responsibility to provide all relevant legal support to the Group and the divisions. It also houses the Group's Risk Management Function, the Data Privacy Office, and the Compliance & Integrity Function. In order to secure independence, all members of the Legal Affairs team, including those sitting with the divisions, report to the Group's General Counsel.
7. **People & Organization (HR).** This function, which is headed by Leigh Dagberg, is also a traditional group function with primary responsible for overseeing the Group's HR initiatives, including the recruitment, advancement and retention of personnel. It also takes the lead on the Group's compensation & benefits and talent management, and coordinates on a dotted-line basis with HR personnel located within the divisions.

External information

Husqvarna Group employs a series of procedures, controls, and systems to ensure we are 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 Nasdaq Stockholm's Rule Book for Issuers. The Board has delegated to the CEO, and an internal disclosure committee, comprised of the Group's CFO, General Counsel and head of Business Development, the day-to-day responsibility for assessing whether insider information exists (within the meaning of the MAR), and for ensuring that such information is promptly disclosed or, in exceptional circumstances, to delay such disclosure where necessary to protect the interests of the company, and permitted by applicable law.

Financial information is regularly issued in the form of:

- Interim reports, published as press releases;
- Annual Reports;
- Press releases concerning news and important issues;
- Presentations and telephone 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.

Certain information required by U.K. Modern Slavery Act

Both the United Kingdom Modern Slavery Act of 2015 and the California Transparency in Supply Chains Act of 2010 require the Group to provide public disclosures regarding efforts to eradicate slavery and human trafficking from our operations. Husqvarna Group does not allow illegal or forced labor and expects that all suppliers will abide by all applicable international and local laws, rules and regulations in the manufacture and distribution of products, components and materials according to Husqvarna Group's Code of Conduct and Supplier Code of Business Ethics. The Group's efforts here are supported by ongoing quality and sustainability audits of the suppliers. A detailed statement is published on <http://corporate.husqvarna.com/purchase/en/california-transparency-supply-chain-act-disclosure>.

Internal control over financial reporting

The Board is responsible for the internal controls according to the Swedish Companies Act, Swedish Annual Accounts Act and the Swedish Code. The purpose of this report is to provide shareholders and other interested parties with an understanding of how internal control is organized at Husqvarna Group and is limited to internal control over financial reporting.

This 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 to achieve the objective of reliable financial reporting.

Control environment

The foundation to establish good internal control is a framework of governing documents such as policies, instructions, guidelines and manuals that are rooted in the organizations vision and strategy. The Husqvarna Group Code of Conduct sets the importance of integrity and ethical values governing interactions with employees, business partners and other stakeholders. The Group's governance policies provide the framework that defines the organizational structure, responsibilities and authorities. The Board is ultimately responsible for ensuring internal controls, including that the Company has procedures to ensure that (i) approved policies for financial reporting and internal controls are applied, (ii) the Company's financial reports are produced in accordance with applicable legislation, accounting standards and other requirements for listed companies, and (iii) there is an appropriate system for follow-up and control of the Company's financial reporting, its operations and the risks to the Company that are associated with its operations. The Board has established Rules of Procedure and clear instructions for its work, which also cover the activities of the Audit Committee. The overall duty 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 of the Audit Committee during the year are described on page 58.

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 managers within their specific areas at various levels in the Company. Responsibility and authority are defined in instructions to the CEO, regarding the right to sign for the Company, as well as within various internal policies, instructions and guidelines.

Risk assessment

Risks relating to financial reporting are evaluated and monitored by the Board through the Audit Committee. A risk assessment is performed by management once a year and presented to the Audit Committee covering profit and loss and balance sheet items in the financial reporting and related areas and processes. The purpose of the risk assessment is to identify, which risks could result in a material misstatement in financial reporting, and to direct internal control activities to manage those risks in a proactive manner.

Control activities

Control activities are integrated in processes for accounting and financial reporting. The prerequisite to ensure reliable financial reporting from all entities are uniform accounting principles which are stipulated

in the Husqvarna Accounting Manual. For key financial processes, the Group has established Minimum Internal Control Requirements (MICR) for its reporting units to mitigate risks. Husqvarna Group has a function for internal control. The objective of Group Internal Control is to provide support for Group Management and the management of the divisions, enabling them to continuously improve internal control relating to financial reporting.

Information and communication

Husqvarna Group has a central document management system, which contains the governing documents, and is accessible to all employees. The governing documents relating 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. Furthermore, to ensure the correct implementation of such changes, the Group has established internal forums with participation from key stakeholders in the area of financial reporting.

Monitoring activities

Ongoing responsibility for monitoring and follow-up of financial reporting is performed by the Group Finance function. Country Officers are appointed by Husqvarna Group in each country where the Group has subsidiaries. The duties of such Country Officers include safeguarding the interests of shareholders as well as to ensure compliance with laws and regulations. Country Officers responsibilities also include ensuring that the entities internal controls and financial reporting comply with Group policies, instructions and guidelines.

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

The Group Internal Audit function supports the development and improvement of internal control over financial reporting. Group Internal Audit is established by the Audit Committee as part of their monitoring role. An annual internal audit plan based on an independent risk assessment is approved 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 control processes over financial reporting. The results of these audits are presented to the respective stakeholders including the Group CFO, the CEO, and the Audit Committee. The findings of the internal audits are reported to the Audit Committee together with the status of the progress to improve the internal control activities.

Board of Directors and auditors

				
Name	Tom Johnstone, CBE	Ulla Litzén	Katarina Martinson	Bertrand Neuschwander
Function	Chair of the Board	Board member	Board member	Board member
Born	1955	1956	1981	1962
CV	M. A., University of Glasgow, Scotland, Hon. Doc. in B.A., University of South Carolina, US. Hon. Doc. in Science, Cranfield University, UK. Chair of the Remuneration Committee.	B. Sc., Stockholm School of Economics, Sweden and MBA, Massachusetts Institute of Technology, US. Chair of the Audit Committee.	M. Sc., Stockholm School of Economics, Sweden. Portfolio management for the Lundberg Family. Member of the Audit Committee.	Graduate engineer, Institut National Agronomique de Paris-Grignon, France, MBA from INSEAD. Chief Operating Officer, Groupe SEB, France. Member of the Remuneration Committee.
Other major assignments	Board Chair of Combient AB and of the British-Swedish Chamber of Commerce. Vice Board Chair of Wärsilä Corporation. Board member of Investor AB, Northvolt AB and Volvo Cars.	Board member of AB Electrolux, Epiroc AB, NCC AB and Ratos AB.	Board Chair of Indutrade AB, Board member of L E Lundberg-företagen AB, Fastighets AB L E Lundberg, Förvaltnings AB Lunden, L E Lundberg Kapital-förvaltning AB, Fidelio AB and AniCura AB.	Board Chair of SEB Alliance (Groupe SEB Corporate Venture). Board Chair of WMF Group Supervisory Board. Board member of Groupe SEB Denmark, Groupe SEB Finland, Groupe SEB Norway, Serge Ferrari Group SA, Tefal OBH Group AB and Zhejiang Supor Co., Ltd.
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.	President of W Capital Management AB 2001–2005. Senior management positions and member of the Management Group, Investor AB 1996–2001. Managing Director, responsible for Core Holdings 1999–2000. President of Investor Scandinavia AB 1996–1998.	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.	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.
Holdings in Husqvarna December 31, 2018	990 A-shares, 14,800 B-shares, and 384,024 call options ¹ .	10,000 B-shares	113,478 A-shares 378,737 B-shares	0 shares
Nationality / Elected	UK / 2006	SE / 2010	SE / 2012	FR / 2016
Total fees 2018, KSEK	2,020	745	650	605
Board meeting attendance	10/10	10/10	10/10	7/10
Remuneration Committee attendance	3/3	–	–	1/3
Audit Committee attendance	–	7/7	7/7	–
Independence to Husqvarna Group	Yes	Yes	Yes	Yes
Independence to major shareholders	No	Yes	No	Yes

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.

Auditors

Ernst & Young AB
Hamish Mabon, Authorized Public Accountant. Born 1965. Other audit assignments include: AB Tetra Pak, Skanska AB, Svenska Cellulosa Aktiebolaget SCA, Essity AB and Spotify AB. Holdings in Husqvarna: 0 shares.



Soili Johansson

Employee representative
Born 1962. Representative of the Federation of Salaried Employees in Industry and Services. Holdings in Husqvarna: 225 A-shares, 750 B-shares.



Carita Svärd

Employee representative
Born 1968. Representative of the Swedish Confederation of Trade Unions. Holdings in Husqvarna: 0 shares.



Daniel Nodhäll
Board member

1978

M. Sc., Stockholm School of Economics, Sweden. Managing Director, Head of Listed Core Investments at Investor AB. Member of the Audit Committee.

Board member of SAAB AB.



Lars Pettersson
Board member

1954

M. Sc. in Applied Physics, Material Sciences, Uppsala University, Sweden. Hon. Doc. at Uppsala University. Member of the Remuneration Committee.

Board Chair of KP-Komponenter A/S. Board member of Festo AG, AB Industrivärden, Indutrade AB and LE Lundberg-företagen AB.



Christine Robins
Board member

1966

BBA in Marketing and Finance, University of Wisconsin, Madison, US and MBA at Marquette University, Milwaukee, WI, US. President & CEO of Char-Broil LLC, Columbus, GA, US.



Kai Wärn
Board member
(and President & CEO)

1959

M. Sc. in Mechanical Engineering, KTH Royal Institute of Technology, Stockholm, Sweden. President & CEO of Husqvarna AB.

Board member of AB Electrolux.

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.

President & CEO of BodyMedia, Pittsburgh, PA, US 2009–2014. President & CEO of Philips Oral Healthcare, Seattle, WA, US 2005–2009. Marketing and Finance positions within S.C. Johnson company 1988–2005.

Operations partner at IK Investment Partners Norden AB 2011–2013. President & CEO of Seco Tools AB 2004–2010. Various positions within ABB 1985–2004.

10,000 B-shares

5,000 B-shares

0 shares

314,261 B-shares (Own)
100,000 B-shares (Legal person)

SE / 2013

SE / 2014

US / 2017

SE / 2014

650

605

545

–

10/10

9/10

10/10

10/10

–

3/3

–

–

7/7

–

–

–

Yes

Yes

Yes

No

No

No

Yes

Yes



Dan Byström

Deputy employee representative
Born 1971. Representative of the Swedish Confederation of Trade Unions. Holdings in Husqvarna: 0 shares.



Anders Köhler¹

Deputy employee representative
Born 1973. Representative of the Federation of Salaried Employees in Industry and Services. Holdings in Husqvarna: 30 A-shares, 1,080 B-shares.

¹ Anders Köhler has replaced Per Ola Post as from January 1, 2019.

Group Management



Name Kai Wärn
Function President & CEO

Born 1959

CV

M. Sc. in Mechanical Engineering, KTH Royal Institute of Technology, Stockholm, Sweden. Employed 2013. Board member of AB Electrolux. Member of Group Management since 2013.

Previous positions

Operations partner at IK Investment Partners Norden AB 2011–2013. President & CEO of Seco Tools AB 2004–2010. Various positions at ABB 1985–2004.



Glen Instone
Senior Vice President, Finance, IR & Communications and Chief Financial Officer

Born 1977

B.A. (Hons) in Accounting & Finance, University of Teesside, UK. Chartered Institute of Management Accountants (CIMA). Employed 2002. Member of Group Management since 2018.

Various positions in Husqvarna Group; Vice President Global Sales & Service, 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.



Hillevi Agranius
Senior Vice President, Global Information Services and Chief Information Officer

Born 1971

B.A., Economics, University of Sussex, School of social sciences. Employed 2015. Member of Group Management since 2018.

GIS Business Performance Director, Husqvarna Group, 2015–2016. Vice President, Technologies Finance, Corporate & Compliance, American Express, 2011–2014. Vice President Technologies Transformation, American Express 2009–2011. Vice President, Technologies Investment optimization & business planning, American Express 2005–2006, Director Technologies Performance Management, American Express 2004–2005.



Henric Andersson
President, Construction Division

Born 1973

M. Sc. in Industrial Engineering & Management, Linköping Institute of Technology, Sweden. Employed 1997. Member of Group Management since 2012.

Senior Vice President, Technology Office, Husqvarna Group 2014–2015. Executive Vice President, Head of Product Management & Development, Husqvarna Group 2012–2015. Vice President Construction Equipment, Husqvarna Group 2008–2011. Vice President Commercial Lawn & Garden and President, Husqvarna Turf Care 2004–2008. Various positions in product and business management, Husqvarna 1997–2004.



Brian Belanger
Senior Vice President, Legal Affairs, General Counsel and Secretary to the Board

Born 1969

J.D./LLM, Duke University School of Law, Durham, NC, US; Law Clerk. Circuit Court of Appeals for the District of Columbia Circuit, US. Employed 2006. Member of Group Management since 2015.

Vice President Legal Affairs Husqvarna Asia/Pacific Region, Husqvarna Group 2009–2012, with temporary additional assignments as Acting General Counsel Husqvarna Americas, Husqvarna Group 2013 and acting Head of Asia/Pacific Sales Region 2014. Associate General Counsel, Husqvarna Americas, Husqvarna Group 2006–2009, Partner, Cohen & Grigsby, P.C. 2000–2006.

**Holdings in Husqvarna
December 31, 2018**

314,261 B-shares (Own) and 100,000 B-shares (Legal person)

15,379 B-shares

830 B-shares

39,002 B-shares

31,717 B-shares

See page 59 for the changes to Group Management and organizations as of fall 2018.

**Leigh Dagberg**

Senior Vice President,
People & Organization

1970

M. Sc. in Organizational Behaviour, University of London. B.A. in History, University of California, Berkeley. Employed 2013. Member of Group Management since 2018.

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. Content Development Manager and Research Specialist, Information Express 1992–1996.

8,376 B-shares

**Per Ericson**

Senior Vice President,
Business Development

1963

Forest Engineer, US. Forestry Studies, Swedish University of Agricultural Sciences, Sweden. Studies in Change Management in Organization and Social Systems, International Association for Organisational and Social Development (IOD), Belgium. Employed 2011. Member of Group Management since 2011.

Various position Husqvarna Group; SVP Group People & Organization 2011–2018, SVP Group Communications 2012–2015, acting SVP Group Communications, Brand & Marketing 2017–2018. Executive Vice President Human Resources, Haldex 2006–2011. Various positions with increasing responsibility, Stora Enso 1987–2006, most recently as Executive Vice President Corporate Human Resources & Business Excellence.

79,944 B-shares

**Pavel Hajman**

Senior Vice President,
Operations Development

1965

M. Sc. in Industrial Engineering and Management, Linköping Institute of Technology, Sweden. Employed 2014. Member of Group Management since 2014.

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.

78,247 B-shares

**Anders Johanson**

Senior Vice President,
Innovation and
Technology and CTO

1969

M. Sc. Chemical Engineering and an MBA, Chalmers University of Technology, Gothenburg, Sweden. Employed 2015. Part time adjunct professor, industrial product development, KTH Royal Institute of Technology, Stockholm, Sweden. Board member Etac Group. Member of Group Management since 2015.

Partner and Global Practice Leader Technology and Innovation Management, Arthur D. Little 2000–2006; 2008–2015. Director Strategic Product and Technology Planning, Gambro 2008. Director Business office and head of Business Consulting, Volvo IT 2006–2007. Various positions within Nobel Biocare 1996–2000.

5,814 B-shares

**Sascha Menges**

President,
Husqvarna Division

1971

M. Sc. in Ind. Engineering & Management, Swiss Federal Institute of Technology, Zurich, Switzerland. MBA, INSEAD, France. Employed 2004. Member of Group Management since 2011.

President Gardena Division 2014–2018. Executive Vice President, Head of Manufacturing & Logistics, Husqvarna Group 2011–2014. Various positions in Supply Chain Management and Operations, Husqvarna Group 2007–2011. Vice President Supply Chain Management, Gardena AG 2004–2007. Associate Principal Management Consulting, McKinsey & Company, Inc 1996–2004.

93,387 B-shares

**Pär Åström**

President,
Gardena Division

1972

M. Sc. in Industrial Engineering & Management, KTH Royal Institute of Technology, Stockholm, Sweden. Employed 2013. Member of Group Management since 2015.

Senior Vice President Business Development, Husqvarna Group 2013–2018. Principal, A.T. Kearney Management Consultants 2007–2013. A.T. Kearney and Occam Associates Management Consulting 1998–2007.

50,707 B-shares

FINANCIAL STATEMENTS – GROUP

Consolidated income statement

SEKm	Note	2018	2017
Net sales	3	41,085	39,394
Cost of goods sold ¹	5, 6, 27	–30,583	–27,922
Gross income		10,502	11,472
Selling expenses ¹	5, 27	–6,473	–5,870
Administrative expenses	5	–2,014	–1,879
Other operating income	7	63	68
Other operating expenses	7	–8	–1
Operating income	3, 4, 8, 9	2,070	3,790
Financial income	10	72	20
Financial expenses	10	–581	–520
Financial items, net		–509	–500
Income after financial items		1,561	3,290
Income tax	11	–348	–630
Net income		1,213	2,660
Net income attributable to:			
Equity holders of the Parent Company		1,212	2,654
Non-controlling interests		1	6
Net income		1,213	2,660
Earnings per share:			
Before dilution, SEK	12	2.12	4.64
After dilution, SEK	12	2.12	4.62
Average number of shares outstanding:			
Before dilution, millions	12	571.5	572.0
After dilution, millions	12	572.3	574.2

¹ Restatement of 2017 due to IFRS 15 transition and reclassification of certain exchange rate effects, for further information refer to note 27.

Consolidated comprehensive income statement

SEKm		2018	2017
Net income		1,213	2,660
Other comprehensive income			
<i>Items that will not be reclassified to the income statement:</i>			
Remeasurements on defined benefit pension plans, net of tax		–95	33
Total items that will not be reclassified to the income statement, net of tax		–95	33
<i>Items that may be reclassified to the income statement:</i>			
Exchange rate differences on translating foreign operations			
Currency translation differences	18	1,206	–693
Net investment hedge, net of tax	18	–826	632
Cash flow hedges			
Result arising during the period, net of tax	18	66	–56
Reclassification adjustments to the income statement, net of tax	18	79	–15
Total items that may be reclassified to the income statement, net of tax		525	–132
Other comprehensive income, net of tax		430	–99
Total comprehensive income		1,643	2,561
Total comprehensive income attributable to:			
Equity holders of the Parent Company		1,642	2,555
Non-controlling interests		1	6
Total comprehensive income		1,643	2,561

Consolidated balance sheet

SEKm	Note	Dec 31, 2018	Dec 31, 2017
Assets			
<i>Non-current assets</i>			
Property, plant and equipment	9, 13	6,184	5,806
Goodwill	14	7,105	6,635
Other intangible assets	14	5,534	5,122
Derivatives	19, 25	0	4
Other non-current assets	15	592	527
Deferred tax assets	11	1,585	1,197
Total non-current assets		21,000	19,291
<i>Current assets</i>			
Inventories	16	11,067	9,522
Trade receivables	19	3,613	3,407
Derivatives	19, 25	357	316
Tax receivables		218	71
Other current assets	17	1,006	939
Cash and cash equivalents	19	1,346	1,872
Total current assets		17,607	16,127
Total assets		38,607	35,418
Equity and liabilities			
<i>Equity attributable to equity holders of the Parent Company</i>			
Share capital	18	1,153	1,153
Other paid-in capital	18	2,605	2,605
Other reserves	18	451	-74
Retained earnings	18	11,798	11,981
Total equity attributable to equity holders of the Parent Company		16,007	15,665
Non-controlling interests	18	2	2
Total equity		16,009	15,667
<i>Non-current liabilities</i>			
Borrowings	19, 25	6,229	4,684
Derivatives	19, 25	34	28
Deferred tax liabilities	11	1,794	1,895
Provisions for pensions and other post-employment benefits	20	2,101	1,818
Other provisions	21	696	683
Total non-current liabilities		10,854	9,108
<i>Current liabilities</i>			
Trade payables	19	4,622	4,098
Tax liabilities		145	345
Other liabilities	22	2,557	2,457
Borrowings	19, 25	3,532	2,913
Derivatives	19, 25	218	414
Other provisions	21	670	416
Total current liabilities		11,744	10,643
Total equity and liabilities		38,607	35,418

FINANCIAL STATEMENTS – GROUP

Consolidated cash flow statement

SEKm	Note	2018	2017
Cash flow from operations			
Operating income		2,070	3,790
<i>Non cash items</i>			
Depreciation/amortization and impairment	5, 13, 14	1,930	1,315
Other non cash items		676	-118
<i>Cash items</i>			
Paid restructuring costs		-62	-52
Net financial items, received/paid		-448	-467
Taxes paid		-970	-431
Cash flow from operations, excluding change in operating assets and liabilities		3,196	4,037
Change in operating assets and liabilities			
Change in inventories		-1,366	-567
Change in trade receivables		-69	-104
Change in trade payables		296	406
Change in other operating assets/liabilities		-70	-33
Cash flow from operating assets and liabilities		-1,209	-298
Cash flow from operations		1,987	3,739
Investments			
Acquisitions and divestments of subsidiaries/operations and divestments of property, plant and equipment ¹	26	-237	-1,619
Investments in property, plant and equipment	13	-1,542	-1,305
Investments in intangible assets	14	-693	-587
Investments and divestments of financial assets		0	-358
Cash flow from investments		-2,472	-3,869
Cash flow from operations and investments		-485	-130
Financing			
Proceeds from borrowings	25	4,875	2,412
Repayment of borrowings	25	-2,950	-1,453
Net investment hedge	25	-1,053	98
Change in other interest-bearing net debt excluding liquid funds	25	332	55
Sales/transfer of treasury shares		0	155
Dividend paid to shareholders		-1,286	-1,114
Dividend paid to non-controlling interests		-6	-10
Cash flow from financing		-88	143
Total cash flow		-573	13
Cash and cash equivalents at the beginning of the year		1,872	1,937
Exchange rate differences referring to cash and cash equivalents		47	-78
Cash and cash equivalents at year-end		1,346	1,872

¹ Whereof net cash flow from investments in subsidiaries SEK -294m (-1,637).

Consolidated statement of changes in equity

SEKm	Attributable to equity holders of the Parent Company				Non-controlling interests		Total equity
	Share capital (Note 18)	Other paid-in capital (Note 18)	Other reserves (Note 18)	Retained earnings (Note 18)	Total	interests (Note 18)	
Opening balance January 1, 2017	1,153	2,605	58	10,523	14,339	26	14,365
Net income	–	–	–	2,654	2,654	6	2,660
Other comprehensive income	–	–	–132	33	–99	0	–99
Total comprehensive income	–	–	–132	2,687	2,555	6	2,561
Transactions with owners							
Share-based payment	–	–	–	62	62	–	62
Transfer of treasury shares ¹	–	–	–	4	4	–	4
Hedge for LTI-programs	–	–	–	–334	–334	–	–334
Sales of treasury shares	–	–	–	151	151	–	151
Acquisition of non-controlling interests	–	–	–	4	4	–17	–13
Divestment of non-controlling interests	–	–	–	–2	–2	2	0
Dividend to non-controlling interests	–	–	–	–	–	–15	–15
Dividend SEK 1.95 per share	–	–	–	–1,114	–1,114	–	–1,114
Closing balance December 31, 2017	1,153	2,605	–74	11,981	15,665	2	15,667
IFRS 9 restatement (refer to note 27)	–	–	–	–12	–12	–	–12
Opening balance January 1, 2018	1,153	2,605	–74	11,969	15,653	2	15,655
Net income	–	–	–	1,212	1,212	1	1,213
Other comprehensive income	–	–	525	–95	430	–	430
Total comprehensive income	–	–	525	1,117	1,642	1	1,643
Transactions with owners							
Share-based payment	–	–	–	–2	–2	–	–2
Dividend to non-controlling interests	–	–	–	–	–	–1	–1
Dividend SEK 2.25 per share	–	–	–	–1,286	–1,286	–	–1,286
Closing balance December 31, 2018	1,153	2,605	451	11,798	16,007	2	16,009

¹ Options exercised related to 2009 LTI-program.

Note 1 Accounting principles

BASIS OF PREPARATION

The consolidated financial statements of Husqvarna AB (publ) have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the European Union. Entities within Husqvarna Group apply uniform accounting principles. The policies set out below have been consistently applied to all years presented, unless otherwise stated. In addition, 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.

CHANGES IN ACCOUNTING PRINCIPLES AND DISCLOSURES

New and amended standards adopted by Husqvarna Group 2018

The following new or amended standards are adopted by Husqvarna Group as of January 1, 2018:

Husqvarna Group applies IFRS 15 "Revenue from Contracts with Customers" from January 1, 2018. IFRS 15 replaces IAS 18 "Revenue" and IAS 11 "Construction contracts". IFRS 15 establishes a new principle based model of recognizing revenue from customer contracts. Husqvarna Group have chosen the full retrospective method, hence the comparative figures for 2017 have been restated in this report. IFRS 15 has not had an impact on operating income, net income nor balance sheet amounts. The opening balance for 2017 has not been affected by IFRS 15. For further information on the transition to IFRS 15 and restatement, refer to note 27.

Husqvarna Group applies IFRS 9 "Financial Instruments" from January 1, 2018. IFRS 9 replaces IAS 39 "Financial instruments: recognition and measurement". The Group applies IFRS 9 retrospectively on the effective date January 1, 2018, which means that the opening retained earnings January 1, 2018 was affected but the comparative information was not restated. IFRS 9 does not have a significant impact on the financial reports in the Group. For further information on transition to IFRS 9 and restatement, refer to note 27.

New standards and amendments from 2019 and forward

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after December 31, 2018, and have not been applied in preparing these consolidated financial statements.

IFRS 16 "Leases" replaces IAS 17 "Leases" and is effective for annual periods beginning on or after January 1, 2019. The new standard will result in most leases being recognized in the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased asset) and a financial liability (the obligation to make lease payments) will be recognized, with exceptions for short-term leases and low-value assets which will be expensed on a straight line basis. The standard will affect the accounting for the Group's operating leases (mainly buildings, cars and forklifts).

Husqvarna Group adopts IFRS 16 "Leases" retrospectively from January 1, 2019 with the cumulative effect of initially applying the new standard recognised on January 1, 2019. Comparatives for the 2018 financial year will not be restated as according to the transition requirements. On adoption of IFRS 16 the Group will recognise lease liabilities in relation to leases which have previously been classified as operating leases under IAS 17. These liabilities will be measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate as at January 1, 2019. The weighted average lessees incremental borrowing rate as of January 1, 2019 was 2.2%. The lease liability will increase by SEK 1,5bn at January 1, 2019. The Group had non-cancellable operating lease commitments of SEK 1,6bn as at December 31, 2018. SEK 1,5bn when discounted. The Group is currently calculating the difference between the standards in detail, the difference can largely be explained by the exceptions for short-term leases and low-value assets and the use of extension options as according to IFRS 16.

The Group will use the practical expedient permitted by the standard to exclude initial direct cost for the measurement of the right-of-use asset at the date of initial application, and the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease. The rights-of-use assets will be measured at an amount equal to the lease liability at transition. Non-current assets will increase by SEK 1,5bn on January 1, 2019 due to recognized rights-of-use assets.

The total impact in the income statement is not expected to be significant due to the adoption of IFRS 16. There will be a slight shift in the income statement where operating income will increase and the financial items decrease.

IFRIC 23 "Uncertainty over income tax treatments" clarifies how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. The interpretation is effective for annual periods beginning on or after January 1, 2019. Uncertain tax liabilities that have previously been presented as deferred tax will be reclassified to current tax, normally as a current liability.

There are no other 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 and all companies (subsidiaries) which the Parent Company controls. Husqvarna Group controls an entity when the Group is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through the power over the entity. The Group generally controls a company by a shareholding of more than 50% of the voting rights referring to all shares and participations. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date control ceases.

Husqvarna Group applies the acquisition method to account for business combinations, whereby the assets, liabilities and contingent liabilities in a subsidiary on the date of acquisition are valued at fair value to determine the acquisition value to the Group. The valuation includes evaluation of any contingent consideration which is recognized at fair value at the acquisition date. All subsequent changes in the contingent consideration are recognized in the income statement. Transaction costs related to the business combination are expensed as they are incurred. If the consideration paid for the business combination exceeds the fair value of the identifiable assets, liabilities and contingent liabilities, the difference is recognized as goodwill. If the fair value of the acquired net assets exceeds the consideration paid for the business combination, as in a bargain purchase, the difference is recognized directly in the income statement. The consolidated income statement for the Group includes the income statements for the Parent Company and its directly and indirectly owned subsidiaries after:

- elimination of intercompany transactions, balances and unrealized intercompany profits in stock, and
- depreciation and amortization of acquired surplus values

At year-end 2018, the Group comprised of 137 operating units, and 99 legal entities.

Transactions with non-controlling interests

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, that is, as transactions with the equity holders. Acquisitions from non-controlling interests result in an adjustment to equity, corresponding to the difference between the consideration paid and the carrying value of the non-controlling interest. Gains or losses on disposals to non-controlling interests are reported in equity. Disposals to non-controlling interests which result in loss of control are recorded as gains and losses in the income statement.

Foreign currency translations

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. The financial statements are presented in Swedish kronor, SEK, which is the Parent Company's functional currency and the presentation currency of Husqvarna Group.

Exchange rate gains or losses that occur from transactions in other currency than the functional currency and in translation of monetary assets or liabilities to the exchange rate at closing date are reported in the income statement. An exception to this accounting treatment is if the transaction qualifies as cash flow hedges or hedge of net investments of which the unrealized exchange gains or losses are recognized in other comprehensive income.

Exchange rate gains and losses that relate to borrowing costs or liquid assets are accounted for in the income statement within the finance net. Other foreign exchange rate differences are accounted for in the operating income.

The income statements and balance sheets for all Group companies with functional currency other than the presentation currency of Husqvarna Group is translated to the Group's currency. Assets and liabilities for each balance sheet presented are translated at the closing rate. Income and expenses for each income statement are translated at average rates for each month respectively.

All currency translation differences that occur from the translation are accounted for in other comprehensive income. When a foreign operation is divested, currency translation differences that were recorded in equity are recognized in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Segment reporting

Husqvarna Group's operating segments are reported in a manner consistent with the internal reporting provided to the President and CEO (Husqvarna Group's Chief operating decision maker) as a basis for evaluating the performance and for decisions on how to allocate resources to the segments. Husqvarna Group comprises four segments (divisions): Husqvarna, Gardena, Consumer Brands and Construction.

For a more detailed description of the segments, see note 3.

Property, plant and equipment

Property, plant and equipment are reported at historical cost less accumulated depreciation, adjusted for any impairment charges. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance costs are charged to the income statement during the period in which they are incurred. Land is not depreciated as it is considered to have an unlimited useful life. Depreciation is based on the following estimated useful lives:

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

The Group assesses the estimated useful lives as well as whether there is any indication that any of the Company's property, plant and equipment are impaired at the end of each reporting period.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the costs of those assets. Qualifying assets are assets that take a substantial period of time to get ready for their intended use or sale. All other borrowing costs are recognized as an expense in the period in which they are incurred.

Intangible assets

Goodwill

Goodwill arises from the acquisition of subsidiaries and represents the excess between the purchase price and the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. Goodwill is reported as an intangible asset with indefinite useful life and measured at cost less accumulated impairment losses.

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.

The value of goodwill is continuously monitored, and is tested annually for impairment or more regularly if there is an indication that the asset might be impaired. Any impairment is recognized immediately as an expense and is not subsequently reversed.

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. Brands are carried at cost less accumulated amortization and accumulated impairment. The brand Gardena is reported as an intangible asset with indefinite useful life. No other brands are identified as having indefinite useful lives.

Product development expenses

Husqvarna Group capitalizes development expenses for new products provided that the level of certainty as to their future economic benefits and useful lives are high. An intangible asset is only recognized to the degree that the product is sellable on existing markets and that resources exist to complete the development. Only expenditure, which is directly attributable to the new product's development, is recognized. Capitalized development costs are amortized over their useful lives, ranging between 3–5 years. The assets are tested for impairment annually or when there is an indication that the intangible asset may be impaired.

Other intangible assets

Other intangible assets include computer software, patents, licenses and customer relations. Computer software, patents and licenses are recognized at acquisition cost and are amortized on a straight-line basis over their estimated useful lives. Computer software has an estimated useful life of 3–6 years and patents and licenses have a useful life of 10–13 years. Customer relations are capitalized at fair value in connection with business combinations. The values of these customer relationships are amortized over their useful lives of 5–12 years.

Impairment of non-financial assets

Assets that have an indefinite useful life (goodwill and the brand Gardena) or intangible assets not ready for use are not subject to amortization but tested annually for impairment, or more often if there is an indication of impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If there is an indication of impairment the Group estimates the recoverable amount of the asset. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. An impairment loss is recognized by the amount by which the net book value of an asset exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped in cash generating units, which are the smallest identifiable group of assets generating cash inflows that are substantially independent of the cash inflows from other assets or group of assets. The Group's cash generating units are the four segments (divisions); Husqvarna, Gardena, Consumer Brands and Construction. Refer to note 2 and note 14 regarding impairment of intangible assets with indefinite useful life.

Financial instruments (applicable until December 31, 2017)

The accounting principles for financial instruments which are applicable until December 31, 2017 are available in the Annual Report of 2017, which can be found at www.husqvarnagroup.com/ir.

Financial instruments (applicable from January 1, 2018)

Recognition and measurement of financial instruments

Regular purchases and sales of financial assets are recognized on trade date, the date on which Husqvarna Group commits to purchase or sell the asset. At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets are derecognized when the right to receive cash flows from the investments has expired or has been transferred and when the Group has transferred substantially all of the risks and rewards of ownership. Financial

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liabilities are derecognized when the obligation is satisfied, cancelled or has expired.

Financial assets and liabilities at fair value through profit or loss are carried to fair value. All changes to fair value are reported in the income statement when they arise.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Husqvarna Group has entered into master netting arrangements for certain financial derivatives. When the criteria for offsetting are fulfilled the derivatives are netted in the balance sheet.

Financial assets

Classification and subsequent measurement

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

- Fair value through profit or loss (FVPL)
- Fair value through other comprehensive income (FVOCI)
- Amortized cost

Financial assets are included in current assets with the exception of maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Debt instruments

Debt instruments are those financial instruments that meet the definition of a financial liability from the issuer's perspective, such as for example trade receivables.

Classification and subsequent measurement of debt instruments depend on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments; Amortized cost and Fair value through other comprehensive income.

Amortized cost

Financial assets that are held for collection of contractual cash flows and where those cash flows represent solely payments of principal and interest are measured at amortized cost. Any expected credit loss allowance recognized (see section "Impairment and expected loss" below) will adjust the carrying amount of these assets. Interest income from these financial assets is included in the income statement using the effective interest rate method. Assets recorded at amortized cost include financial non-current assets, trade receivables, other receivables, short-term investments and cash and cash equivalents.

Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are reported in other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Assets recorded at fair value through other comprehensive income include trade receivables, where part of the portfolio is sold off in factoring agreements.

Husqvarna Group reclassifies debt investments only when its business model for managing those assets changes.

Impairment and expected loss

Husqvarna Group assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instrument assets carried at amortized cost and FVOCI. The Group recognizes a loss allowance for such losses at each reporting date. The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money; and reasonable and supportable forward looking information that is available without undue cost or effort at the reporting date about past events, current condition and forecasts of future economic conditions.

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, days past due.

Financial liabilities

Classification and subsequent measurement

All of the Groups financial liabilities (excluding derivatives which are addressed in separate section below) are classified as subsequently measured at amortized cost. Liabilities measured at amortized cost include borrowings, financial lease liabilities, trade payables and other liabilities. Financial liabilities due within 12 months are classified as short-term liabilities, while those due after 12 months are classified as long-term 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 re-measured 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 hedge). When hedging net investments in foreign operations and forecasted cash flows from sales and purchases, the hedged risk is defined as the risk of changes in the spot rate.

Husqvarna Group documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as risk-management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at the hedging inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The full fair value of a hedging derivative is classified as non-current asset or liability when the remaining hedged item is more than 12 months and as current asset or liability if the maturity is shorter than 12 months.

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 similarly to 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.

Liquid funds

Liquid funds consist of cash on hand, bank deposits, other short-term highly liquid investments and fair value derivative assets.

Inventories

Inventories and work in progress are valued at the lower of cost and net realizable value. The value of inventories is determined by using the weighted average cost formula. 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 cost and other related production overheads. Borrowing costs are not included in inventory. Appropriate provisions have been made for obsolescence.

Current and deferred tax

The tax expense for the period consists of both current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In these cases tax is reported in other comprehensive income and equity respectively.

Current tax is calculated based on the taxable result for the year. This can differ to the income before tax reported in the income statement due to adjustment for non-taxable and non-deductible income and expenses and temporary differences. The current income tax is calculated on the basis on the tax laws in the country of the Parent Company or the subsidiaries.

Management periodically review the positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretations and establish provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Current tax also includes adjustments to income tax related to prior years.

Deferred tax is accounted for in accordance with the liability method. This means that a deferred tax asset or liability is reported on all temporary differences arising between the tax basis for assets and liabilities and their net book value. Deferred tax is calculated based on the tax rates in the respective country.

Taxes incurred by Husqvarna Group are affected by appropriations and other taxable (or tax-related) transactions in the individual Group companies. They are also affected by the utilization of tax losses carried forward referring to previous years or to acquired companies. Deferred tax assets on tax losses, temporary differences and tax credits are recognized to the extent it is probable that they will be utilized in the foreseeable future.

Deferred tax is provided on temporary differences arising on investments in subsidiaries except for deferred tax liabilities where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not be reversed in the foreseeable future.

Deferred tax assets and deferred tax liabilities are shown net when a company or a group of companies, has a legally enforceable right to set off tax assets against tax liabilities, they refer to the same taxation authority and the intention is to settle the assets/liabilities with a net payment.

Pensions and other post-employment benefits

Pension obligations

Pensions and other post-employment benefit plans are classified as either defined contribution plan 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 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 are reported net within the Group's finance items, and is calculated 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.

Termination benefits

Termination benefits are payable when the employment is terminated by the Group before the normal retirement date, or whenever they accept voluntary redundancy in exchange for these benefits. Termination benefits are recognized at the earlier of a) when the Group can no longer withdraw the offer of those benefits and b) when the entity recognizes costs for a restructuring and involves the payment of termination benefits.

Share-based compensation

Husqvarna Group has share-based, equity settled, compensation programs where the Group receives services from employees as consideration for equity instruments (shares and options). The cost of the granted instruments' fair value at grant date is recognized during the vesting period.

The fair value of the instruments is the market value at grant date, adjusted for the discounted value of future dividends which employees will not receive. At the end of each reporting period, the Group revises the estimates of the number of instruments that are expected to vest. Husqvarna Group recognizes the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

In addition, the Group provides for employer social contributions expected to be paid in connection with the share-based compensation programs. The costs are charged to the income statement over the vesting period. The provision is periodically revalued on the basis of the fair value of the instruments at each closing date.

Provisions

Provisions are recognized when the Group has a present legal or contractual obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the end of each reporting period. Provisions are measured at present value, when material.

Provisions for warranties are recognized at the date of sale of the products covered by the warranty and are calculated on the basis of historical data for similar products.

Restructuring provisions are recognized when the Group has adopted a detailed formal plan for the restructuring and has either started the implementation of the plan or communicated its main features to those affected by the restructuring.

Revenue recognition

Husqvarna Group mainly generates revenue 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 with 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. The point in time where control is transferred to the customer for goods depends 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. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. The normal credit terms is usually 30–90 days.

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

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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 expected volume discount payable to customers in relation to sales made until the end of the reporting period. The estimated volume discount is revised at each reporting date.

A right of return are sometimes granted in the retail and consumer industry. A right of return can follow from legislation, statutory requirements, 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 (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 warranty that is 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 standard warranty terms is recognized as a provision.

License agreements

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

Interest income

Interest income is recognized on a time-proportion basis using the effective interest method.

Dividend income

Dividends are recognized when it is determined that payments will be received.

Government grants

Government grants relate to financial grants from governments, public authorities and similar local, national, or international bodies. These are recognized when there is a reasonable assurance that Husqvarna Group will comply with the conditions attached to them and that the grants will be received. Government grants relating to assets are included in the balance sheet as prepaid income and recognized as income over the useful life of the assets. Government grants relating to expenses are recognized in the income statement as a deduction of such related expenses.

Leasing (Applicable until December, 31 2018)

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged on a straight-line basis during the lease period. Leasing agreements where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the leases commencement date at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Assets acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term. Each lease payment is divided between amortization of the lease liability and interest. Corresponding rental obligations, net of finance charges, are reported in the balance sheet as non-current or current borrowings. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Husqvarna Group leases a number of production facilities, warehouses and office premises as well as cars, forklifts and certain office equipment. Main part of the Group's leasing agreements are classified as operating leases.

Leasing (Applicable from January, 1 2019)

Husqvarna Group mainly lease assets within the categories: "Land and buildings" (warehouses, office space and factories), "Forklifts and machinery" and "Cars and other vehicles". The lease contracts contain a wide range of different terms and conditions. The lease agreements do not impose any covenants.

The Groups lease contracts for buildings typically range from 3–10 years non-cancellable lease term at inception, depending on the type of property. Forklifts leases within the Group usually have a non-cancellable lease term of 5 years, and cars 3 years, at inception. Extension and termination options are included in a number of the lease contracts. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. Extension and termination options are only included in the lease term if reasonably certain to be utilised. Extension/termination options for some of these assets might be used at a later date.

Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. Lease liabilities due within 12 months are classified as short-term liabilities, while those due after 12 months are classified as long-term liabilities. Each lease payment is allocated between amortisation of the lease liability and interest. The interest component is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period. The right-of-use asset is depreciated over the shorter period of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments, less lease incentives receivable
- Variable lease payments based on an index or a rate
- Amounts expected to be payable by the Group under residual value guarantees
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that termination option.

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

Right-of-use assets are measured at cost comprising the following:

- The amount of initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs, and
- Restoration cost.

Payments associated with short-term leases and leases of low-value are recognised on a straight line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets are assets with a value of SEK 50t or less when in new condition. Service payments is included as part of the lease liability for "Forklifts and machinery" and "Cars and other vehicles", and excluded for "Land and buildings".

Dividend distribution

Dividend distribution to the Parent Company's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Parent Company's shareholders.

Cash flow

The cash flow statement has been prepared according to the indirect method.

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 believed to be reasonable and realistic under the circumstances. The use of such estimates and assessments has an impact on the income statement as well as the balance sheet and on the disclosures presented. Actual results could differ from these estimates under different assumptions or circumstances. Summarized below are those accounting principles that require subjective judgement from management in making assumptions or estimates regarding the effects of matters that are inherently uncertain.

Impairment test of intangible assets with indefinite useful life

Intangible assets that have an indefinite useful life (goodwill and the brand Gardena) are tested annually for impairment, or more often 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 by the amount by which the net book value of an asset exceeds its recoverable amount. The recoverable amount for a cash generating unit is determined on the basis of value in use estimated by using the discounted cash flow method based on expected future results. Key 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 to the lowest of the acquisition value in accordance with the 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 sales costs. The Group's large seasonality in stockpiling and sales together with weather-dependent products increase the difficulty to estimate the value of inventory. To minimize these difficulties, Husqvarna Group is constantly working with streamlining the production chain, keeping the inventory levels on a reasonably low level and focus on the inventory valuation to ensure that it is accurate in accordance with the circumstances on the closing date.

Tax

Husqvarna Group estimates income tax for each of the taxing jurisdictions in which the Group operates as well as any deferred taxes based on temporary differences. Deferred tax assets, which primarily relate to tax loss carry forwards and temporary differences, are recognized if future taxable income is expected to allow for the recovery of those tax assets. Changes in assumptions in the projection of future taxable income as well as changes in tax rates may result in significant differences in the valuation of deferred taxes. For further information regarding tax refer to note 11. Provisions for potential tax exposure are based on management's best estimate.

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 calculating the net pension liability comprise of for example; discount rate, inflation, mortality, future salary increases etc. Any changes in these assumptions will impact the carrying amount of the net pension liability. Sensitivity analysis of the effect from a change in the main assumptions and potential risks affecting the liabilities are included in note 20.

Share-based compensation

Husqvarna Group has share-based, equity settled, compensation programs where the Group receives services from employees as consideration for equity instruments. The share-based compensation includes matching shares awards and performance based share awards. In order to receive those, the employee is required to stay employed three years after the grant date and to maintain the original investment. The number of performance based share awards that vest further depend on the fulfilment of certain levels of increase of the Company's value creation as determined by the Board of Directors. These levels are "Entry", "Target" and "Stretch". "Entry" constitutes a minimum level which must be exceeded in order for the performance based share awards to vest and give right to Class B-shares. At the end of each report-

ing period, the Group revises the estimates of the number of instruments that are expected to vest. The number of performance based shares that are expected to vest is based on management's best estimate. For further information refer to note 4.

Warranty provision

Provision for warranty comprises all potential expenses for repairing or replacing products sold. Provisions are made when the products are sold and are normally limited to two years. The provision is estimated for each group of products and based on historical information and management's best estimate. For further information refer to note 21.

Provision for restructuring

Provision for restructuring represents the expected payments to be incurred in the coming years as a consequence of Husqvarna Group's decision to close some factories, rationalize production and reduce personnel. The amounts are based on the Group management's best estimates and are adjusted when changes to these estimates are known. Provision for reduction of personnel is calculated on individual basis except for most Blue Collar workers where negotiations are made collectively and are based on management's best estimate of the amount expected to be paid out. For further information refer to note 21.

Claims reserves

Husqvarna Group maintains third-party insurance coverage and is insured through wholly-owned insurance subsidiaries (captives) in regards to a variety of exposures and risks, such as property damage, business interruption and product liability claims. Claims reserves in the captives, mainly for product liability claims, are calculated on the basis of a combination of case reserves and reserves for claims incurred but not reported. Actuarial calculations are undertaken to assess the adequacy of the reserves based on historical loss development experience, benchmark reporting and payment patterns. These actuarial calculations are based on several assumptions and changes in these assumptions may result in significant differences in the valuation of the reserves. For further information refer to note 21.

Contingent liabilities

The Group is involved in various disputes arising from time to time in its ordinary course of business. Husqvarna Group estimates that none of the disputes in which the Group is presently involved in or that have been settled recently have had, or may have, a material effect on Group's financial position or profitability. However, the outcome of complicated disputes is also difficult to foresee, and it cannot be ruled out that the disadvantageous outcome of a dispute may result in a significantly adverse impact on the Group's results of operations and financial position. For further information refer to note 23.

NOTES – GROUP

Note 3 Segment information

Husqvarna Group has four divisions: Husqvarna, Gardena, Consumer Brands and Construction, which forms the basis for the Group's internal reporting reviewed by the Group's President and CEO (Husqvarna Group's chief operating decision maker) in order to assess performance and make decisions on resource allocation.

The divisions are responsible for the operating income (excluding items affecting comparability) and the net assets used in their operations which also are the financial measure used when the Group's President and CEO makes his assessment of the performance of the segments. Net financial income/expense, tax, net debt and equity are undistributed items not reported per division.

The divisions consist of separate legal units as well as parts of multi-segment legal units meaning that an amount of allocation of costs and net assets is distributed among the divisions. Operating costs not included in the divisions are shown under Group common costs, which mainly include costs for Husqvarna Group's corporate functions. No sales of finished products are made between the divisions.

Segment consolidation is based on the same accounting principles as for the Group as a whole. The divisions are responsible for the management of operational assets and their performance is measured at this level, while the financing of the operations is managed by Husqvarna Group Treasury at group and country level. Consequently, liquid funds, interest-bearing receivables and liabilities, equity and tax items are not allocated to the divisions. Group common include common group services such as Holding, Treasury and Risk Management.

All divisions include production, development, logistics, marketing and selling. The divisions Husqvarna, Gardena and Consumer Brands include selling of forest, park and garden products to retailers and dealers. Forest, park and garden products comprise five product categories; Wheeled products, Electric products, Handheld products, Watering and hand tools and finally Accessories. The Construction Division includes sales of machinery and diamond tools for the construction and stone industry. Group common includes income from license agreements where Husqvarna Group licenses intellectual property such as brand names to other companies.

2018

SEKm	Husqvarna	Gardena	Consumer Brands	Construction	Group common ¹	Undistributed items ²	Group
Net sales, finished goods	19,660	6,779	8,679	5,679	–	–	40,797
Net sales, services, license agreements and other	120	22	14	83	49	–	288
Net sales (external)	19,780	6,801	8,693	5,762	49	–	41,085
Operating income	2,112	786	–1,245	672	–255	–	2,070
Whereof items affecting comparability ³	165	–	939	44	23	–	1,171
Operating income adjusted for items affecting comparability ³	2,277	786	–306	716	–232	–	3,241
Financial income	–	–	–	–	–	72	72
Financial expenses	–	–	–	–	–	–581	–581
Income after financial items	2,112	786	–1,245	672	–255	–509	1,561
Total assets	14,647	8,091	5,361	6,451	14	4,043	38,607
Liabilities	4,100	1,126	1,853	1,085	381	14,053	22,598
Total equity	–	–	–	–	–	16,009	16,009
Total equity and liabilities	4,100	1,126	1,853	1,085	381	30,062	38,607
Cash flow from operations ⁴	1,341	607	–29	417	–234	–	2,102
Depreciation/amortization and impairment ³	688	251	271	248	11	–	1,469
Investments in property, plant and equipment	–852	–250	–278	–160	–2	–	–1,542
Investments in intangible assets	–439	–110	–51	–84	–9	–	–693
	738	498	–87	421	–234	–	1,336
Change in other operating assets and liabilities ⁵	–	–	–	–	–	–166	–166
Acquired and divested assets/subsidiaries	–	–	–	–	–	–237	–237
Investments in financial assets	–	–	–	–	–	0	0
Net financial items, received/paid	–	–	–	–	–	–448	–448
Taxes paid	–	–	–	–	–	–970	–970
Cash flow from operations and investments	738	498	–87	421	–234	–1,821	–485

2017

SEKm	Husqvarna ⁶	Gardena	Consumer Brands ⁶	Construction	Group common ¹	Undistributed items ²	Group
Net sales, finished goods	19,203	5,623	9,528	4,992	–	–	39,346
Net sales, services, license agreements and other	6	7	5	23	7	–	48
Net sales (external)	19,209	5,630	9,533	5,015	7	–	39,394
Operating income	2,727	706	–52	649	–240	–	3,790
Financial income	–	–	–	–	–	20	20
Financial expenses	–	–	–	–	–	–520	–520
Income after financial items	2,727	706	–52	649	–240	–500	3,290
Total assets	12,741	7,430	5,771	5,514	36	3,926	35,418
Liabilities	3,856	1,034	1,458	918	388	12,097	19,751
Total equity	–	–	–	–	–	15,667	15,667
Total equity and liabilities	3,856	1,034	1,458	918	388	27,764	35,418
Cash flow from operations ⁴	2,695	643	–98	529	–244	–	3,525
Depreciation/amortization and impairment ³	562	223	315	214	1	–	1,315
Investments in property, plant and equipment	–737	–215	–259	–92	–2	–	–1,305
Investments in intangible assets	–353	–92	–60	–82	–	–	–587
	2,167	559	–102	569	–245	–	2,948
Change in other operating assets and liabilities ⁵	–	–	–	–	–	–203	–203
Acquired and divested assets/subsidiaries	–	–	–	–	–	–1,619	–1,619
Investments in financial assets	–	–	–	–	–	–358	–358
Net financial items, received/paid	–	–	–	–	–	–467	–467
Taxes paid	–	–	–	–	–	–431	–431
Cash flow from operations and investments	2,167	559	–102	569	–245	–3,078	–130

¹ Group common include common group services such as Holding, Treasury and Risk Management, and income from license agreements.

² Undistributed items consist of liquid funds and other interest-bearing assets, interest-bearing liabilities, equity and tax items.

³ Husqvarna Group assess the performance of the segments based on operating income, excluding items affecting comparability. 2018 includes items affecting comparability referring to restructuring related expenses, amounting to SEK 1,171m (0). Impairment in the Group, excluding items affecting comparability, amount to SEK 14m (29) whereof SEK 11m (10) refer to the Husqvarna Division, SEK 1m (1) to Gardena, SEK 0m (17) to Consumer Brands, SEK 2m (1) to Construction and SEK 0m (0) Group common.

⁴ Cash flow from operations per division is calculated excluding depreciation/amortization and impairment, capital gains and losses, other non-cash items, paid restructuring expenses, net financial items, taxes paid and change in other operating assets/liabilities.

⁵ Change in other operating assets/liabilities also include other non cash items, paid restructuring costs, and capital gains and losses.

⁶ Restatement of 2017 due to reclassification of certain sales between segments, refer to note 27.

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.

SEKm	External sales		Non-current assets ¹	
	2018	2017	2018	2017
Sweden	1,670	1,848	5,725	5,135
France	2,254	2,004	8	9
Germany	5,563	4,772	6,510	6,216
Rest of Europe	11,579	10,333	1,258	941
Asia/Pacific	3,207	3,119	1,038	982
Canada	1,373	1,406	137	136
US	13,886	14,362	4,115	4,116
Latin America	1,263	1,291	32	28
Rest of the World	290	259	0	0
Total	41,085	39,394	18,823	17,563

¹ Non-current assets include property, plant and equipment, goodwill and other intangible assets.

Net sales per product category

SEKm	2018	2017
Forest, park and garden products	35,274	34,372
Construction products	5,762	5,015
Other	49	7
Total	41,085	39,394

Information about major customers

Husqvarna Group has no single customer to which net sales exceeds 10% of the Group's total net sales.

NOTES – GROUP

Note 4 Employees and employee benefits

Average number of employees

	2018			2017		
	Men	Women	Total	Men	Women	Total
Sweden	1,570	499	2,069	1,457	479	1,936
Germany	1,134	560	1,694	1,099	534	1,633
Czech Republic	432	477	909	433	492	925
UK	296	82	378	285	71	356
Poland	165	76	241	136	67	203
Rest of Europe	1,134	463	1,597	1,049	388	1,437
Total Europe	4,731	2,157	6,888	4,459	2,031	6,490
China	596	193	789	658	198	856
Japan	311	55	366	331	60	391
Rest of Asia/Pacific	161	117	278	171	84	255
Total Asia/Pacific	1,068	365	1,433	1,160	342	1,502
US	2,596	1,851	4,447	2,846	1,996	4,842
Canada	91	53	144	89	51	140
Total North America	2,687	1,904	4,591	2,935	2,047	4,982
Brazil	133	50	183	136	39	175
Rest of Latin America	46	22	68	40	17	57
Total Latin America	179	72	251	176	56	232
Other markets	28	15	43	28	18	46
Total	8,693	4,513	13,206	8,758	4,494	13,252
Whereof:						
Board members	41	5	46	41	6	47
Presidents and other senior managers	45	3	48	44	3	47

Salary and remuneration

SEKm	2018	2017
Salary expenses	5,712	5,121
Social expenses	1,000	922
Pension expenses – defined benefit obligations	169	135
Pension expenses – defined contribution plans	167	130
Total	7,048	6,308

Whereof remuneration to Board, Presidents and other senior managers¹

Salary expenses	106	132
(whereof variable salary expenses)	(27)	(75)
Social expenses	27	41
Pension expenses	22	19

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

Remuneration to Group Management

SEKt	2018						Total
	Fixed salary	Variable salary	Pension costs	Long-term incentive	Other benefits ¹	Severance pay etc.	
President and CEO	10,275	1,358	4,110	824	180	–	16,747
Other members of Group Management ²	36,234	10,253	14,445	2,925	2,517	1,770	68,144
Total	46,509	11,611	18,555	3,749	2,697	1,770	84,891

¹ Refers to housing, travel, car, insurance and relocation benefits.

² Other members of Group Management comprise of ten individuals at year-end. There have been five additions and six individuals have left Group Management during the year.

SEKt	2017						Total
	Fixed salary	Variable salary	Pension costs	Long-term incentive	Other benefits ¹	Severance pay etc.	
President and CEO	9,833	7,664	3,933	6,593	180	–	28,203
Other members of Group Management ²	34,514	25,843	12,702	16,103	524	–	89,686
Total	44,347	33,507	16,635	22,696	704	–	117,889

¹ Refers to housing, travel and car benefits.

² Other members of Group Management comprise eleven individuals at year-end. One individual has left Group Management during the year.

Remuneration principles to the Board and senior executives

For the President and CEO and other members of Group Management, the principles for remuneration approved by the AGM 2018 apply. The principles shall 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' Remuneration 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 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 President and Group Management is based on targets for the Group's and/or the respective divisions' operating income, net sales, cash conversion cycle and cost savings program. The remuneration is reviewed annually by January 1.

The notice period for termination is 12 months on part of the Company and 6 months on the part of the employee and in the event of notice of termination from the employer, the President and CEO and other members of Group Management are entitled to severance pay corresponding to 12 monthly salaries with deduction for any other income. Shorter period of notice and no right to severance pay might apply depending on position and country of employment for other members of Group Management. 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.

Terms of employment for the President and CEO

The remuneration to the President and 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 President and CEO amounts to SEK 10,275t, effective January 1, 2018. The variable salary amounts to a maximum of 100% of the fixed salary. The President and CEO participates in the Group's long term incentive programs for 2016, 2017 and 2018 (LTI 2016, LTI 2017 and LTI 2018). For information on these programs, see "Long term incentive programs (LTI)" below. The President and CEO is entitled to housing allowance.

Pension terms for the President and CEO

The retirement age for the President and CEO is 62. The President and 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.

Terms of employment for other members of Group Management

As with the President, other members of Group Management receive a remuneration package comprised of fixed salary, variable salary based on annual targets, long term incentive programs and pension and insurance benefits. The variable salary amounts to a maximum 60–150% of the fixed salary. Members of Group Management participate in the Group's long term incentive programs, for information on these programs, see "Long term incentive programmes (LTI)" below.

Pension terms for other members of Group Management

The members of Group Management employed in Sweden (9 out of 10) are covered by the collectively agreed ITP plan, the alternative rule of the plan (one person is covered by ITP according to the plan's main rule). These individuals are also covered by the Husqvarna Executive Pension Plan, which is a defined contribution plan. The employer contribution to the plan is equivalent to 35% of the pensionable salary which also includes contributions for the ITP plan, alternative ITP and any supplementary disability and survivor's pension. The pensionable salary is calculated on the basis of current fixed salary. Also last year's variable salary paid is pensionable for those who were covered by the plan before 2013. The pension age is 65 for the members of Group Management who are employed in Sweden. The member of Group Management that are not employed in Sweden are covered by the Group's company retirement plan in the country of employment (Germany). Pension age is 65 or higher.

Fees to the Board of Directors

The Annual General Meeting 2018 authorized fees to the Board of Directors amounting to SEK 5,820t (5,605) in total, whereof SEK 1,900t (1,825) to the Chairman and SEK 545t (525) to each of the other Board members, not employed by the company, including additional total of SEK 650t (630) as fees for Board Committee work. No consulting fees were paid to Board members. No board fees are paid to Board members who are also employed by the Group.

NOTES – GROUP

Fees to the Board of Directors:

SEKt	2018		2017	
	Fee	Fee for Board committe work	Total fee	Total fee
Tom Johnstone	1,900	120	2,020	1,945
Ulla Litzén	545	200	745	715
Katarina Martinson	545	105	650	625
Bertrand Neuschwander	545	60	605	585
Daniel Nodhäll	545	105	650	625
Lars Pettersson	545	60	605	585
Christine Robins	545	–	545	525
Kai Wärn	–	–	–	–
Soili Johansson	–	–	–	–
Annika Ögren	–	–	–	–
Carita Svärd	–	–	–	–
Per-Ola Post ¹	–	–	–	–
Dan Byström ¹	–	–	–	–
Total	5,170	650	5,820	5,605

¹ Deputy.

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 member 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 managements' interest, attract and retain key employees and to some extent provide variable remuneration instead of fixed salary. The Board of Directors will annually evaluate if a long-term incentive program (e.g. share-based or share-price based) should be proposed to the AGM. There are three ongoing long term incentive programmes not yet vested; LTI 2016, LTI 2017 and LTI 2018.

LTI 2016, LTI 2017 and LTI 2018

The Annual General Meetings 2016, 2017 and 2018 authorized the implementation of the incentive programmes LTI 2016, LTI 2017 and LTI 2018, which comprise less than 80 (LTI 2016 and LTI 2017)/ 100 (LTI 2018) managers. The programmes comprise of matching share awards and performance based share awards, with the exception of LTI 2018 consisting exclusively of performance-based share awards, with a three-year vesting period. For LTI 2016 and LTI 2017, members of Group Management must buy shares corresponding to 10% of his/her annual fixed salary (15% applies for the CEO), in order to participate in the respective programs, while the purchase of shares (equivalent to 5–10% of its fixed annual salary) is voluntary for non-Group Management members. For each share which the employee participates with within the framework of the LTI program, the Company will grant one matching share award.

The grant of performance based share awards is linked to the participant's annual target salary (fixed salary plus variable salary at target level). In order to receive matching shares and performance based shares, the employee must stay employed three years after grant date and maintain the original investment.

The number of performance based share awards that vest and give right to Class B-shares further depend on the fulfilment of certain targets of the Company's value creation during the calendar years 2016–2018 regarding LTI 2016, while for LTI 2017 (2017–2019) and for LTI 2018 (2018–2020). There are three performance levels set, with a linear progression of the number of performance based share awards from Entry to Stretch/maximum level for each program. The Entry level must be exceeded in order for the performance based share awards to vest.

The performance levels corresponds to the following number of B-shares:

Performance level	LTI 2016 / LTI 2017	LTI 2018
Entry	0 shares	10% of target salary/share price ¹
Target	25% (CEO 30%) of target salary/ share price ¹	33% (CEO 40%) of target salary/ share price ¹
Stretch	50% (CEO 60%) of target salary/ share price ¹	66% (CEO 80%) of target salary/ share price ¹

¹ SEK 53.25 for LTI 2016, SEK 74.93 for LTI 2017 and SEK 86.00 for LTI 2018 corresponds to the average closing price for Husqvarna B-shares on Nasdaq Stockholm during the month of February 2016 (LTI 2016), 2017 (LTI 2017) and 2018 (LTI 2018).

The value of the programmes is calculated based on the fair value of the share on grant date, as was SEK 60.00 for LTI 2016, SEK 82.90 for LTI 2017 and SEK 76.70 for LTI 2018, adjusted for expected dividend.

The participants participate with the following number of shares in total 106,109 in LTI 2017. The programmes comprise maximum 1,165,904 in LTI 2017 and 1,559,525 in LTI 2018, shares.

LTI 2016 result

The performance period for LTI 2016 ended December 31, 2018. The following table shows the number of matching and performance based shares to be awarded to participants by May 13, 2019, provided that the participant remains employed and has maintained the personal investment in shares. The targets for value creation, determined by the Board of Directors, are SEK 2,210m for "Entry" level, SEK 3,380m for "Target" level and SEK 4,550m for the maximum level. The actual result was SEK 2,926m, which means that performance share awards will be awarded to 61,2% of the number of shares on "Target" level.

Participants	Share awards LTI 2016		
	Matching shares	Performance shares	Total
President and CEO	21,755	49,133	70,888
Other members of Group Management	32,679	86,837	119,516
Other participants	79,043	277,236	356,279
Total	133,477	413,206	546,683

Share awards

The table below outlines the number of granted share rights forfeited and exercised:

Share awards	2018			2017		
	LTI 2018	LTI 2017	LTI 2016	LTI 2017	LTI 2016	LTI 2015
At January 1	–	1,426,028	1,839,311	–	1,951,522	1,010,014
Granted	1,775,483	–	–	1,475,635	–	–
Forfeited	–215,958	–260,124	–1,292,628	–49,607	–112,211	–446,417
Exercised	–	–	–	–	–	–
At December 31	1,559,525	1,165,904	546,683	1,426,028	1,839,311	563,597

The LTI programmes are expensed during the three years vesting period, in line with the expected target fulfilment. During 2018, SEK 5m (–73) has been charged to the income statement, whereof SEK 3m (–17) refers to cost for employer social contributions. The total provision for employer social contributions in the balance sheet amounted to SEK 12m (26).

Note 5 Expenses by nature

SEKm	2018	2017
Costs for supplies and raw materials	19,194	18,901
Employee benefit expenses	7,048	6,308
Amortization/depreciation and impairment	1,930	1,315
Other	10,898	9,147
Total	39,070	35,671

Research and development expenses amount to SEK 1,581m (1,342) and is included in the expenses above.

Amortization/depreciation and impairment for the year is included in the following lines in the income statement:

SEKm	Property, plant and equipment		Intangible assets	
	2018	2017	2018	2017
Cost of goods sold	1,284	805	449	334
Selling expenses	63	58	–	–
Administrative expenses	43	37	91	81
Total	1,390	900	540	415

Impairment of property, plant and equipment is included within cost of goods sold by SEK 442m (28) and within administrative expenses by SEK 2m (1).

Impairment of intangible assets is recorded within cost of goods sold by SEK 31m (0).

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

SEKm	2018	2017
Exchange rate gains and losses in cost of goods sold	–245	–86
Total	–245	–86

Cost of goods sold includes SEK 83m (33) 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	2018	2017
Other operating income		
Gain on divestment/liquidation of:		
Property, plant and equipment	25	7
Operations/subsidiaries	38	61
Total	63	68
Other operating expenses		
Loss on divestment/liquidation of:		
Property, plant and equipment	–8	–1
Total	–8	–1

Note 8 Fees to auditors

SEKm	2018	2017
EY		
Audit fees for the annual audit engagement	22	21
Audit fees not included in the annual audit engagement	2	2
Tax advice	2	3
Other services	0	1
Total fees to EY	26	27
Audit fees to other auditors	1	0
Total fees to auditors	27	27

Note 9 Leasing

Operating leases

Husqvarna Group mainly lease assets within the following categories: "land and buildings", "forklifts and machinery" and "cars and other vehicles". There are no material contingent expenses or restrictions among the Group's operating leases. Lease payments (minimum lease payments) amounted to SEK 499m (469) in 2018.

Future minimum lease payments are allocated as follows:

SEKm	2018	2017
Within 1 year	409	418
1–5 years	878	961
> 5 year	300	291
Total	1,587	1,670

Financial leases

No financial non-cancellable contracts are subleased within the Group. Neither are there any significant contingent expenses in the period's results, nor any significant restrictions in the contracts related to the leasing of land and buildings.

Future minimum lease payments are allocated as follows:

SEKm	2018	2017
Within 1 year	42	39
1–5 years	168	151
> 5 year	126	148
Nominal value	336	338
Present value	207	213

Maturity profile for financial leasing liabilities are included in note 19.

Financial leases, recognized as non-current assets, consisted of:

SEKm	2018	2017
Acquisition value		
Land and buildings	427	408
Machinery and technical installations	1	7
Closing balance, December 31	428	415
Accumulated depreciation		
Land and buildings	307	282
Machinery and technical installations	1	6
Closing balance, December 31	308	288
Net book value, December 31	120	127

NOTES – GROUP

Note 10 Financial income and expenses

SEKm	2018	2017
Financial income		
Interest income on deposits measured at amortized cost	20	16
Exchange rate differences		
– on borrowings	–286	–
– on derivatives held for trading	330	–
Other financial income	8	4
Total financial income	72	20
Financial expenses		
Interest expenses		
– on borrowings	–164	–156
– on cashflow hedges, interest rate derivatives	–33	–36
– on derivatives held for trading	–270	–235
– net on pension assets/liabilities	–31	–32
Exchange rate differences		
– on borrowings	–	–161
– on derivatives held for trading	–	155
Other financial expenses	–83	–55
Total financial expenses	–581	–520
Financial income and expenses, net	–509	–500

Note 11 Tax

SEKm	2018	2017
Current tax on income for the period	–635	–529
Deferred tax income/expense	287	–101
Total income tax	–348	–630

Theoretical and actual tax rates

SEKm	2018		2017	
	Tax, %	Result	Tax, %	Result
Income before taxes	–	1,561	–	3,290
Theoretical tax rate	–21.1	–329	–26.3	–865
Non-taxable items	5.3	83	11.0	362
Items not deductible for tax purposes	–3.6	–57	–1.8	–58
Change in valuation of deferred tax	–1.1	–17	1.1	35
Utilization of previously unrecognized tax losses	0.3	5	0.2	7
Effect of tax rate change	–0.1	–2	–3.0	–99
Withholding tax	–1.6	–25	–0.3	–11
Other	–0.4	–6	0.0	–1
Actual tax rate	–22.3	–348	–19.1	–630

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.

Tax loss carry-forwards

As of December 31, 2018, the Group has tax loss carry-forwards of SEK 1,483m (1,107), whereof SEK 185m (189) has not been included in computation of deferred tax assets. The tax loss carry-forwards will expire as follows (gross amounts):

SEKm	2018	2017
Within a year	0	0
1–5 year	82	95
> 5 year	535	703
Without time limit	866	309
Total	1,483	1,107

Changes in deferred taxes

SEKm	Opening balance, Jan 1, 2018	Recognized in income statement	Recognized in comprehensive income statement	Exchange rate difference	Acquired and divested assets/subsidiaries	Closing balance, Dec 31, 2018
Non-current assets	–1,518	170	–	–62	–	–1 410
Inventories	164	90	–	–2	–	252
Current receivables ¹	96	–31	–	–2	–	63
Provision for pensions and similar commitments	355	–34	26	11	–	358
Other provisions	128	90	–	5	–	223
Financial and operating liabilities	104	–252	192	6	–	50
Other items	–291	272	–	5	–	–14
Tax losses carried forward	268	–18	–	19	–	269
Deferred tax assets and liabilities, net	–694	287	218	–20	–	–209

¹ The opening balance includes SEK –4m related to IFRS 9 restatement, for further information refer to note 27.

SEKm	Opening balance, Jan 1, 2017	Recognized in income statement	Recognized in comprehensive income statement	Exchange rate difference	Acquired and divested assets/ subsidiaries	Closing balance, Dec 31, 2017
Non-current assets	-1,222	-135	-	-6	-155	-1,518
Inventories	137	10	-	4	13	164
Current receivables	76	14	-	2	-	92
Provision for pensions and similar commitments	397	-32	-4	-6	-	355
Other provisions	214	-68	-	-12	-6	128
Financial and operating liabilities	110	160	-158	-8	-	104
Other items	-270	-23	-	2	-	-291
Tax losses carried forward	316	-27	-	-21	-	268
Deferred tax assets and liabilities, net	-242	-101	-162	-45	-148	-698

Tax items recognized in Other comprehensive income amounts to SEK 26m (-4) for items related to Remeasurements on defined benefit pension plans, SEK -41m (20) for Cash flow hedges and SEK 233m (-178) for Net investment hedge.

Deferred tax assets and liabilities

SEKm	Assets		Liabilities		Net	
	2018	2017	2018	2017	2018	2017
Non-current assets	220	99	1,630	1,617	-1,410	-1,518
Inventories	395	257	143	93	252	164
Current receivables	76	116	17	24	59	92
Provisions for pensions and similar commitments	358	355	0	0	358	355
Other provisions	280	166	57	38	223	128
Financial and operating liabilities	107	185	57	81	50	104
Other items	161	139	171	430	-11	-291
Tax losses carried forward	269	268	-	-	269	268
Deferred tax assets and liabilities	1,866	1,585	2,075	2,283	-209	-698
Set-off of tax	-281	-388	-281	-388	-	-
Deferred tax assets and liabilities, net¹	1,585	1,197	1,794	1,895	-209	-698

¹ Deferred tax assets amounted to SEK 1,585m, whereof SEK 298m is expected to be utilized within 12 months. Deferred tax liabilities amounted to SEK 1,795m, whereof SEK 20m are due within 12 months.

No deferred tax liability is recognised 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 12 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 share swap agreement.

	2018	2017
Profit attributable to equity holders of the Parent Company (SEKm)	1,212	2,654
Weighted average numbers of ordinary shares outstanding (millions)	571.5	572.0
Earnings per share before dilution (SEK)	2.12	4.64

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 program which have a dilutive potential.

	2018	2017
Profit attributable to equity holders of the Parent Company (SEKm)	1,212	2,654
Weighted average numbers of ordinary shares outstanding (millions)	571.5	572.0
Adjusted for:		
– share savings program (millions)	0.8	2.2
Diluted weighted average numbers of ordinary shares outstanding (millions)	572.3	574.2
Earnings per share after dilution (SEK)	2.12	4.62

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Note 13

Property, plant and equipment

SEKm	Land and land improvements	Buildings and leasehold improvements	Machinery and technical installations	Other equipment	Construction in progress and advances	Total
2018						
Opening accumulated acquisition value	389	3,765	11,460	2,003	1,026	18,643
Acquired companies	–	20	8	8	2	38
Investments	–	57	279	122	1,084	1,542
Sold, scrapped	–7	–68	–436	–68	–8	–587
Reclassification	–	39	650	53	–746	–4
Exchange rate differences	21	203	630	109	29	992
Closing accumulated acquisition value	403	4,016	12,591	2,227	1,387	20,624
Opening accumulated depreciation and impairment	106	2,126	8,932	1,673	–	12,837
Depreciation	12	136	647	151	–	946
Impairment	0	116	289	11	28	444
Sold, scrapped	–4	–39	–418	–66	–	–527
Reclassification	–	–	–1	1	–	–
Exchange rate differences	5	122	514	98	1	740
Closing accumulated depreciation and impairment	119	2,461	9,963	1,868	29	14,440
Closing balance, December 31, 2018	284	1,555	2,628	359	1,358	6,184
2017						
Opening accumulated acquisition value	315	3,395	12,410	1,267	1,177	18,564
Acquired companies	13	53	3	11	–	80
Investments	–	141	361	101	702	1,305
Sold, scrapped	–2	–81	–456	–93	–	–632
Reclassification	71	349	–363	751	–808	–
Exchange rate differences	–8	–92	–495	–34	–45	–674
Closing accumulated acquisition value	389	3,765	11,460	2,003	1,026	18,643
Opening accumulated depreciation and impairment	100	2,140	9,874	978	–	13,092
Depreciation	12	126	618	115	–	871
Impairment	–	–	29	–	–	29
Sold, scrapped	–	–60	–450	–86	–	–596
Reclassification	–3	–	–690	693	–	–
Exchange rate differences	–3	–80	–449	–27	–	–559
Closing accumulated depreciation and impairment	106	2,126	8,932	1,673	–	12,837
Closing balance, December 31, 2017	283	1,639	2,528	330	1,026	5,806

For information of where in the income statement the depreciation and impairment is reported, see note 5.

Note 14 Intangible assets

SEKm	Goodwill	Brands	Product development	Other	Total
2018					
Opening accumulated acquisition value	7,457	3,647	2,926	2,185	16,215
Acquired companies	115	–	84	31	230
Investments	–	–	493	200	693
Sold, scrapped	–	–	–8	–2	–10
Reclassifications	–	–	–	5	5
Exchange rate differences	430	151	74	42	697
Closing accumulated acquisition value	8,002	3,798	3,569	2,461	17,830
Opening accumulated amortization and impairment	822	345	2,162	1,129	4,458
Amortization	–	24	265	220	509
Impairment	–	–	31	–	31
Sold, scrapped	–	–	–8	–2	–10
Exchange rate differences	75	7	71	50	203
Closing accumulated amortizations and impairment	897	376	2,521	1,397	5,191
Closing balance, December 31, 2018	7,105	3,422	1,048	1,064	12,639
2017					
Opening accumulated acquisition value	6,810	3,429	2,630	1,437	14,306
Acquired companies	847	138	–	557	1,542
Investments	–	–	370	217	587
Sold, scrapped	–	–	–9	–	–9
Exchange rate differences	–200	80	–65	–26	–211
Closing accumulated acquisition value	7,457	3,647	2,926	2,185	16,215
Opening accumulated amortizations and impairment	796	326	2,034	960	4,116
Amortization	–	21	199	195	415
Impairment	–	–	–	–	0
Sold, scrapped	–	–	–9	–	–9
Exchange rate differences	26	–2	–62	–26	–64
Closing accumulated amortizations and impairment	822	345	2,162	1,129	4,458
Closing balance, December 31, 2017	6,635	3,302	764	1,056	11,757

For information of where in the income statement the amortization and impairment is 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. An impairment loss is recognized with the amount by which the assets' net carrying amount exceeds its recoverable amount. 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 by Group Management, approved five-year forecasts for each cash generating unit. 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 2018.

The impairment test have been performed on the three divisions that will continue post January 1, 2019 because the Consumer Brands Division has

been dissolved as of January 1, 2019 and the impairment test is based on future discounted cash flows. For allocation of the Consumer Brands Division, refer to the section "Allocation of the Consumer Brands Division".

During 2018, 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	2018	2017
Husqvarna	3,560	2,634
Gardena ¹	4,695	4,499
Consumer Brands	–	731
Construction	2,154	1,937
Total Group	10,409	9,801

¹ Whereof SEK 3,304m (3 166) relates to the net book value of the Gardena brand, 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 brand.

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The following two sensitivity analysis have been made of the estimated value in use:

- 10% higher discount rate
- 10% decreased cash flow.

None of these adjusted assumptions would result in an impairment loss of intangible assets with indefinite useful lives, in any of the cash generating units.

Under the current business environment, management do not believe that any reasonably possible change in discount rate or in any of the other key assumptions on which the cash generating units' recoverable amounts are based upon would result in the net book value amount exceeding the recoverable amount.

Note 15 Other non-current assets

SEKm	2018	2017
Long-term holdings in securities	381	347
Net pension assets	158	120
Other long-term receivables	53	60
Total	592	527

Pension assets refer to pension plans with a net surplus of SEK 158m (120).

Note 16 Inventories

SEKm	2018	2017
Finished products	8,111	6,835
Supplies including raw materials	2,592	2,446
Work in progress	364	241
Total	11,067	9,522

The cost of inventories recognized as expense and included in cost of goods sold amount to SEK 25,050m (24,723).

Write down of inventories expensed during the year amount to SEK 392m (55), which is included in costs of goods sold. Write down reversed during the year amount to SEK 55m (75).

Inventories valued to net realizable value amount to SEK 421m (305).

Note 17 Other current assets

SEKm	2018	2017
Value added tax	372	353
Miscellaneous short-term receivables	206	173
Prepaid rents and leases	18	13
Prepaid insurance premiums	20	14
Prepaid supplies	68	55
Other prepaid expenses	322	331
Total	1,006	939

Note 18 Equity

Share capital

The share capital in Husqvarna AB 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 include 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 20. The proposed dividend for 2018 is SEK 2.25 (2.25).

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, 2018, the share capital comprised:

112,437,551 Class A-shares, par value SEK 2	225
463,906,227 Class B-shares, par value SEK 2	928
Total	1,153

On December 31, 2017, the share capital comprised:

112,513,001 Class A-shares, par value SEK 2	225
463,830,777 Class B-shares, par value SEK 2	928
Total	1,153

Number of shares	Treasury shares	Outstanding shares	Total
Shares, December 31, 2017			
Class A-shares	–	112,513,001	112,513,001
Class B-shares	5,200,000	458,630,777	463,830,777
Long term incentive program 2015			
Class A-shares	–	–	–
Class B-shares	–529,584	529,584	–
Conversion of shares			
Class A-shares	–	–75,450	–75,450
Class B-shares	–	75,450	75,450
Shares, December 31, 2018			
Class A-shares	–	112,437,551	112,437,551
Class B-shares	4,670,416	459,235,811	463,906,227

Other reserves

SEKm	Cash flow hedges	Currency translation reserve	Net investment hedge	Total other reserves
Opening balance, January 1, 2018	-76	-30	32	-74
Result arising during the year	85	-	-1,058	-973
Tax on result arising during the year	-19	-	232	213
Reclassification adjustment to the income statement	95	-	-	95
Tax on reclassification adjustment to the income statement	-16	-	-	-16
Currency translation difference	-	1,206	-	1,206
Closing balance, December 31, 2018	69	1,176	-794	451

SEKm	Cash flow hedges	Currency translation reserve	Net investment hedge	Total other reserves
Opening balance, January 1, 2017	-5	663	-600	58
Result arising during the year	-72	-	665	593
Tax on result arising during the year	16	-	-146	-130
Reclassification adjustment to the income statement	-19	-202	145	-76
Tax on reclassification adjustment to the income statement	4	-	-32	-28
Currency translation difference	-	-491	-	-491
Closing balance, December 31, 2017	-76	-30	32	-74

Note 19 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 a Group Financial Policy, as well as a Group Credit Policy to regulate the management and control of these risks. These 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 3.0bn 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 3.4 years (3.7) at the end of 2018.

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 allowed to deviate for a shorter period of time due to for example acquisitions. Dividend shall normally exceed 40% of income for the year.

SEKm	2018	2017
Net pension liabilities	1,943	1,698
Other interest-bearing liabilities	10,013	8,039
Less: liquid funds and other interest-bearing assets	-2,081	-2,538
Net debt	9,875	7,199
Net debt, excluding net pension liabilities	7,932	5,501
EBITDA	4,000	5,105
Net debt/EBITDA	2.16	1.48
Total equity	16,009	15,667
Total assets	38,607	35,418
Equity/assets ratio	41%	44%

Liquid funds

Liquid funds consist of cash and cash equivalent and other short-term deposits including derivative assets at fair market value. Husqvarna Group's goal is that the level of liquid funds, including unutilized committed credit facilities, shall equal at least 2.5% of rolling 12-month sales. At year-end, this ratio was 16.3% (20.8). In addition, the Group shall have sufficient liquid resources to finance the expected seasonal build-up in working capital during the next 12 months.

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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 bilateral loan agreements, bonds through a Swedish Medium Term Note (MTN) program and other bond financing. In addition, the Group has an unutilized SEK 5bn committed revolving credit facility maturing in 2021. The facility is unutilized as of December 31st, 2018. Due to the nature of its business, the Group has major seasonal variations in its funding needs. These variations have during 2018 been managed mainly by utilizing the Group's commercial paper (CP) program and short-term bank loans.

At year-end 2018, the Group's total interest-bearing liabilities, excluding pension liabilities, amounted to SEK 10,013m (8,039), of which SEK 6,229m (4,684) referred to long-term loans. During the year, the Group issued bonds totalling SEK 1.5bn with five years maturity.

Husqvarna Group has, as mentioned, substantial seasonal variation in its borrowings. The seasonal peak of the indebtedness normally implies additional borrowings of SEK 2.5–3.5bn in excess of year-end borrowings, taking dividend into account.

Husqvarna Group has not breached any conditions in external loan agreements during the year.

Future undiscounted cashflows of loans and other financial liabilities as of December 31, 2018¹

SEKm	2019	2020	2021	2022	2023	>2023	Total
Financial leases	–42	–42	–42	–42	–42	–126	–336
Bonds, bank loans and other loans	–3,581	–195	–1,225	–1,179	–1,568	–1,748	–9,496
Derivative liabilities, interest rate ²	–9	–16	–1	2	1	–11	–34
Derivative liabilities, foreign exchange ²	–232	–	–	–	–	–	–232
Trade payables	–4,622	–	–	–	–	–	–4,622
Total financial liabilities	–8,486	–253	–1,268	–1,219	–1,609	–1,885	–14,720

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

SEKm	2018		2017	
	Total borrowings	Facility amount	Total borrowings	Facility amount
Medium Term Note Program	4,946	8,000	3,947	8,000
Other bond loans	89	–	932	–
Committed revolving credit facility	–	5,000	–	5,000
Committed credit facility	1,000	–	–	1,000
Long-term bank loans	686	–	1,920	–
Financial leases	207	–	213	–
Commercial papers	925	7,000	–	7,000
Other short-term loans	1,908	–	585	–
Derivative liabilities	252	–	442	–
Total	10,013	20,000	8,039	21,000

Market programs

Husqvarna Group has a MTN program, denominated in SEK, to issue long-term debt in the domestic capital market. The total amount of the program is SEK 8.0bn. In addition, Husqvarna Group has a Swedish CP 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.

Net debt – currency composition

SEKm	2018		2017	
	Net debt excl. currency swaps	Net debt incl. currency swaps	Net debt excl. currency swaps	Net debt incl. currency swaps
USD	550	9 646	493	8,056
SEK	9,136	–3,439	6,529	–3,936
EUR	1,041	2,602	996	2,319
CZK	–35	341	–36	259
GBP	–173	282	–158	153
JPY	–48	146	–36	131
ZAR	–44	–37	–22	5
RUB	–34	41	–18	25
CNY	–304	–25	–438	–168
Other	–214	318	–111	355
Total	9,875	9,875	7,199	7,199

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 20 days (11) at the end of 2018. A downward shift in the yield curve of one percentage point would reduce the Group's interest income by approximately SEK 13m (19) and the Group's equity by SEK 10m (14).

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 3.0 (2.5) years at year-end. On the basis of volumes and interest fixings at the end of 2018, a one-percentage point shift in interest rates would impact the Group's interest expenses by approximately SEK +/- 6m (7) 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, 2018 the average interest rate in the total loan portfolio was 5.0% (4.7). At year-end, Husqvarna Group had outstanding interest rate derivatives with a nominal amount of SEK 5,270m (4,802) 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 are EUR, USD, CAD and AUD.

Transaction exposure from commercial flows

The Financial Policy stipulates hedging of forecasted sales and purchases in foreign currencies, taken 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 50–75%. 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 2019, hedges at year-end 2018 and comparative amounts for the previous year.

Commercial flows

Currency SEKm	2018		2017	
	2019 Fore- casted flows	Total hedge amount	2018 Fore- casted flows	Total hedge amount
EUR	4,988	–3,488	4,052	–3,477
CAD	1,246	–887	1,091	–773
AUD	575	–377	635	–395
NOK	575	–420	545	–376
DKK	508	–375	482	–327
CHF	492	–418	340	–302
Other	–56	59	723	–24
RUB	457	–334	549	–377
USD	–3,255	2,471	–2,935	2,043
SEK	–5,530	3,769	–5,482	3,960

The hedging effect on operating income amounted to SEK –204m (–102) during 2018. At year-end, the unrealized exchange rate result on forward contracts, all maturing in 2019, amounted to SEK 140m (–125).

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 derivative 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 USD. 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 +/- 570m (715) for one year. A 10% increase of USD would affect the Group's result with SEK –385m (–220) and a corresponding decrease of EUR with SEK 550m (–460). This assumes the same distribution of earnings and costs as in 2018 and does not include any dynamic effects, such as changes in competitiveness or consumer behaviour 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 –33m as of December 31, 2018 of which SEK –22m is reported in the hedge reserve. Assuming an unchanged market interest rate, the effects on income after financial items for 2019 would be SEK –4m for Q1, SEK 0m for Q2, SEK 5m for Q3 and SEK 2m 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, 2018" shows the future cashflows of the interest rate hedges. The cashflows during 2019, assuming unchanged market interest rates, would be SEK –13m for Q1, SEK 0m for Q2, SEK 2m for Q3 and SEK 2m for Q4.

Hedge accounting of foreign exchange risk

The total market value for hedges of commercial flows amounted to SEK 139m as of December 31, 2018 of which SEK 111m is reported in the hedge reserve. Assuming an unchanged exchange rate, the effects on income after financial items for 2019 would be SEK 68m for Q1, SEK 29m for Q2, SEK 14m for Q3 and SEK 0m for Q4.

As of December 31, 2018, USD 1,642m of net investments in foreign operations were hedged. The total market value of derivatives for net investment hedging amounted to SEK –10m of which SEK 110m is reported in the hedge reserve. During the year no ineffectiveness has occurred in the hedging of currency risk.

Derivatives designated as hedging instruments

2018 SEKm	Nominal amount	Maturity	Average hedge rate
Net investment hedges			
Derivatives in net investments hedges of foreign operations	14,681	2019	8.92
Cash flow hedges			
Derivatives in cash flow hedge of foreign currency risk	18,183	2019	n.a
– of which USD exposure against SEK	3,504	2019	8.57
– of which EUR exposure against SEK	7,663	2019	10.29
Derivatives in cash flow hedge of interest rate risk	5,270	2020–2024	0.66%

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Impact of hedging instruments on the financial statement

2018 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	10,554	177	Current assets	313	176
Foreign exchange forward contracts	7,629	66	Current liabilities	119	65
Interest rate swap agreements	5,270	33	Non-current liabilities	7	22
Forecasted cash flows from sales/purchases	18,183	n.a	n.a	n.a	n.a
Forecasted interest cash flows from floating rate borrowings	–34	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 should 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 +/- 200m (165), everything else being equal. The same effect on the price of aluminium would impact the results by SEK +/- 50m (50) and a 10% change in the price of plastics would give an effect on results of SEK +/- 110m (105).

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 the basis of 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. The Board of Directors decides on customer credit limits exceeding SEK 100m. Husqvarna Group uses an internal 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	2018	2017
Low to moderate risk	2,119	1,801
Medium to elevated risk	1,294	1,433
High risk	200	173
Total	3,613	3,407

As of December 31, 2018 net trade receivables, after provisions for bad debt, amounted to SEK 3,613m (3,407), which consequently equals the maximum exposure to losses in trade receivables. Hence, the book value equals the fair market value of the receivables. The size of the credit portfolio is, however, 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 2018 amounted to SEK 187m (152), of which SEK 171m (152) refer to invoices due. For trade receivables recorded through other comprehensive income fair value changes and provisions have been immaterial during 2018.

Trade receivables past due

Trade receivables that were past due, but not yet impaired amounted to SEK 869m (717) as of December 31, 2018.

Ageing analyses for past due trade receivables

Past due but not impaired, SEKm	2018	2017
Up to 1 month	293	270
1 to 3 months	248	169
>3 months	328	278
Total	869	717

Provisions for trade receivables

SEKm	2018	2017
Opening balance, January 1	152	152
Transition adjustment IFRS 9	16	–
Adjusted opening balance, January 1	168	152
New provisions	60	58
Reversed unused provisions	–27	–40
Impairment of trade receivables	–14	–16
Currency exchange rate differences	0	–2
Closing balance, December 31	187	152

The situation regarding past due receivables has not changed significantly 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 26m (22). A global credit insurance program is in place for many countries. As of December 31, 2018 total coverage amounts to SEK 4,268m.

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

Concentration of credit risk	2018		2017	
	Number of customers	% of total portfolio	Number of customers	% of total portfolio
Exposure <SEK 15m	Not available	82%	Not available	88%
Exposure SEK 15–100m	11	11%	12	9%
Exposure >SEK 100m	1	7%	1	3%

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

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 20 days (11) at the end of 2018. A substantial part of the exposure arises from derivatives transactions.

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

Maturity, SEKm	2018		2017	
	2019	2020–	2018	2019–
Amount sold	–44,334	–395	–41,875	–
Amount purchased	44,600	400	41,739	–
Net settled derivatives (NDF)	0	0	–1	–
Net	266	5	–137	–

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); and
- 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 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. Fair value of long-term borrowings are based on discounted cash flows using a rate based on the borrowing rate, and are within Level 2 in the fair value hierarchy.

SEKm	2018		2017	
	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	115	115	127	127
– of which currency derivatives where hedge accounting for cash flow hedges is applied	177	177	58	58
– of which interest derivatives where hedge accounting for cash flow hedges is applied	–	–	3	3
– of which currency derivatives related to net investments in foreign operations where hedge accounting is applied	65	65	131	131
Financial assets at fair value through other comprehensive income				
– Trade receivables ¹	555	555	–	–
Financial assets measured at amortized cost ²				
– Other non-current assets	434	434	407	407
– Trade receivables	3,058	3,058	3,407	3,407
– Other receivables	206	206	173	173
– Cash and cash equivalents	1,346	1,346	1,872	1,872
Total financial assets	5,956	5,956	6,178	6,178
Financial liabilities				
Financial liabilities at fair value through profit or loss				
– of which derivatives where hedge accounting is not applied	78	78	132	132
– of which currency derivatives where hedge accounting for cash flow hedges is applied	66	66	147	147
– of which interest derivatives where hedge accounting for cash flow hedges is applied	33	33	28	28
– of which currency derivatives related to net investments in foreign operations where hedge accounting is applied	75	75	134	134
Financial liabilities measured at amortized cost ³				
– Trade payables	4,622	4,622	4,098	4,098
– Other liabilities	172	172	250	250
– Financial leases ⁴	207	215	213	223
– Borrowings	9,554	9,557	7,384	7,458
Total financial liabilities	14,807	14,818	12,386	12,470

¹ Trade receivables not sold but part of factoring programmes.

² Loans and receivables in 2017 Annual Report.

³ Other financial liabilities in 2017 Annual Report.

⁴ Financial leases are recorded in Borrowings on the consolidated balance sheet.

NOTES – GROUP

Note 20 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, Sweden, the U.S. 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 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 the U.S. were closed, some time ago, for future pension accrual. Out of the Group's most extensive defined benefit plans, there are two in Japan (however, 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 U.S. 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 might consist of representatives from both the company and the employees, which are responsible for the management of the pension fund asset.

SEKm	2018						
	UK	Sweden	US	Japan	Germany	Other	Total
Present value of obligation	1,192	1,466	431	192	943	262	4,486
Fair value of plan assets	-1,350	-628	-280	-148	-	-137	-2,543
Surplus/Deficit¹	-158	838	151	44	943	125	1,943
Total funding level (%)	113	43	65	77	-	52	57
Duration	19	23	12	11	11	16	17
Actuarial assumptions (%)							
Discount rate	2.9	2.5	4.1/4.3	0.6	1.6	1.1	2.4
Inflation	3.2	2.0	-	-	1.7	1.8	2.3
Sensitivity analysis (%)							
Discount rate (-0.5%)	10.1	11.8	5.9	5.4	5.7	7.5	8.9
Discount rate (+0.5%)	-8.9	-10.2	-5.3	-5.1	-5.1	-6.5	-7.8
Inflation (+0.5%)	3.6	8.0	-	-	0.9	2.5	4.5

¹ SEK 158m have been recorded as other non-current assets and SEK 2,101m have been recorded as provision for pensions.

SEKm	2017						
	UK	Sweden	US	Japan	Germany	Other	Total
Present value of obligation	1,275	1,226	436	181	904	231	4,253
Fair value of plan assets	-1,395	-627	-278	-141	-	-114	-2,555
Surplus/Deficit¹	-120	599	158	40	904	117	1,698
Total funding level (%)	109	51	64	78	-	49	60
Duration	20	22	13	11	12	15	17
Actuarial assumptions (%)							
Discount rate	2.5	2.4	3.4/3.6	0.6	1.5	0.9	2.2
Inflation	3.2	1.5	-	-	1.7	1.8	2.2
Sensitivity analysis (%)							
Discount rate (-0.5%)	10.4	11.6	6.6	5.4	5.8	7.5	8.9
Discount rate (+0.5%)	-9.0	-10.0	-5.9	-5.1	-5.3	-6.6	-7.8
Inflation (+0.5%)	4.0	7.9	-	-	1	2.5	4.4

¹ SEK 120m have been recorded as other non-current assets and SEK 1,818m have been recorded as provision for pensions.

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

SEKm	2018	2017
Present value of obligations for unfunded plans	1,109	1,060
Present value of obligations for funded plans	3,377	3,193
Fair value of plan assets	-2,543	-2,555
Net provisions for defined benefit plans	1,943	1,698

The schedules are showing 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 46m (44). Husqvarna Group has no post-employment medical plans. Further information regarding pension cost is available in note 4.

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

SEKm	2018			2017		
	Present value of obligation	Fair value of plan assets	Total	Present value of obligation	Fair value of plan assets	Total
Opening balance, January 1	4,253	–2,555	1,698	4,247	–2,520	1,727
Current service cost	151	4	155	136	4	140
Past service costs and gains/losses on settlements	18	–	18	–1	–	–1
Interest expenses	95	–64	31	96	–64	32
	4,517	–2,615	1,902	4,478	–2,580	1,898
Remeasurements:						
Return on plan assets	–	121	121	–	–122	–122
Actuarial gains and losses due to changes in demographic assumptions	–11	–	–11	–31	–	–31
Experience assumptions	67	–	67	3	–	3
Actuarial gains and losses due to changes in financial assumptions	–56	–	–56	113	–	113
	0	121	121	85	–122	–37
Exchange rate differences on foreign plans	149	–86	63	–51	52	1
Divestments and transfers	–2	3	1	–14	–5	–19
Contributions:						
– Employers	–84	–60	–144	–78	–67	–145
– Plan participants	5	–5	–	5	–5	–
Payments from plans:						
– Benefit payments	–99	99	–	–169	169	–
– Settlements	–	–	–	–3	3	–
Closing balance, December 31	4,486	–2,543	1,943	4,253	–2,555	1,698

Plan assets comprise of the following¹:

	2018		2017	
	SEKm	%	SEKm	%
Equity instruments				
– Equities	961	36.7	1,009	39.5
Interest-bearing securities				
– Government bonds	35	1.3	31	1.2
– Corporate bonds	393	15.0	384	15.0
– Index-linked bonds	443	16.9	308	12.1
– Interest rate funds	464	17.8	586	22.9
Properties	40	1.5	33	1.3
Liquid funds	10	0.4	10	0.4
Assets held by insurance company	197	10.4	194	7.6
Total	2,543	100.0	2,555	100.0

¹ Approximately 98% (98) of total plan assets refers to listed assets.

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

For the funded defined benefit pension plans (Sweden, UK and U.S. represent around 92% 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 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.

Husqvarna Group is through its defined benefit obligations 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 of 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 compensates 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.

The Company expects to make contributions of approximately SEK 141m (134) to the plans during 2019.

The weighted average duration of the defined benefit obligation 17 years (17).

NOTES – GROUP

Note 21 Other provisions

SEKm	Restructuring	Warranty	Claims	Other	Total
Opening balance, January 1, 2018	54	379	318	348	1,099
Provisions made	382	321	33	86	822
Provisions used	–62	–391	–	–136	–589
Unused amounts reversed	–1	–5	–18	–7	–31
Exchange rate differences	15	25	–5	30	65
Closing balance, December 31, 2018	388	329	328	321	1,366
Current provisions	350	209	–	111	670
Non-current provisions	38	120	328	210	696

Provisions for restructuring

Provisions for restructuring refer to the expected payments to be incurred in the coming years as a consequence of the Group's decision to close some factories, rationalize production and reduce personnel. The amounts are based on the group management's best estimates and are adjusted when changes to these estimates are known.

Warranty commitments

Provisions for warranty comprise all potential expenses for repairing or replacing products sold. Provisions are made when the products are sold and are normally limited to 24 months.

Provisions for claims

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

Other

Other provisions are in all material aspects referring to payroll related provisions.

Note 22 Other liabilities

SEKm	2018	2017
Accrued holiday pay	278	252
Other accrued payroll expenses	606	700
Accrued customer rebates	751	666
Other accrued expenses	597	441
Value added tax	66	61
Personnel taxes and other taxes	87	87
Other operating liabilities	172	250
Total	2,557	2,457

Note 23 Pledged assets and contingent liabilities

Pledged assets

SEKm	2018	2017
Pension obligations ¹	121	113
Real estate mortgages	27	26
Total	148	139

¹ Refers to endowment that is pledged in favor of the recipient.

Contingent liabilities

SEKm	2018	2017
On behalf of external counterparties		
Guarantees and other commitments	109	101
Total	109	101

In addition to the above contingent liabilities, guarantees for fulfillment 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 dealer's bankruptcy, to buy back repossessed Husqvarna Group products from certain dealers financing their floorplanning with an external financing company. During 2018 goods amounting to a value of SEK 13m (9) were bought back in connection with floorplanning 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 damage 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 take action when deemed necessary. The Company believes that these activities help to minimize the risks. Due to the complexity of these disputes, it is difficult to predict a favorable outcome of each claim and an adverse outcome affecting the consolidated financial position and result could occur.

Note 24 Related party transactions

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 25 Changes in financial liabilities

SEKm	Opening balance, January 1, 2018	Cash flow from financing ¹	Cash flow within operating income	Reclassification	Foreign exchange movement	Changes in fair value	Other non-cash movement in financing	Closing balance, December 31, 2018
Current interest-bearing borrowings (excl. finance leases)	2,898	–581	–	1,114	85	–	–	3,516
Current obligations under finance leases	15	–16	–	16	1	–	–	16
Non-current interest-bearing borrowings (excl. finance leases)	4,486	2,505	–	–1,114	161	–	–	6,038
Non-current obligations under finance leases	198	–	–	–16	9	–	–	191
Derivatives, net	122	–704	–255	–	–	732	–	–105
Total financial liabilities incl. net derivatives	7,719	1,204	–255	–	256	732	–	9,656

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

SEKm	Opening balance, January 1, 2017	Cash flow from financing ¹	Cash flow within operating income	Reclassification	Foreign exchange movement	Changes in fair value	Other non-cash movement in financing ²	Closing balance, December 31, 2017
Current interest-bearing borrowings (excl. finance leases)	1,479	–782	–	2,312	–110	–	–1	2,898
Current obligations under finance leases	15	–15	–	15	0	–	–	15
Non-current interest-bearing borrowings (excl. finance leases)	4,746	1,741	–	–2,312	–23	–	334	4,486
Non-current obligations under finance leases	207	–	–	–15	6	–	–	198
Derivatives, net	600	168	–71	–	–	–575	–	122
Total financial liabilities incl. net derivatives	7,047	1,112	–71	–	–127	–575	333	7,719

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

² Other non-cash movement include accrued interest and share swaps.

Note 26 Acquisitions

Acquisition of Light Compaction & Concrete Equipment

Husqvarna Group acquired the Light Compaction and Concrete Equipment business from Atlas Copco on February 1, 2018, the global leader in this segment. The acquisition includes product lines, operations and R&D in Bulgaria, and specific sales and service resources that will reinforce Husqvarna Construction's existing organization. The acquired product range complements the Construction Division's offering within concrete surfaces and floors.

Husqvarna Group acquired 100% of the shares in Construction Tools EOOD, Bulgaria, and assets in mainly Sweden.

The goodwill of SEK 115m arising from the acquisition is attributable to economies of scale from distributing the Light Compaction and Concrete Equipment business range of products in the Construction Division's distribution network.

Summary balance sheet as of acquisition date February 1, 2018

SEKm	
Property, plant and equipment	38
Other intangible assets	115
Inventories	46
Trade receivables and other current assets	35
Cash and cash equivalents	12
Trade payables and other liabilities	–55
Total identifiable net assets	191
Goodwill	115
Total net assets	306
Less acquired cash	–12
Net cash flow – investments	294

¹ The fair value of trade and other receivables is SEK 35m and includes trade receivables with contractual amount of SEK 29m. No trade receivables are expected to be uncollectible.

Acquisition-related costs of SEK 6m have been charged to administrative expenses in the consolidated income statement in 2017.

The net sales, contributed by the Light Compaction and Concrete Equipment business, included in the consolidated statement of comprehensive income since the acquisition date amounted to SEK 346m. The operating income that Light Compaction & Concrete Equipment contributed with during this period is immaterial. No transactions recognized before the acquisition date.

Note 27 Changes in accounting policies and reclassifications

This note explains the impact of the adoption of IFRS 15 “Revenue from Contracts with Customers”, IFRS 9 “Financial Instruments” and restatement due to reclassifications.

a) IFRS 15 “Revenue from Contracts with Customers”

Husqvarna Group applies IFRS 15 “Revenue from Contracts with Customers” from January 1, 2018. IFRS 15 replaces IAS 18 “Revenue” and IAS 11 “Construction contracts”. IFRS 15 establishes a new principle based model of recognizing revenue from customer contracts. The implementation resulted in a change in accounting principles, refer to Note 1. Husqvarna Group have chosen the full retrospective method, hence the comparative figures for 2017 have been restated in the financial reports for periods beginning on or after January 1, 2018. IFRS 15 has not had an impact on operating income, net income nor balance sheet amounts. The opening balance for 2017 has not been affected by IFRS 15. Refer below for details regarding the impact on the financial reports:

Some transport/shipping income and expense have been reclassified in the income statement due to the more detailed requirements on allocation of the transaction price to the performance obligations identified and due to the more detailed definitions of acting as a principal versus agent. The reclassification has not had an impact on operating income but have reduced the Group's gross income and reduced the selling expenses by the corresponding amount. The opening balance of equity for 2017 has not been affected.

b) Reclassification of certain income and expenses related to changes in exchange rates (FX)

Certain income and expenses, such as change in value of currency hedging contracts and the translation of assets and liabilities in foreign currency, previously recorded in selling expense have been reclassified to cost of goods sold. The reclassification will better reflect the underlying performance of selling expenses and cost of goods sold. The comparative amounts for 2017 have been restated.

Consolidated income statement

SEKm	Q1 2017	a) IFRS 15	b) FX reclass.	Q1 2017 restated	Q2 2017	a) IFRS 15	b) FX reclass.	Q2 2017 restated	Q3 2017	a) IFRS 15	b) FX reclass.	Q3 2017 restated
Net sales	12,746	–	–	12,746	13,069	–	–	13,069	7,449	–	–	7,449
Cost of goods sold	–8,950	–275	–9	–9,234	–8,603	–291	–24	–8,918	–5,085	–182	–15	–5,282
Gross income	3,796	–275	–9	3,512	4,466	–291	–24	4,151	2,364	–182	–15	2,167
Gross margin, %	29.8			27.6	34.2			31.8	31.7			29.1
Selling expenses	–1,884	275	9	–1,600	–2,009	291	24	–1,694	–1,448	182	15	–1,251
Administrative expenses	–489	–	–	–489	–458	–	–	–458	–484	–	–	–484
Other operating income and expense	2	–	–	2	3	–	–	3	1	–	–	1
Operating income	1,425	–	–	1,425	2,002	–	–	2,002	433	–	–	433
Operating margin, %	11.2			11.2	15.3			15.3	5.8			5.8

There is no impact on financial items, income tax nor income for the period.

c) IFRS 9 “Financial Instruments”

Husqvarna Group applies IFRS 9 “Financial Instruments” from January 1, 2018. IFRS 9 replaces IAS 39 “Financial instruments: recognition and measurement”. The implementation of IFRS 9 have resulted in changes in the Group's accounting principles, refer to Note 1. The Group applies IFRS 9 retrospectively on the effective date January 1, 2018, which means that the opening retained earnings January 1, 2018 will be affected but the comparative information will not be restated. IFRS 9 does not have a significant impact on the financial reports in the Group. The Group's current hedge relationships qualify as continuing hedges upon the adoption of IFRS 9, there is no significant impact on the accounting for its hedging relationships.

The new impairment model in IFRS 9 requires the recognition of impairment provisions based on expected credit losses rather than incurred credit losses as is the case under IAS 39. It applies to the Group's financial assets classified at amortized cost as well as financial assets classified at fair value through other comprehensive income and result in an earlier recognition of credit losses. The restatement of the loss allowance provision on transition to IFRS 9, as a result of applying the expected credit loss model, amount to SEK –16m (before tax), affecting opening retained earnings January 1, 2018.

d) Reclassification of certain sales between segments

To better reflect the responsibilities in the reporting, certain retail sales and costs have been transferred to the Consumer Brands Division from the Husqvarna Division in 2018. The comparative amounts for 2017 have been restated accordingly.

The following tables show the adjustments for each individual line item.

Consolidated income statement

SEKm	Q4 2017	a) IFRS 15	b) FX reclass.	Q4 2017 restated	Full year 2017	a) IFRS 15	b) FX reclass.	Full year 2017 restated
Net sales	6,130	–	–	6,130	39,394	–	–	39,394
Cost of goods sold	–4,318	–132	–38	–4,488	–26,956	–880	–86	–27,922
Gross income	1,812	–132	–38	1,642	12,438	–880	–86	11,472
Gross margin, %	29.6			26.8	31.6			29.1
Selling expenses	–1,495	132	38	–1,325	–6,836	880	86	–5,870
Administrative expenses	–448	–	–	–448	–1,879	–	–	–1,879
Other operating income and expense	61	–	–	61	67	–	–	67
Operating income	–70	–	–	–70	3,790	–	–	3,790
Operating margin, %	–1.1			–1.1	9.6			9.6

There is no impact on financial items, income tax nor income for the period.

Parent Company income statement

SEKm	Q1 2017	a) IFRS 15	b) FX reclass.	Q1 2017 restated	Q2 2017	a) IFRS 15	b) FX reclass.	Q2 2017 restated	Q3 2017	a) IFRS 15	b) FX reclass.	Q3 2017 restated
Net sales	5,065	–	–	5,065	5,008	–	–	5,008	2,645	–	–	2,645
Cost of goods sold	–3,481	–28	–19	–3,528	–3,500	–44	–14	–3,558	–2,103	–23	1	–2,125
Gross income	1,584	–28	–19	1,537	1,508	–44	–14	1,450	542	–23	1	520
Selling expense	–321	28	19	–274	–397	44	14	–339	–274	23	–1	–252
Administrative expense	–251	–	–	–251	–264	–	–	–264	–249	–	–	–249
Other operating income/expense	0	–	–	0	0	–	–	0	0	–	–	0
Operating income	1,012	–	–	1,012	847	–	–	847	19	–	–	19

There is no impact on financial items, income tax nor income for the period.

Parent Company income statement

SEKm	Q4 2017	a) IFRS 15	b) FX reclass.	Q4 2017 restated	Full year 2017	a) IFRS 15	b) FX reclass.	Full year 2017 restated
Net sales	2,944	–	–	2,944	15,662	–	–	15,662
Cost of goods sold	–2,526	–21	–28	–2,575	–11,610	–117	–59	–11,786
Gross income	418	–21	–28	369	4,052	–117	–59	3,876
Selling expense	–335	21	28	–286	–1,327	117	59	–1,151
Administrative expense	–252	–	–	–252	–1,016	–	–	–1,016
Other operating income/expense	0	–	–	0	0	–	–	0
Operating income	–169	–	–	–169	1,709	–	–	1,709

There is no impact on financial items, income tax nor income for the period.

Consolidated balance sheet

SEKm	Dec. 31, 2017	c) IFRS 9	Jan. 1, 2018 restated
Assets			
Trade receivables	3,407	–16	3,391
Total current assets	16,127	–16	16,111
Total assets	35,418	–16	35,402
Equity and liabilities			
Equity attributable to equity holders of the Parent Company	15,665	–12	15,653
Total equity	15,667	–12	15,655
Deferred tax liabilities	1,895	–4	1,891
Total non-current liabilities	9,108	–4	9,104
Total equity and liabilities	35,418	–16	35,402

NOTES – GROUP

Husqvarna Division

SEKm	Q1 2017	d) Reclass.	Q1 2017 restated	Q2 2017	d) Reclass.	Q2 2017 restated	Q3 2017	d) Reclass.	Q3 2017 restated
Net sales	6,372	–236	6,136	6,314	–150	6,164	3,734	–65	3,669
Operating income	1,047	–15	1,032	1,186	–6	1,180	385	3	388
Operating margin, %	16.4		16.8	18.8		19.1	10.3		10.6
Assets	15,140	–257	14,883	13,664	–194	13,470	12,124	–106	12,018
Liabilities	4,779	–3	4,776	4,228	–4	4,224	3,398	–3	3,395
Net Assets	10,361	–254	10,107	9,436	–190	9,246	8,726	–103	8,623

SEKm	Q4 2017	d) Reclass.	Q4 2017 restated	Full year 2017	d) Reclass.	2017 restated
Net sales	3,313	–73	3,240	19,733	–524	19,209
Operating income	122	5	127	2,740	–13	2,727
Operating margin, %	3.7		3.9	13.9		14.2
Assets	12,890	–149	12,741	12,890	–149	12,741
Liabilities	3,863	–7	3,856	3,863	–7	3,856
Net Assets	9,027	–142	8,885	9,027	–142	8,885

Consumer Brands Division

SEKm	Q1 2017	d) Reclass.	Q1 2017 restated	Q2 2017	d) Reclass.	Q2 2017 restated	Q3 2017	d) Reclass.	Q3 2017 restated
Net sales	3,461	236	3,697	3,087	150	3,237	1,419	65	1,484
Operating income	53	15	68	80	6	86	–94	–3	–97
Operating margin, %	1.5		1.8	2.6		2.7	–6.6		–6.5
Assets	7,719	257	7,976	6,106	194	6,300	5,504	106	5,610
Liabilities	2,549	3	2,552	2,087	4	2,091	1,393	3	1,396
Net Assets	5,170	254	5,424	4,019	190	4,209	4,111	103	4,214

SEKm	Q4 2017	d) Reclass.	Q4 2017 restated	Full year 2017	d) Reclass.	Full year 2017 restated
Net sales	1,042	73	1,115	9,009	524	9,533
Operating income	–104	–5	–109	–65	13	–52
Operating margin, %	–10.0		–9.8	–0.7		–0.5
Assets	5,622	149	5,771	5,622	149	5,771
Liabilities	1,451	7	1,458	1,451	7	1,458
Net Assets	4,171	142	4,313	4,171	142	4,313

Note 28 Subsequent events

No significant events have occurred subsequent to December 31, 2018 that would have a material impact on Husqvarna Group's financial statements.

Parent Company income statement

SEKm	Note	2018	2017
Net sales	3	17,185	15,662
Cost of goods sold ¹	5, 6	–14,109	–11,786
Gross income		3,076	3,876
Selling expenses ¹	5	–1,334	–1,151
Administrative expenses	5	–1,192	–1,016
Other operating income and operating expenses	7	0	0
Operating income	4, 8, 9	550	1,709
Income from financial items			
Income from participation in Group companies	10	553	808
Financial income	11	94	751
Financial expenses	11	–1,612	–374
Income after financial items		–415	2,894
Appropriations	12	337	–759
Income before tax		–78	2,135
Income tax	13	133	–283
Net income		55	1,852

¹ Restatement of 2017 due to IFRS 15 transition and reclassification of certain exchange rate effects, for further information refer to the Group's note 27.

Parent Company comprehensive income statement

SEKm	2018	2017
Net income	55	1,852
Other comprehensive income		
<i>Items that may be reclassified to the income statement:</i>		
Cash flow hedges		
Result arising during the period, net of tax	18	–49
Reclassification adjustments to the income statement, net of tax	72	18
Other comprehensive income, net of tax	90	–31
Total comprehensive income	145	1,821

FINANCIAL STATEMENTS – PARENT COMPANY

Parent Company balance sheet

SEKm	Note	Dec 31, 2018	Dec 31, 2017
Assets			
<i>Non-current assets</i>			
Intangible assets	14	2,028	1,803
Property, plant and equipment	15	2,034	1,749
Financial assets			
Shares in subsidiaries	16	29,436	29,652
Derivatives	19	1	4
Other non-current assets	17, 19	65	67
Deferred tax assets	13	170	68
Total non-current assets		33,734	33,343
<i>Current assets</i>			
Inventories	18	2,127	1,676
Receivables			
Trade receivables	19	472	467
Receivables from Group companies	19	6,834	4,646
Derivatives	19	386	449
Other receivables	19, 20	110	104
Tax receivables		150	–
Prepaid expenses and accrued income	20	193	167
Cash and cash equivalents	19	165	265
Total current assets		10,437	7,774
Total assets		44,171	41,117
Equity and liabilities			
<i>Restricted equity</i>			
Share capital		1,153	1,153
Revaluation reserve		3	3
Statutory reserves		18	18
Reserve related to R&D expenses		1,029	591
<i>Non-restricted equity</i>			
Share-premium reserve		2,605	2,605
Fair value reserve		21	–69
Profit or loss brought forward		17,652	17,526
Net income		55	1,852
Total equity		22,536	23,679
Untaxed reserves	12	794	806
<i>Provisions</i>			
Provisions for pensions and other post-employment benefits	22	48	–
Other provisions	23	111	78
Total provisions		159	78
<i>Non-current liabilities</i>			
Borrowings	19, 27	5,776	4,222
Derivatives	19	34	28
Total non-current liabilities		5,810	4,250
<i>Current liabilities</i>			
Borrowings	19, 27	3,415	2,812
Liabilities to Group companies	19	9,085	6,875
Trade payables	19	1,356	1,242
Tax liabilities		–	248
Derivatives	19	368	533
Other liabilities	21	648	594
Total current liabilities		14,872	12,304
Total equity and liabilities		44,171	41,117

Parent Company cash flow statement

SEKm	Note	2018	2017
Cash flow from operations			
Income after financial items		–415	2,894
<i>Non cash items</i>			
Depreciation/amortization and impairment	5, 14, 15	784	607
Capital gains and losses		0	–500
Other non cash items		551	–32
Taxes paid		–390	–5
Cash flow from operations, excluding change in operating assets and liabilities		530	2,964
Change in operating assets and liabilities			
Change in inventories		–451	–163
Change in trade receivables		–5	–53
Change in intercompany receivables/liabilities		342	–1,364
Change in other current assets		40	–4
Change in current liabilities and provisions		83	–242
Cash flow from operating assets and liabilities		9	–1,826
Cash flow from operations		539	1,138
Investments			
Paid shareholder's contribution	16, 17	–3	–31
Investments in intangible assets	14	–805	–566
Investments in property, plant and equipment	15	–499	–431
Sale of property, plant and equipment and intangible assets		10	10
Cash flow from investments		–1,297	–1,018
Cash flow from operations and investments		–758	120
Financing			
Proceeds from borrowings	27	4,830	2,153
Repayment of borrowings	27	–2,886	–1,257
Dividend paid to shareholders		–1,286	–1,114
Group contribution paid/received		–	–204
Transfer of treasury shares		–	155
Cash flow from financing		658	–267
Total cash flow		–100	–147
Cash and cash equivalents at the beginning of the year		265	412
Cash and cash equivalents at year-end		165	265

FINANCIAL STATEMENTS – PARENT COMPANY

Parent Company statement of changes in equity

SEKm	Share capital	Restricted reserves ⁴	Reserve related to R&D expenses	Share-premium reserve	Fair value reserve ⁵	Profit or loss brought forward	Total
Opening balance, January 1, 2017	1,153	22	174	2,605	-38	19,128	23,044
Net income	–	–	–	–	–	1,852	1,852
Other comprehensive income	–	–	–	–	-31	–	-31
Total comprehensive income	–	–	–	–	-31	1,852	1,821
Reversal of revaluation	–	-1	–	–	–	1	0
Share-based payments	–	–	–	–	–	107	107
Transfer of treasury shares ¹	–	–	–	–	–	155	155
Hedge for LTI-program	–	–	–	–	–	-334	-334
Change of Restricted reserves related to capitalized R&D ²	–	–	417	–	–	-417	–
Dividend SEK 1.95 per share ³	–	–	–	–	–	-1,114	-1,114
Closing balance, December 31, 2017	1,153	21	591	2,605	-69	19,378	23,679
Net income	–	–	–	–	–	55	55
Other comprehensive income	–	–	–	–	90	–	90
Total comprehensive income	–	–	–	–	90	55	145
Share-based payments	–	–	–	–	–	-2	-2
Change of Restricted reserves related to capitalized R&D ²	–	–	438	–	–	-438	–
Dividend SEK 2.25 per share ³	–	–	–	–	–	-1,286	-1,286
Closing balance, December 31, 2018	1,153	21	1,029	2,605	21	17,707	22,536

¹ Options exercised related to 2009 LTI-program amounts to SEK 0m (4.) SEK 0m (151) relates to sale of treasury shares.

² 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.

³ Total dividend 2018 amounts to SEK 1,298m (1,121), of which Husqvarna AB received SEK 12m (7) for B-shares in third party share swap agreement.

⁴ Restricted reserves relates to revaluation reserve together with statutory reserves.

⁵ Relates to result and reclassification adjustments to the income statement for Cash flow hedges, net of tax, which are recognised in other comprehensive income.

Information regarding the Parent Company's shares, share capital and share-premium reserve is available in the Group's note 18.

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 International Financial Reporting Standards (IFRS) 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.

Intangible assets

The Parent Company amortize all brands on a straight-line basis during the useful life, which 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 the following exception.

The Parent Company accounts for tax depreciation in accordance with the Swedish tax law as appropriations in the income statement. These depreciations 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 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 favor 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 lease agreements as operating leases.

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. Group Treasury is part of the Parent Company and the description of financial risk management available in the Group's note 19 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:

Net sales

SEKm	2018	2017
Europe	13,001	11,594
North America	1,924	1,804
Rest of the World	2,260	2,264
Total¹	17,185	15,662

¹ Net sales amounted to SEK 17,185m (15,662), of which SEK 13,612m (12,124) referred to sales to Group companies and 3,573m (3,538) to external customers.

Note 4 Employees and employee benefits

Average number of employees

	2018			2017		
	Men	Women	Total	Men	Women	Total
Board, President and CEO and Group Management Sweden	13	7	20	16	5	21
	1,502	477	1,979	1,376	455	1,831
Total	1,515	484	1,999	1,392	460	1,852

Salary and remuneration

SEKm	2018			2017		
	Salaries and remunerations (whereof bonuses)	Social expenses	Pension expenses	Salaries and remunerations (whereof bonuses)	Social expenses	Pension expenses
Board, President and CEO and Group Management	45 (0)	23	15	85 (43)	34	14
Other employees	1,215	420	155	1,030	375	90
Total	1,260	443	170	1,115	409	104

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

NOTES – PARENT COMPANY

Note 5 Expenses by nature

SEKm	2018	2017
Costs for supplies and raw materials	9,484	8,421
Remuneration to employees	1,873	1,628
Amortization/depreciation and impairment	784	607
Other	4,494	3,297
Total	16,635	13,953

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

SEKm	2018	2017
Exchange rate gains and losses in cost of goods sold	-213	-59
Total	-213	-59

Cost of goods sold includes SEK -74m (-9) 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	2018	2017
Other operating income		
Gain on sale of:		
– Property, plant and equipment	0	0
– Operations and shares	0	–
Total	0	0
Other operating expenses		
Loss on sale of:		
– Property, plant and equipment	0	–
Total	0	–

Note 8 Fees to auditors

SEKm	2018	2017
EY		
Audit fees for the annual audit engagement	6	6
Audit fees not included in the annual audit engagement	–	–
Tax advice	1	1
Other services	0	1
Total fees to EY	7	8

Note 9 Leasing

There are no material contingent expenses or restrictions among the Parent Company's operating leases. Lease payments for facilities, machinery etc. (minimum lease payments) amounted to SEK 84m (78) in 2018.

Future minimum lease payments are allocated as follows:

SEKm	2018	2017
Within 1 year	56	50
1–5 years	116	102
> 5 years	0	0
Total	172	152

Note 10 Income from participation in Group companies

SEKm	2018	2017
Dividends	770	308
Income from liquidation	–	500
Impairment	-217	–
Total	553	808

Note 11 Financial income and expense

SEKm	2018	2017
Financial income		
Interest income		
– from subsidiaries	32	74
– from others	62	2
<i>whereof Interest income</i>		
– on deposits	38	20
– on derivatives held for trading	56	56
Exchange rate differences		
– on borrowings	–	164
– on derivatives held for trading ²	–	511
Total financial income	94	751
Financial expenses		
Interest expense		
– to subsidiaries	-41	-18
– to others	-505	-341
<i>whereof Interest expense</i>		
– on borrowings	-165	-133
– on cashflow hedges, interest derivatives	-33	-36
– on derivatives held for trading ¹	-348	-190
Exchange rate differences		
– on borrowings	-258	–
– on derivatives held for trading ²	-788	–
Other financial expenses	-20	-15
Total financial expenses	-1,612	-374
Financial income and expenses, net	-1,518	377

¹ Interest expense on derivatives held for trading includes interest expense on derivatives for hedging net investments SEK -327m (-128).

² Currency exchange rate difference on derivatives held for trading includes currency exchange rate differences on derivatives for hedging net investments SEK -1,059m (665).

Note 12 Appropriations and untaxed reserves

SEKm	Appropriations		Untaxed Reserves	
	2018	2017	2018	2017
Group contribution, received	325	122	–	–
Group contribution, paid	–	–75	–	–
Accumulated depreciation in excess of plan on				
Machinery and equipment	–	–399	399	399
Brands and other intangible assets	12	–407	395	407
Total	337	–759	794	806

Note 13 Tax

SEKm	2018	2017
Current tax on income for the period	6	–237
Deferred tax income/expense	127	–46
Total income tax	133	–283

Theoretical and actual tax rate

	2018		2017	
	Tax, %	SEKm	Tax, %	SEKm
Income before tax	–	–78	–	2,135
Theoretical tax rate	22.0	17	–22.0	–470
Non-taxable income statements items	222.2	174	9.1	195
Non-deductible income statement items	–70.5	–55	–0.3	–6
Change in valuation of deferred tax	–	–	0.0	1
Effect of tax rate change	–7.5	–6	–	–
Withholding tax	2.8	3	–0.1	–3
Actual tax rate¹	169.0	133	–13.3	–283

¹ Actual tax rate in the Parent Company is explained by a non-taxable dividend from subsidiaries of SEK 770m (308) and a result from liquidation of SEK 0m (500) as well as impairment of shares in subsidiaries 217 (0).

Changes in deferred taxes

SEKm	2018				2017				Omklassificering	Balance, Dec 31, 2017
	Balance, Jan 1, 2018	Recognized in income statement	Recognized in comprehensive income statement	Balance, Dec 31, 2018	Balance, Jan 1, 2017	Recognized in income statement	Recognized in comprehensive income statement			
Non-current assets	–5	–	–	–5	–7	2	–	–	–	–5
Provision for pensions and similar commitments	35	–4	–	31	35	0	–	–	–	35
Other provisions	18	4	–	22	24	3	–	–9	–	18
Financial and operating liabilities	20	–20	–5	–5	10	–	10	–	–	20
Tax losses carried forward	–	127	–	127	51	–51	–	–	–	–
Deferred tax assets and liabilities, net	68	107	–5	170	113	–46	10	–9	–	68

Tax items recognized in other comprehensive income amounts to SEK –5m (10) for items related to cash flow hedges.

Deferred tax assets and liabilities

SEKm	Assets		Liabilities		Net	
	2018	2017	2018	2017	2018	2017
Non-current assets	–	–	5	5	–5	–5
Provisions for pensions and similar commitments	31	35	–	–	31	35
Other provisions	22	18	–	–	22	18
Financial and operating liabilities	0	20	5	–	–5	20
Tax losses carried forward	127	–	–	–	127	–
Deferred tax assets and liabilities	180	73	10	5	170	68
Set-off of tax	–10	–5	–10	–5	–	–
Deferred tax assets and liabilities, net	170	68	–	–	170	68

Note 14 Intangible assets

SEKm	Product development	Brands	Other	Total
2018				
Opening accumulated acquisition value	2,032	1,742	1,038	4,812
Investments	567	37	201	805
Sold, scrapped	-44	-235	-	-279
Closing accumulated acquisition value	2,555	1,544	1,239	5,338
Opening accumulated amortization and impairment	1,283	1,270	456	3,009
Amortization ¹	257	130	169	556
Impairment	24	-	-	24
Sold, scrapped	-44	-235	-	-279
Closing accumulated amortization and impairment	1,520	1,165	625	3,310
Closing balance, December 31, 2018	1,035	379	614	2,028

SEKm	Product development	Brands	Other	Total
2017				
Opening accumulated acquisition value	1,673	1,742	831	4,246
Investments	359	-	207	566
Sold, scrapped	-	-	-	-
Closing accumulated acquisition value	2,032	1,742	1,038	4,812
Opening accumulated amortization and impairment	1,107	1,152	304	2,563
Amortization ¹	176	118	152	446
Impairment	-	-	-	-
Sold, scrapped	-	-	-	-
Closing accumulated amortization and impairment	1,283	1,270	456	3,009
Closing balance, December 31, 2017	749	472	582	1,803

¹ In the income statement depreciation is accounted for within cost of goods sold by SEK 444 m (343, within selling expenses by SEK 0m (0) and within administrative expenses by SEK 112m (103).

Note 15 Property, plant and equipment

SEKm	Land and land improvements ²	Buildings and leasehold improvements	Machinery and technical installations	Other equipment	Construction in progress and advances	Total
2018						
Opening accumulated acquisition value	12	338	1,875	216	530	2,971
Investments	-	6	106	10	377	499
Sold, scrapped	-	-	-220	-2	-	-222
Reclassification	0	12	186	12	-210	0
Closing accumulated acquisition value	12	356	1,947	236	697	3,248
Opening accumulated depreciation and impairment	5	161	920	136	-	1,222
Depreciation ¹	-	14	171	19	-	204
Impairment	-	-	-	-	-	-
Sold, scrapped	-	-	-210	-2	-	-212
Reclassification	-	-	-	-	-	-
Closing accumulated depreciation and impairment	5	175	881	153	0	1,214
Closing balance, December 31, 2018	7	181	1,066	83	697	2,034
2017						
Opening accumulated acquisition value	18	368	1,687	201	355	2,629
Investments	0	7	83	10	331	431
Sold, scrapped	-6	-54	-20	-9	-	-89
Reclassification	-	17	125	14	-156	-
Closing accumulated acquisition value	12	338	1,875	216	530	2,971
Opening accumulated depreciation and impairment	7	198	809	125	-	1,139
Depreciation ¹	0	12	132	17	-	161
Impairment	-	-	-	-	-	-
Sold, scrapped	-2	-49	-20	-7	-	-78
Reclassification	-	-	-1	1	-	-
Closing accumulated depreciation and impairment	5	161	920	136	-	1,222
Closing balance, December 31, 2017	7	177	955	80	530	1,749

¹ In the income statement depreciation is accounted for within cost of goods sold by SEK 198m (154), within selling expenses by SEK 0m (1) and within administrative expenses by SEK 6m (6).

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 2018	Net book value, SEKm 2017
Belgium	Husqvarna Belgium SA	0400.604.654	100	1,172	1,172
Canada	Husqvarna Canada Corp.	82354277RT0001	100	271	271
Colombia	Husqvarna Colombia S.A.	900.047.189-0	95	1	1
Denmark	Husqvarna Danmark A/S	26205328	100	16	16
Estonia	Husqvarna Eesti Osühing	11159436	100	0	0
Ireland	Husqvarna Finance Ireland Ltd	611319	100	9,816	9,816
Kenya	Outdoor Power Products Husqvarna Kenya Ltd	PVT-DLU8KXM	100	0	–
Latvia	SIA Husqvarna Latvija	40003760065	100	3	3
Slovakia	Husqvarna Slovensko s.r.o.	36437115	100	0	0
South Africa	Husqvarna South Africa (Proprietary) Limited	2005.025971.07	100	19	19
Sweden	Husqvarna Försäkrings AB	516406-0393	100	57	273
Sweden	Husqvarna Intellectual Property Holding AB	556745-5893	100	0	0
Sweden	Husqvarna Holding Aktiebolag	556037-1964	100	12,499	12,499
Sweden	McCulloch Trademark Holding AB	556199-0683	100	0	–
Sweden	Poulan Pro Trademark Holding AB	559170-2609	100	0	–
Sweden	Gardena Flymo AB	559170-2617	100	0	–
Sweden	Motorsågen 1 AB	559084-0129	100	0	0
U.S.	Millhouse Insurance Company	20-4233540	100	79	79
U.S.	Husqvarna U.S. Holding, Inc.	34-1946153	100	5,503	5,503
Total				29,436	29,652

During 2018 the net book value of Husqvarna Försäkrings AB has been impaired with SEK 217m, the company is in liquidation.

There is also a number of subsidiaries to the subsidiaries, a detailed specification of Group companies is available on request from Husqvarna AB, Investor Relations.

Note 17 Other non-current assets

SEKm	2018	2017
Receivables Group	38	35
Other long-term receivables	27	32
Total	65	67

Note 18 Inventories

SEKm	2018	2017
Supplies including raw materials	444	448
Products in progress	15	10
Finished products	1,667	1,218
Advances to suppliers	1	0
Total	2,127	1,676

Provisions for obsolescence are included in the value of the inventory and amounts to SEK 77m (68). Provision made during the year amount to SEK 58m (34) and SEK 49m (36) has been reversed. Inventories valued to net realizable value amounted to SEK 68m (97) 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
2018				
Assets				
Derivatives	263	124	–	387
Receivables Group companies ¹	–	–	6,872	6,872
Trade receivables	–	–	472	472
Other receivables	–	–	11	11
Cash and cash equivalents	–	–	165	165
Total	263	124	7,520	7,907

2017				
Assets				
Derivatives	254	199	–	453
Receivables Group companies ¹	–	–	4,681	4,681
Trade receivables	–	–	467	467
Other receivables	–	–	10	10
Cash and cash equivalents	–	–	265	265
Total	254	199	5,423	5,876

¹ For long-term receivables to Group companies, see note 17.

SEKm	Financial liabilities valued at fair value	Financial liabilities for which hedge accounting is applied	Other financial liabilities	Total
2018				
Liabilities				
Borrowings	–	–	9,191	9,191
Liabilities to Group companies	–	–	9,085	9,085
Trade payables	–	–	1,356	1,356
Derivatives	304	98	–	402
Total	304	98	19,632	20,034

2017				
Liabilities				
Borrowings	–	–	7,034	7,034
Liabilities to Group companies	–	–	6,875	6,875
Trade payables	–	–	1,242	1,242
Derivatives	421	140	–	561
Total	421	140	15,151	15,712

Future undiscounted cashflows of loans and other financial liabilities as of December 31, 2018¹

SEKm	2019	2020	2021	2022	2023	>2023	Total
Bonds, bank loans and other loans	–3,514	–235	–1,351	–1,179	–1,568	–1,837	–9,684
Liabilities to Group Companies	–9,085	–	–	–	–	–	–9,085
Derivative liabilities, interest rate	–9	–16	–1	2	1	–11	–34
Derivative liabilities, foreign exchange	–355	–13	–	–	–	–	–368
Trade payables	–1,356	–	–	–	–	–	–1,356
Total financial liabilities	–14,319	–264	–1,352	–1,177	–1,567	–1,848	–20,527

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.

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 19.

Trade receivables

Husqvarna AB's trade receivables amount to SEK 472m (467) as per December 31, 2018.

Trade receivables past due but not impaired amount to SEK 34m (18) as of December 31, 2018.

Ageing analysis for past due, but not impaired trade receivables

SEKm	2018	2017
<3 months	27	13
>3 months	7	5
Total past due but not impaired	34	18

Provision for overdue accounts receivables

SEKm	2018	2017
Opening balance, January 1	15	16
New provisions	5	7
Reversed unused provisions	-2	-6
Write off accounts receivables	-4	-2
Closing balance, December 31	14	15

The credit risk in financial assets is described in the Group's note 19.

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 19.

Note 20 other current assets

SEKm	2018	2017
Value added tax	77	69
Miscellaneous short-term receivables	33	35
Prepaid rents and leases	7	5
Prepaid insurance premiums	3	1
Other prepaid expenses	183	161
Total	303	271

Note 21 other liabilities

SEKm	2018	2017
Accrued holiday pay	152	131
Other accrued payroll expenses	198	258
Accrued customer rebates	59	49
Other accrued expenses	178	97
Personnel taxes and other taxes	61	59
Total	648	594

Note 22 Provisions for pensions**Specification of the net provision for pensions**

SEKm	2018	2017
Present value of the funded pension obligations	680	616
Fair value of plan assets	-632	-630
Surplus/deficit of the pension fund	48	-14
Surplus of the pension fund, not recognized	0	14
Net provision for pensions	48	-

Specification of the change in the net provision for pensions

SEKm	2018	2017
Opening balance, January 1	-	-
Pension expenses recognized in the income statement	72	24
Benefits paid	-24	-24
Closing balance, December 31	48	-

Of total net provisions, SEK 48m (0) is within the scope of the Swedish Safe-guarding of Pension Commitments Act.

Pension expenses recognized in the income statement

SEKm	2018	2017
Self administered pension plans		
Current service costs	48	-
Benefits paid	24	24
Pension expense	72	24
Insured pensions		
Insurance premiums	98	80
Total net expenses for pensions	170	104

Of total net expenses of SEK 170m (104), SEK 91m (56) is recognized in cost of goods sold, SEK 20m (12) in selling expenses and SEK 59m (36) in administration expenses. The expected payments 2019 for own pensions amounts to SEK 24m.

Principal actuarial assumptions at balance sheet date

%	2018	2017
Discount rate	2.5	2.4

The major categories of plan assets as a percentage of total plan assets and the return on these categories

%	2018	Return	2017	Return
Equity instruments	41	-1	42	16
Debt instruments	59	2	58	2
Total	100	1	100	7

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 20.

Note 23 other provisions

SEKm	Provisions for restructuring	Warranty commitments	Other	Total
Opening balance January 1, 2018	19	38	21	78
Provisions made	62	29	9	100
Provisions used	-18	-33	-16	-67
Unused amounts reversed	0	0	0	0
Closing balance, December 31, 2018	63	34	14	111
Current provisions	44	10	3	57
Non-current provisions	19	24	11	54

Provisions for restructuring

See the Group's note 21 for further information regarding Husqvarnas 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	2018	2017
Pension obligation ¹	121	113
Total	121	113

¹ Refers to endowment that is pledged in favor of the recipient.

Contingent liabilities

SEKm	2018	2017
On behalf of Group companies		
Pension obligation	431	421
On behalf of external counterparties		
Bank guarantee	93	86
Pension obligation	13	12
Total	537	519

As described in Note 23 to the Group's Financial Statements, the Husqvarna Group is exposed to certain contingent liabilities regarding commercial guaranties, commercial litigation, and related disputes. Husqvarna AB, 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 23 for more details.

Note 27 Changes in financial liabilities

SEKm	Opening balance, January 1, 2018	Cash flows ¹	Reclassification	Foreign exchange movement	Other non-cash movement	Closing balance, December 31, 2018
Current interest-bearing borrowings	2,812	-586	1,114	75	-	3,415
Non-current interest-bearing borrowings	4,222	2,530	-1,114	138	-	5,776
Total financial liabilities	7,034	1,944	-	213	-	9,191

¹ Cash flow from financial liabilities is included in the Parent Company's cash flow statement under "Proceeds from borrowings" and "Repayment of borrowings".

SEKm	Opening balance, January 1, 2017	Cash flows ¹	Reclassification	Foreign exchange movement	Other non-cash movement ²	Closing balance, December 31, 2017
Current interest-bearing borrowings	1,353	-757	2,312	-96	-	2,812
Non-current interest-bearing borrowings	4,547	1,653	-2,312	-	334	4,222
Total financial liabilities	5,900	896	-	-96	334	7,034

¹ Cash flow from financial liabilities is included in the Parent Company's cash flow statement under "Proceeds from borrowings" and "Repayment of borrowings".

² Other non-cash movement include share swaps.

Note 28 Proposed distribution of earnings

The Board of Directors proposes a dividend for 2018 of SEK 2.25 per share (2.25) corresponding to a total dividend payment of SEK 1,286m (1,286) based on the number of outstanding shares at the end of 2018. 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 0.75 per share in April and the remaining SEK 1.50 per share in October.

The proposed record dates are April 11, 2019 for the first payment and October 11, 2019 for the second payment.

SEKt	2018
The following profits are at the disposal of the AGM:	
Share premium reserve	2,605,747
Retained earnings	17,672,339
Net income	54,771
Total	20,332,857

Note 25 Related party transactions

Sales to related parties are carried out on market-based terms. 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. The value of those business transactions are insignificant.

Note 26 Subsequent events

No significant events have occurred subsequent to the balance sheet date that would have a material impact on the Parent Company's financial statements.

SEKt	2018
The Board proposes the following allocation of available profits:	
Dividend to the shareholders of SEK 2.25 per share ¹	1,286,265
To be carried forward	19,046,592
Total	20,332,857

¹ Calculated on the number of outstanding shares as per December 31, 2018.

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 President and CEO

The Board of Directors and the President and 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 Board of Directors' 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 5, 2019

Tom Johnstone
Chair of the Board

Ulla Litzén
Board member

Katarina Martinson
Board member

Bertrand Neuschwander
Board member

Daniel Nodhäll
Board member

Lars Pettersson
Board member

Christine Robins
Board member

Kai Wärn
President and CEO
and Board member

Soili Johansson
Board member and
employee representative

Carita Svärd
Board member and
employee representative

Our audit report was issued on March 5, 2019
Ernst & Young AB

Hamish Mabon
Authorized Public Accountant

Auditor's report

To the general meeting of the shareholders of Husqvarna AB (publ),
org nr 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 2018. The annual accounts and consolidated accounts of the company are included on pages 41–111 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 2018 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, the financial position of the group as of 31 December 2018 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), 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 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Valuation and Existence of Inventory

Description

Inventory represents a significant portion of the total assets of the Group. The value of inventory, net of provisions for obsolescence, as of Decem-

ber 31, 2018, was 11.1 billion SEK. The Group's inventory is carried at the lower of the acquisition value in accordance with the weighted average cost formula and the net realizable value. The net realizable value reflects the estimated write-down for older articles, physically damaged goods, excess inventory and selling expenses. The Group's pronounced seasonality in sales together with weather-dependent products increase the difficulty in estimating the value of inventory. We have consequently assessed that valuation and existence of inventory represents a key audit matter. Additional information regarding provisions for obsolescence as well as the portion of inventory which are carried at net realizable value after selling expenses are disclosed in group note 16 ("Inventory").

How our audit addressed this key audit matter

The existence of inventory is addressed in all entities that hold inventory. We have attended stock counts for all material inventory locations. We have performed audit procedures on the acquisition value of all inventories, from components to finished goods. Our audit to determine that inventory has been carried at the lower of acquisition value and net realizable value is performed by means of reviewing inventory aging as well as inventory turnover for each respective product grouping as well as by means of review of obsolete items. At the group level we have furthermore performed audit procedures related to the reserve for internal profits in inventory.

Impairment tests of goodwill and other assets with indefinite lives

Description

Goodwill and other assets with indefinite useful lives amounted to 10.4 billion SEK as of December 31, 2018. Management conducts impairment tests annually as well as in cases where impairment indicators have been identified. The recoverable amount for each cash generating unit is determined as the value in use, which is computed under the discounted cash flow method based of forecasted future results. Key assumptions in these computations are expected growth, margin and appropriate discount rates. The impairment test process is to its nature based on assumptions and judgements, not least due to it being based on estimates of the future developments in the market and other financial factors that are affected by expected future market or economic conditions. The underlying computations are furthermore complex. We have consequently assessed that goodwill and other assets with indefinite lives represent a key audit matter.

How our audit addressed this key audit matter

As part of our audit we have assessed and audited key parameters, the application of acknowledged valuation theory, the discount rate (referred to as WACC – "Weighted Average Cost of Capital") and other source data that has been applied by the Group. We have for instance compared parameters applied to external data sources, such as expected inflation or assessments of future market growth and have assessed the sensitivity of the Group's valuation model. We have included valuation specialists in our audit team in order to perform this work. Specific emphasis has been placed on the sensitivity of the computations, including performing an independent assessment of whether there is a risk that reasonable likely events could give rise to a situation where the recoverable amount would be lower than the carrying amount. This assessment has also addressed the Group's historical success at prognostication.

We have finally assessed the appropriateness of disclosures in Group note 14 ("Intangible assets"), in particular with regards to the disclosures provided as to key sensitivities when computing the value in use.

Income taxes

Description

The Group conducts its operations in a significant amount of tax jurisdictions, all of which have their own rules and legislation regarding cross-border transactions. Consequently the Group is subject to audits by local tax authorities in each country where they conduct operations. The parent

company is the key party in a so called principal structure and thus holds a number of patents, trademarks and similar assets. From time to time entities within the Group are subject to ongoing tax proceedings that may range from tax audits to tax litigation at multiple levels of the court systems. The provisions for income taxes, which to their nature are based on estimation, are material. Income taxes represent a key audit matter in that the underlying issues are complex, they are inherently judgmental and the amounts involved are material.

How our audit addressed this key audit matter

We have audited the completeness and valuation of the amounts recorded as both current and deferred income taxes, including uncertain tax positions. For such matters we have as part of our audit procedures assessed communication with the tax authorities as well as performing an independent assessment of whether a provision is required or not. With regards to deferred tax assets we have reviewed the Group's assessments as to whether the carrying amount is expected to be realized by means of taxable income in the future, where tax planning opportunities may be considered. We have included tax professionals at both a corporate level and for the cross border level in order to analyze and test the assumptions made upon reaching the Group's tax positions, including – as appropriate – validation of assumptions by obtaining audit evidence. As part of our audit we have used the Group's projections/assessments as well as applying our own understanding of each relevant tax legislation. We have – where relevant – assessed the Group's historical ability to prognosticate the outcome of income tax matters. Finally we have assessed the appropriateness of disclosures provided in group note 2 ("Key estimates and assumptions") as well as Group note 11 ("Tax").

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 1–40 and 115–125. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding 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 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 intends 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 skepticism 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, 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

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 2018 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 administra-

AUDITOR'S REPORT

tion 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.

Ernst & Young AB with Hamish Mabon as main responsible partner, P.O. Box 7850 SE-103 99 Stockholm, was appointed auditor of Husqvarna AB by the general meeting of the shareholders on the April 10, 2018 and has been the company's auditor since the April 10, 2014.

Stockholm March 5, 2019

Ernst & Young AB

Hamish Mabon

Authorized Public Accountant

Allocation of the Consumer Brands Division

The Consumer Brands Division is reported as a separate division for 2018, but has been dissolved and integrated into the Husqvarna and Gardena divisions as of January 1, 2019. The European part, that accounted for approximately 15% Consumer Brands net sales, has been included in the Gardena Division and the remaining 85%, mainly

related to North America, has been included in the Husqvarna Division. The segment reporting in 2019 will consist of three divisions: Husqvarna, Gardena and Construction. A restatement of the segment reporting in the new structure is presented below.

Husqvarna

SEKm	Q1 2018	Allocation of CBD	Q1 2018 restated	Q2 2018	Allocation of CBD	Q2 2018 restated	Q3 2018	Allocation of CBD	Q3 2018 restated
Net sales	6,049	2,435	8,484	6,719	2,628	9,347	3,689	1,326	5,015
Operating income	1,070	-26	1,044	1,201	-47	1,154	-19	-325	-344
Excl. items affecting comparability*	1,070	-26	1,044	1,201	-47	1,154	47	-62	-15
Operating margin, %	17.7		12.3	17.9		12.3	-0.5		-6.9
Excl. items affecting comparability*	17.7		12.3	17.9		12.3	1.3		-0.3
Assets	15,948	5,593	21,541	15,155	5,214	20,369	13,669	4,073	17,742
Liabilities	5,301	1,562	6,863	4,856	1,442	6,298	3,707	884	4,591
Net Assets	10,647	4,031	14,678	10,299	3,772	14,071	9,962	3,189	13,151

SEKm	Q4 2018	Allocation of CBD	Q4 2018 restated	Full-year 2018	Allocation of CBD	Full-year 2018 restated
Net sales	3,323	987	4,310	19,780	7,376	27,156
Operating income	-140	-486	-626	2,112	-884	1,228
Excl. items affecting comparability*	-41	-36	-77	2,277	-171	2,106
Operating margin, %	-4.2		-14.5	10.7		4.5
Excl. items affecting comparability*	-1.2		-1.8	11.5		7.8
Assets	14,647	4,054	18,701	14,647	4,054	18,701
Liabilities	4,100	1,220	5,320	4,100	1,220	5,320
Net Assets	10,547	2,834	13,381	10,547	2,834	13,381

SEKm	Full-year 2015	Allocation of CBD	Full-year 2015 restated	Full-year 2016	Allocation of CBD	Full-year 2016 restated	Full-year 2017	Allocation of CBD	Full-year 2017 restated
Net sales	17,624	8,174	25,798	17,960	7,325	25,285	19,209	8,012	27,221
Operating income	2,233	65	2,298	2,317	71	2,388	2,727	-11	2,716
Excl. items affecting comparability*	2,284	89	2,373	2,317	71	2,388	2,727	-11	2,716
Operating margin, %	12.7		8.9	12.9		9.4	14.2		10.0
Excl. items affecting comparability*	13.0		9.2	12.9		9.4	14.2		10.0
Assets	10,917	4,135	15,052	12,317	4,947	17,264	12,741	4,430	17,171
Liabilities	3,021	1,091	4,112	3,642	1,414	5,056	3,856	1,025	4,881
Net Assets	7,896	3,044	10,940	8,675	3,533	12,208	8,885	3,405	12,290

* Alternative Performance Measure, refer to the section "Definitions and alternative performance measures" for further information.

ALLOCATION OF THE CONSUMER BRANDS DIVISION

Gardena

SEKm	Q1 2018	Allocation of CBD	Q1 2018 restated	Q2 2018	Allocation of CBD	Q2 2018 restated	Q3 2018	Allocation of CBD	Q3 2018 restated
Net sales	2,059	424	2,483	2,770	555	3,325	1,368	196	1,564
Operating income	301	-37	264	585	10	595	113	-49	64
Excl. items affecting comparability*	301	-37	264	585	10	595	113	-47	66
Operating margin, %	14.6		10.6	21.1		17.9	8.3		4.1
Excl. items affecting comparability*	14.6		10.6	21.1		17.9	8.3		4.2
Assets	8,507	1,598	10,105	8,810	1,650	10,460	7,876	1,343	9,219
Liabilities	1,570	643	2,213	1,736	736	2,472	1,262	469	1,731
Net Assets	6,937	955	7,892	7,074	914	7,988	6,614	874	7,488

SEKm	Q4 2018	Allocation of CBD	Q4 2018 restated	Full-year 2018	Allocation of CBD	Full-year 2018 restated
Net sales	604	142	746	6,801	1,317	8,118
Operating income	-213	-285	-498	786	-361	425
Excl. items affecting comparability*	-213	-61	-274	786	-135	651
Operating margin, %	-35.3		-66.8	11.6		5.2
Excl. items affecting comparability*	-35.3		-36.7	11.6		8.0
Assets	8,091	1,307	9,398	8,091	1,307	9,398
Liabilities	1,126	636	1,762	1,126	636	1,762
Net Assets	6,965	671	7,636	6,965	671	7,636

SEKm	Full-year 2015	Allocation of CBD	Full-year 2015 restated	Full-year 2016	Allocation of CBD	Full-year 2016 restated	Full-year 2017	Allocation of CBD	Full-year 2017 restated
Net sales	4,669	1,762	6,431	5,033	1,563	6,596	5,630	1,521	7,151
Operating income	586	-211	375	595	-68	527	706	-41	665
Excl. items affecting comparability*	591	-209	382	595	-68	527	706	-41	665
Operating margin, %	12.5		5.8	11.8		8.0	12.5		9.3
Excl. items affecting comparability*	12.7		5.9	11.8		8.0	12.5		9.3
Assets	6,434	1,308	7,742	6,952	1,312	8,264	7,430	1,341	8,771
Liabilities	735	608	1,343	808	589	1,397	1,034	433	1,467
Net Assets	5,699	700	6,399	6,144	723	6,867	6,396	908	7,304

* Alternative Performance Measure, refer to the section "Definitions and alternative performance measures" for further information.

Definitions

Capital employed

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

Capital expenditure

Investments in property, plant and equipment and intangible assets.

Capital turnover rate

Net sales divided with average net assets.

Divident pay-out ratio

Total dividend as a percentage of net income excl. non-controlling interest.

Earnings per share after dilution

Net income attributable to owners of the Parent Company divided by the weighted average number of shares outstanding (net of treasury shares), after dilution.

Equity/assets ratio

Equity as a percentage of total assets.

Equity per share, after dilution

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

Gross margin

Gross income as a percentage of net sales.

Interest bearing liabilities

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

Liquid funds

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

Net assets

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

Net debt/EBITDA

Average Net Debt in relation to EBITDA.

Net debt/equity ratio

Net debt in relation to total equity.

Net sales growth

Net sales as a percentage of net sales in the preceeding period.

Operating margin

Operating income as a percentage of net sales.

Operating working capital

Inventories and trade receivables less trade payables.

Operating working capital/net sales

Average operating working capital as a percentage of average net sales.

Return on capital employed

Operating income plus financial income as a percentage of average capital employed.

Return on equity

Net income attributable to owners of the Parent Company as a percentage of average equity, excluding non-controlling interests.

Alternative performance measures

The European Securities and Markets Authority (ESMA) has issued guidelines on Alternative Performance Measures (APMs) for listed issuers. APMs refer to measures used by management and investors to analyze trends and performance of the Group's operations that cannot be directly read or derived from the financial statements. These measures are relevant to assist management and investors in analyzing the Group's performance. Investors should not consider these APMs as substitutes, but rather as additions, to the financial reporting measures prepared in accordance with IFRS. It should be noted that these APMs as defined, may not be comparable to similarly titled measures used by other companies.

Currency adjusted change

Net sales adjusted for currency translation effects. Net sales are disclosed adjusted for currency translation effects as Husqvarna Group is a global company generating significant transactions in other currencies than the reporting currency (SEK) and the currency rates have proven to be volatile. Refer to the Board of Directors' report for currency adjusted measures.

EBITDA

EBITDA is a measure of earnings before interest, taxes, depreciation, amortization and impairment charges. EBITDA measures Husqvarna Group's operating performance and the ability to generate cash from operations, without considering the capital structure of the Group or its fiscal environment. For a reconciliation of EBITDA refer to page 42.

Items affecting comparability

To assist in understanding Husqvarna Group's operations, we believe that it is useful to consider certain measures and ratios exclusive of items affecting comparability. Items affecting comparability includes items that are non-recurring, have a significant impact and are considered to be important for understanding the operating performance when comparing results between periods. The items affecting comparability are disclosed on page 42. All measures and ratios in this report have been disclosed including items affecting comparability first and then excluding items affecting comparability as a second measure when deemed appropriate.

Net debt

Net debt is a measure to describe the Group's gearing and its ability to repay its debts from cash generated from the Group's ordinary business (see operating cash flow below), if they were all due today. It's also used to analyze how future net interest costs will impact earnings. Net debt is defined as total interest-bearing liabilities plus dividend payable, less liquid funds and interest-bearing assets. For a reconciliation of net debt refer to page 44.

Operating cash flow

Operating cash flow is a measure of the amount of cash generated by the Group's ordinary business operations. The measure is defined as total cash flow from operations and investments, excluding acquisitions and divestments of subsidiaries/operations, divestments of property plant and equipment and investments/divestments of financial assets. For a reconciliation of operating cash flow refer to page 43.

FIVE-YEAR REVIEW

Five-Year Review

Income and key ratios, SEKm	2018	2017 ¹	2016	2015	2014 ^{2,3}
Net sales	41,085	39,394	35,982	36,170	32,838
Husqvarna	19,780	19,209	17,960	17,624	15,449
Gardena	6,801	5,630	5,033	4,669	4,212
Consumer Brands	6,801	9,533	8,888	9,936	9,838
Construction	5,762	5,015	4,101	3,941	3,339
Gross income	10,502	11,472	11,096	10,174	9,350
Gross margin, %	25.6	29.1	30.8	28.1	28.5
EBITDA*	4,000	5,105	4,382	3,980	3,315
EBITDA margin, %	9.7	13.0	12.2	11.0	10.1
Operating income	2,070	3,790	3,218	2,827	1,581
Operating income excl. items affecting comparability*	3,241	3,790	3,218	2,980	2,348
Operating margin, %	5.0	9.6	8.9	7.8	4.8
Operating margin excl. items affecting comparability, %*	7.9	9.6	8.9	8.2	7.2
Husqvarna excl. items affecting comparability, %*	11.5	14.2	12.9	13.0	13.0
Gardena excl. items affecting comparability, %*	11.6	12.5	11.8	12.7	9.1
Consumer Brands excl. items affecting comparability, %*	-3.5	-0.5	0.0	-1.2	-1.6
Construction excl. items affecting comparability, %*	12.4	12.9	13.9	11.8	10.6
Income after financial items	1,561	3,290	2,796	2,483	1,256
Net Income	1,213	2,660	2,104	1,888	824
Of which depreciation, amortization and impairment	-1,930	-1,315	-1,164	-1,153	-1,734
Financial position and key ratios, SEKm	2018	2017¹	2016	2015	2014^{2,3}
Total assets	38,607	35,418	32,978	29,669	29,176
Net assets	25,883	22,866	21,198	19,436	19,322
Husqvarna	10,547	8,885	8,675	7,896	7,083
Gardena	6,965	6,394	6,144	5,699	5,810
Consumer Brands	3,508	4,313	4,256	3,744	3,922
Construction	5,366	4,596	2,967	2,718	2,677
Operating working capital	10,058	8,831	8,763	7,923	7,453
Total equity	16,009	15,667	14,365	13,061	12,088
Net debt*	9,875	7,199	6,833	6,375	7,234
Return on capital employed, %	7.6	14.7	13.7	12.4	7.6
Return on equity, %	7.3	17.4	15.2	14.6	6.7
Capital turn-over rate, times	1.6	1.7	1.7	1.7	1.7
Net debt/equity ratio	0.62	0.46	0.48	0.49	0.60
Equity/assets ratio, %	41	44	44	44	41
Cash flow, SEKm	2018	2017¹	2016	2015	2014^{2,3}
Operating cash flow* ⁴	-248	1,847	1,666	1,732	1,274
Capital expenditure	2,235	1,892	1,889	1,388	1,386
Other key ratios	2018	2017¹	2016	2015	2014^{2,3}
Earnings per share after dilution, SEK	2.12	4.62	3.66	3.28	1.43
Equity per share after dilution, SEK	28.0	27.3	25.0	22.7	21.1
Average number of shares after dilution, millions	572.3	574.2	574.1	574.2	573.1
Dividend per share, SEK ⁵	2.25	2.25	1.95	1.65	1.65
Dividend pay-out ratio, % ⁶	106	48	53	50	115
Salaries and remunerations, SEKm	5,712	5,121	4,680	4,508	4,157
Average number of employees	13,206	13,252	12,704	13,572	14,337

¹ Restatement of 2017 due to IFRS 15 transition, reclassification of certain exchange rate effects, and reclassification of certain sales between segments, for further information see note 27.

² 2014 has been restated due to a correction.

³ Husqvarna Group has a brand-driven organization, which was fully effective as of January 1, 2015. 2014 has been restated accordingly.

⁴ Hedges related to financing have been moved from operations to financing activities (SEK -64m for 2015 and SEK 151m for 2014). The equivalent amount has affected the operating cash flow.

⁵ As proposed by the Board.

⁶ Dividend pay out ratio is defined as total dividend in relation to the net income excluding non-controlling interest.

* Alternative Performance Measure, refer to the section "Definitions and alternative performance measures" for further information.

Quarterly Data

Income, SEKm	Year	Q1	Q2	Q3	Q4	Full year
Net sales	2018	12,303	14,270	8,042	6,470	41,085
	2017	12,746	13,069	7,449	6,130	39,394
	2016	11,361	11,504	7,349	5,768	35,982
Operating income	2018	1,373	1,925	-124	-1,104	2,070
	2017	1,425	2,002	433	-70	3,790
	2016	1,166	1,729	431	-108	3,218
Operating income excl. items affecting comparability*	2018	1,373	1,925	225	-282	3,241
	2017	1,425	2,002	433	-70	3,790
	2016	1,166	1,729	431	-108	3,218
Operating margin excl. items affecting comparability, %*	2018	11.2	13.5	2.8	-4.4	5.0
	2017	11.2	15.3	5.8	-1.1	9.6
	2016	10.3	15.0	5.9	-1.9	8.9
Income for the period	2018	940	1,380	-185	-922	1,213
	2017	988	1,401	210	61	2,660
	2016	761	1,259	205	-121	2,104
Earnings per share after dilution, SEK	2018	1.64	2.41	-0.32	-1.61	2.12
	2017	1.72	2.43	0.37	0.10	4.62
	2016	1.32	2.19	0.36	-0.21	3.66
Financial position, SEKm	Year	Q1	Q2	Q3	Q4	Full year
Net debt*	2018	9,198	8,862	8,040	9,875	9,875
	2017	9,800	7,602	6,440	7,199	7,199
	2016	8,254	7,511	6,454	6,833	6,833
Operating working capital	2018	12,243	12,069	10,107	10,058	10,058
	2017	12,561	10,768	9,215	8,831	8,831
	2016	10,987	10,775	9,363	8,763	8,763
Net sales by division, SEKm	Year	Q1	Q2	Q3	Q4	Full year
Husqvarna	2018	6,049	6,719	3,689	3,323	19,780
	2017 ¹	6,136	6,164	3,669	3,240	19,209
	2016	5,457	5,721	3,752	3,030	17,960
Gardena	2018	2,059	2,770	1,368	604	6,801
	2017	1,715	2,326	1,033	556	5,630
	2016	1,518	1,995	1,002	518	5,033
Consumer Brands	2018	2,859	3,183	1,522	1,129	8,693
	2017 ¹	3,697	3,237	1,484	1,115	9,533
	2016	3,419	2,682	1,553	1,234	8,888
Construction	2018	1,328	1,590	1,446	1,398	5,762
	2017	1,197	1,341	1,260	1,217	5,015
	2016	967	1,106	1,042	986	4,101
Operating margin by division, %	Year	Q1	Q2	Q3	Q4	Full year
Husqvarna	2018	17.7	17.9	-0.5	-4.2	10.7
	2017 ¹	16.8	19.1	10.6	3.9	14.2
	2016	15.5	18.0	9.8	2.4	12.9
Gardena	2018	14.6	21.1	8.2	-35.2	11.6
	2017	14.6	24.3	6.0	-30.9	12.5
	2016	14.9	22.5	5.0	-25.5	11.8
Consumer Brands	2018	-2.2	-1.1	-24.6	-68.3	-14.3
	2017 ¹	1.8	2.7	-6.5	-9.8	-0.5
	2016	1.9	5.5	-5.2	-10.3	0.0
Construction	2018	11.9	15.8	13.3	5.0	11.7
	2017	11.8	17.4	11.4	10.9	12.9
	2016	9.2	16.2	14.9	14.7	13.9

* Alternative Performance Measure, refer to the section "Definitions and alternative performance measures" for further information.

¹ Restated due to reclassification of certain sales between segments, for further information refer to note 27.

The share

Listing and trading volume

The Husqvarna shares have been listed on Nasdaq Stockholm since June 2006.

A total of 433 million shares (337) were traded in 2018, with a total value of SEK 33bn (27), corresponding to an average daily trading volume of 1.8 million shares (1.3) or SEK 132m (108).

The turnover velocity for the Husqvarna B-share was 89 percent (72) in 2018. During 2018, the price of the A-share and the B-share decreased 16 percent to SEK 66 (78).

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 share is traded on several MTFs including BATS Chi-X and Turquoise. However, the Nasdaq Stockholm exchange accounts for the majority of trading.

Dividend and dividend policy

The Board of Directors has proposed a dividend of SEK 2.25 per share (2.25) for 2018, divided into two payments. SEK 0.75 to be paid in April, 2019 and SEK 1.50 to be paid in October, 2019. The dividend represents 106 percent (48) of net income. The policy is that the dividend normally shall exceed 40 percent of net income.

Share swap agreement

At year-end, the total number of Husqvarna shares held by a third party as a share swap agreement amounted to 4,670,416 B-shares (5,200,000) corresponding to 0.8 percent (0.9) 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. 75,450 A-shares were converted to B-shares in 2018.

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 US. 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.

More information on www.citi.com/dr

Key facts

Husqvarna shares

Listing: Nasdaq Stockholm

Number of shares: 576,343,778

Market capitalization at year-end 2018: SEK 38bn

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

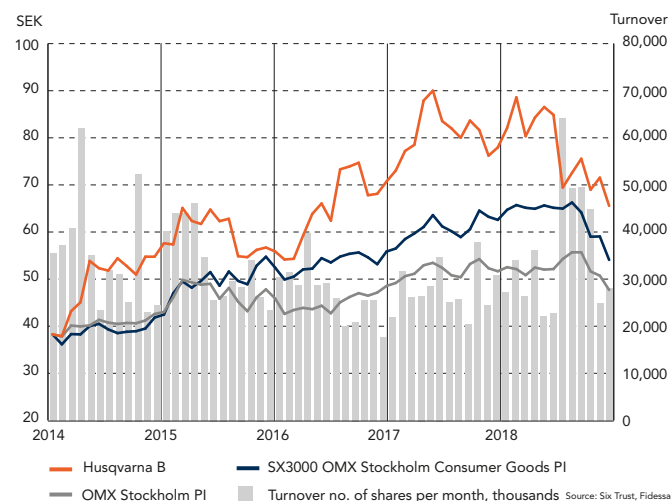
Husqvarna ADR

Ticker code: HSQVY

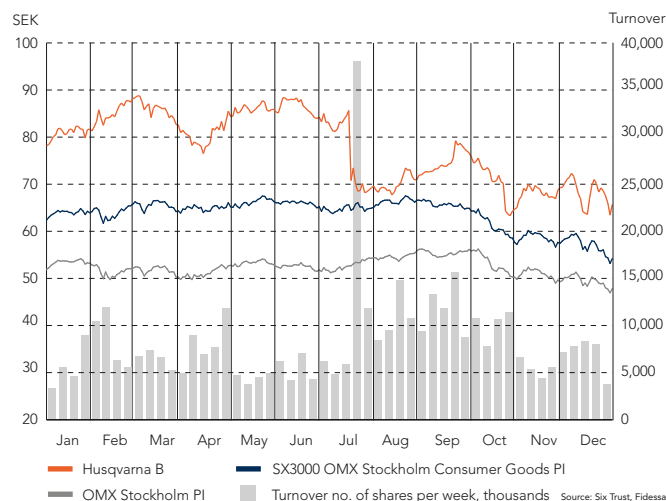
ISIN code: US4481031015

Ratio: Two ordinary B-shares equal one ADR

Husqvarna B, price development 2014–2018



Husqvarna B, price development 2018



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

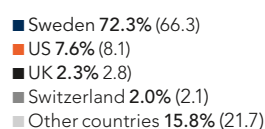
Largest shareholders in Husqvarna AB

	Capital, %	Votes, %	Capital, %	Votes, %
Investor	16.8%	33.0%	–	–
Lundbergföretagen AB	7.5%	25.1%	–	–0.1
Didner & Gerge Funds	6.5%	3.4%	–	–
Handelsbanken Funds	5.5%	2.0%	+3.9	+1.4
Swedbank Robur Funds	4.2%	1.5%	+1.0	+0.3
Second Swedish National Pension Fund	2.8%	1.0%	+0.3	+0.1
Lannebo Funds	2.0%	1.6%	–0.6	–0.2
BlackRock	1.9%	0.7%	+0.1	+0.1
Vanguard	1.9%	0.7%	–	–
AMF Insurance & Funds	1.6%	0.6%	+1.1	+0.4
Total, 10 largest shareholders	50.8%	69.5%	–	–

Shareholding by size in Husqvarna AB

Size of holding	Votes, %	No. of shareholders	% of shareholders
1–1,000	2.3	49,612	82.7
1,001–10,000	4.0	9,440	15.7
10,001–100,000	2.3	768	1.3
100,001–1,000,000	4.1	133	0.2
1,000,001–	87.3	52	0.1
Total	100	60,005	100

Distribution of shareholders by country



Share data

	2018	2017	2016
Earnings per share, SEK	2.12	4.64	3.67
Earnings per share after dilution, SEK	2.12	4.62	3.66
Operating cash flow per share, SEK	–0.43	3.23	2.91
Operating cash flow per share, after dilution, SEK	–0.43	3.22	2.90
Equity per share after dilution, SEK	28.0	27.3	25.0
Dividend per share, SEK ¹	2.25	2.25	1.95
Yield, % ²	3.4	2.9	2.7
Dividend payout ratio, %	106	48	53
Year-end price, A-share, SEK	66	78	71
Highest price, A-share, SEK	90	91	76
Lowest price, A-share, SEK	63	68	49
Year-end price, B-share, SEK	66	78	71
Highest price, B-share, SEK	90	92	76
Lowest price, B-share, SEK	63	68	49
Number of shareholders	60,005	56,601	53,239
Market capitalization, SEKm	37,855	44,984	40,806

¹ Dividend 2018 as proposed by the Board.

² Dividend/year-end share price.

Source: Holdings/Euroclear as of December 31, 2018.

Further information concerning the share

The following information, and more, is available on www.husqvarnagroup.com/en/ir

- Share price development
- Shareholder ownership structure
- Conversion of A-shares
- Analyst coverage
- Repurchase of shares
- Share capital

HERITAGE

Turning technology into opportunity

For 330 years, curiosity and passion for innovation have led to a long line of successful products and solutions in very different areas – from weapons, sewing machines and motorcycles to market-leading outdoor power products for customers around the globe. Husqvarna Group constantly looks for better ways to push the industry forward and make a difference to those who shape green spaces and urban environments through leadership in sustainable, user-centered solutions.

**1689–1989****Weapons factory**

When Swedish weapons production takes off in the late 17th century, hydropower is needed to handle certain mechanical operations. The drill works at the waterfalls in Huskvarna in southern Sweden is the first production facility. The last shotgun is produced in 1989.

1872–1997**Sewing machines**

The machinery for producing rifles turns out to be well suited for manufacturing sewing machines. The operation is divested in 1997.

1874–1978**Kitchen equipment**

Production expands to kitchen equipment in cast iron such as meat grinders and later, stoves and ovens. Husqvarna's meat grinders are a huge export success with over 12 million sold worldwide.

1896–1962**Bicycles**

Husqvarna bicycles become very popular and many patents are registered. The last Husqvarna bicycle is produced in 1962.

1903–1987**Motorcycles**

Lightweight yet powerful engines give Husqvarna a reputation worldwide as the producer of the most successful track racing and motocross bikes. The operation is divested in 1987.

1918**Lawn mowers**

When Norrahammars Ironworks in Sweden is acquired, the product range expands to include heating boilers and lawn mowers. Husqvarna's first motorized lawn mower for commercial use is manufactured in 1947.

1959**Chainsaws**

As demand for bicycles, mopeds and motorcycles declines, Husqvarna's expertise in engines leads to new product areas. 1959 marks the start of the production of chainsaws.

1968**Construction products**

Husqvarna's first power cutter is a redesigned chainsaw.

1969**Anti-vibration**

Launch of the world's first chainsaw with an integrated anti-vibration system that decreases the risk for forestry workers of getting "vibration white fingers." Ergonomics has been an important part of Husqvarna's design ever since.

1973**Automatic chain brake**

The world's first automatic chain brake followed by the Trio Brake™ (1999) decreases the risk of injury for forestry workers.

1978**Outdoor products in focus**

Electrolux acquires Husqvarna and outdoor product operations continue to expand through acquisitions such as AB Partner and Jonsereds AB.

1980s**Strengthened position in US**

Organic growth and the acquisitions of Poulan/WeedEater and Roper Corp expand the Group's operations in the US.

1995**Robotic lawn mower**

Husqvarna pioneers the world's first commercialized solar-powered robotic mower.



2007
Watering
equipment

2009
Demolition
robot

2012
Powerful battery
products



2016
Chainsaw chain and
Gardena Smart System



2017
New generation
chainsaws



2018
Four-wheel drive
professional robotic
lawn mower

2002
Diamond tools

The construction business doubles in size through the acquisition of Diamant Boart.

2005
X-Torq®

New engine technology for two-stroke engines increases gear ratio while reducing fuel consumption and emissions.

2006
Stocklisted

Husqvarna is listed on Nasdaq Stockholm.

2007
Watering equipment and expansion in Japan

The acquisitions of Gardena, Zenoah and Klippo bring strong brands, complementary products and geographic expansion.

2008
Expanded presence in China

Production in China is increased through the acquisition of Jenn Feng and a new production facility.

2009
Demolition robot
Husqvarna's first remote-controlled demolition robot is launched.

2009
AutoTune™
AutoTune™ is a technological and environmental breakthrough in professional chainsaws. It regulates the flow of fuel, optimizing performance and minimizing emissions.

2012
Powerful battery products
Husqvarna's battery products demonstrate similar performance as petrol-powered machines, but without the noise and direct emissions.

2016
Chainsaw chain
Husqvarna's first proprietary saw chain, X-CUT, was launched. Its excellent cutting performance optimizes the chainsaw experience.

2016
Gardena Smart System
The market's first connected and automated system that integrate garden watering and robotic lawnmowing, is launched.

2017
New generation professional chainsaws
The launch of a new generation of chainsaws designed for the most demanding, professional users begins with the Husqvarna 572 XP®.

2018
Professional robotic lawn mowers
Husqvarna launches robotic lawn mowers designed for professional use, including the first with four-wheel-drive.



Annual General Meeting 2019

The Annual General Meeting ("AGM") of Husqvarna AB (publ) will be held at 4:00 p.m. on Tuesday, April 9, 2019 at the Elmia Congress Center, Hammarskjöld Hall, Elmiavägen 15, Jönköping, Sweden.

Participation

Shareholders who intend to participate in the AGM must:

- Be registered in the register of shareholders maintained by Euroclear Sweden AB as of Wednesday, April 3, 2019.
- Notify the Company of their intention to attend stating the number of assistants attending (maximum two) no later than Wednesday, April 3, 2019.

Notice of participation

Notice of intent to participate can be given:

- At www.husqvarnagroup.com/agm.
- By telephone at +46 36 14 70 10 between 9:00 a.m. and 4:00 p.m. weekdays.
- By post to Husqvarna AB, c/o Euroclear Sweden AB, P.O. Box 191, SE-101 23 Stockholm, Sweden.

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 AGM 2019. Shareholders may vote by proxy, in which case a power of attorney must be submitted to Husqvarna 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 on Wednesday, April 3, 2019. To ensure that such registration is made prior to Wednesday, April 3, 2019, shareholders must inform the nominee well in advance of this date.

Dividend

The Board of Directors has proposed a dividend for financial year 2018 of SEK 2.25 per share to be paid in two installments, firstly SEK 0.75 per share with Thursday, April 11, 2019 as the first record day, secondly SEK 1.50 per share with Friday, October 11, 2019 as the second record day. Assuming the AGM resolves in accordance with the Board of Directors' proposal, the estimated date for payment of the dividend from Euroclear Sweden AB is Tuesday, April 16, 2019 for the first part of the dividend and Wednesday, October 16, 2019 for the second part.

The last day for trading in Husqvarna shares with a right to the first part of the dividend is Tuesday, April 9, 2019. The last day for trading in Husqvarna shares with a right to the second part of the dividend is Wednesday, October 9, 2019.

For information on how your personal data is processed, see www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf

Financial calendar 2019

April 9	Annual General Meeting
April 24	Interim Report January–March
July 16	Interim Report January–June
October 22	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 comprise, among other things, financial goals, goals of future business and financial plans. These statements are based on present expectations and are subject to risks and uncertainties that may give rise to major deviations 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 Hallvarsson & Halvarsson.

PRINT: GöteborgsTryckeriet, 2019.

PHOTO: Sven Hörger/SWP, page 27.

Mats Lundquist, page 7, 62–65.

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Exhibit B – Marketing Plan, Husqvarna Professional Products

Goal: Collaborate with the Association of Educational Purchasing Agencies to market and promote usage of the contract within territories/states who have elected to participate in the agreement.

In order to train our extensive salesforce (including dealers who represent Husqvarna), we utilize several different media to communicate new campaigns, promotions, and contracts secured. Below is a snapshot of the different medias used, with a description of how these would benefit usage of the AEPA contract.

Training Strategies:

1. Dealer-Exclusive Online Portal – Husqvarna Dealers have access to an exclusive online portal which allows Husqvarna to provide updates on promotions and specific marketing materials. Within this portal, Husqvarna can upload Advertising Support Materials created specifically for Husqvarna’s partnership with AEPA. These materials will help Husqvarna’s customer facing dealers promote usage of the contract in their daily interactions with end-users.
2. Quarterly Mailed Newsletters – Husqvarna creates and sends a Quarterly Newsletter to all of our authorized dealers. Upon award of the AEPA contract, our intent would be to create a piece within the newsletter to explain the new partnership and promote usage of the contract with all participating members.
3. Regularly Scheduled Conference/Sales Calls – Husqvarna hosts conference calls regularly with our authorized dealer network. Utilizing this platform, Husqvarna could provide updates to the group as a whole once we have been awarded as an AEPA Vendor Partner.
4. Weekly Emails – Husqvarna regularly sends email communications to our dealer network to provide updates on programs and new activities within the organization.

In order to communicate directly with participating members and end users, Husqvarna anticipates utilizing several mediums to promote usage of the AEPA Contract.

Marketing Strategies:

1. Direct Mailers/Emails – Husqvarna will create Husqvarna and AEPA branded mailers/emails to be distributed directly to end users within the Participating Member states. From a high level, these communications will be intended to announce the new partnership between AEPA and Husqvarna, as well as provide details on where to get additional information to use the contract. Husqvarna has both in-house and contract graphic designers that produce content, advertisements, graphic materials, etc.
2. Government Webpage – Upon becoming a AEPA Vendor Partner, Husqvarna will begin to develop a webpage to be included on Husqvarna.com. The webpage will display the contract Husqvarna has been awarded, provide categories of equipment applicable to the contract, and provide additional details on how to participate in using the contract.

3. Outbound Calling – After becoming an AEPA Vendor Partner, Husqvarna intends to utilize our inside sales team to begin outbound calling to agencies within the AEPA participating states. The purpose of these calls will be to announce the partnership between Husqvarna and AEPA, understand agency's needs, and promote usage of the AEPA contract to fulfill these needs.
4. Attendance Trade Shows and Conferences – If Husqvarna is selected to be an AEPA Vendor Partner, we anticipate participating in the following meetings, conferences, and exhibitions. The goal of attendance will be to promote the Husqvarna and AEPA brands, and encourage usage of the contract for upcoming grounds maintenance equipment purchases.
 - a. AEPA Member and Vendor Meetings
 - b. Association of School Business Officials International Annual Conference & Expo
 - c. NIGP Forum & Products Exposition
 - d. National Association of Educational Procurement Annual Meeting

HUSQVARNA LIMITED WARRANTY

We warrant our product are free from defects in material or workmanship under normal use and maintenance. We will, at our option, repair or replace any defective product or defective part covered by the Limited Warranty, free of charge at any authorized Servicing Dealer/Center using OEM replacement parts, subject to the limitations and exclusions described below.

Limited Warranty period. We will warrant the product to the original purchaser from the date of purchase for the applicable period of time shown on the chart below.

What is NOT covered. This Limited Warranty does not cover:

- (a) Normal wear parts (parts and items that normally wear out with use). including without limitation spark plugs, bulbs, filters, lubricants, starter cords, belts, blades, and blade adapters are covered if they are defective. However, if such parts need replacement simply because they have worn out. then such replacement is not covered by this warranty, nor is damage due to normal wear, such as abrasion to mower decks, tires punctured by an external source, natural discoloration of materials, or dulling or damage to blades due to contact with abrasives, rocks, rods, or other foreign objects.
- (b) Engine or component damage caused by mismatched pitch or gauge of bar, chain or sprockets, or by improper chain filing, maintenance procedures, chain adjustments, or cutting habits
- (c) Emissions control equipment and components to the extent regulated by the U.S. Environmental Protection Agency or similar government agencies. These are covered by a separate emission control warranty contained in the operator's manual packet.
- (d) Depending on the product, there is either NO WARRANTY or a reduced warranty if the product is used for commercial, nonresidential, or rental purposes and, in such circumstances, this Limited Warranty is offered instead of and replaces any warranty regime provided by law. Please refer to the chart below.
- (e) Damage, malfunctions or failures resulting from abuse or neglect of the product related to or including any of the following:

1. **Failure to provide or perform required maintenance services as prescribed in the owner's manual.**
2. **Abuse, misuse, neglect, modifications, alterations, normal wear, improper servicing, use of unauthorized attachments, lack of lubrication or engine failure, due to the use of oils that do not meet Engine manufacturer's specifications.**
3. **Use of gasohol (fuel containing ethanol). containing methanol (fuel containing wood alcohol). Ethanol fuel E15 or E85 is NOT approved for use in Husqvarna products. Using E15 or E85 fuel will cause major engine damage which is NOT covered by this Husqvarna warranty. Note: Gasohol (fuel containing ethanol), which contains a maximum 10% ethanol (grain alcohol) is approved. The prescribed mixing ratio of gasoline to oil is 50:1 and is listed on the Husqvarna oil label and covered in your owner's manual.**
4. **Damage caused by old fuel, stale fuel, or bad fuel.**

5. Use of ether or any starting fluids.
6. Pressure cleaning or steam cleaning the product.
7. Use of spark plugs other than those meeting emission performance requirements listed in the owner's manual.
8. Tampering with engine speed governor or emission components, or running engines above specified and recommended engine speeds as in your owner's manual.
9. Operation of the unit with improperly installed, removed, or modified cutting shields, guards or safety devices.
10. Any removed, damaged air filter, excessive dirt, abrasives, salt water, moisture, corrosion, rust, varnish, stale fuel, or any adverse reaction due to incorrect storage procedures ...

(f) Damage or failures due to improper set up, pre-delivery service or repair service by anyone other than an authorized servicing dealer during the warranty period.

(g) Damage caused by use of gasoline containing more than 10% (E10) ethanol content (e.g. E15, E25, E30, E50, E85), use of ether or similar starting fluids, or stale fuel.

(h) Damage caused by dirt contaminated grease or oil, use of incorrect type of grease or oils, failure to comply with regular greasing intervals, water or moisture damage, and, or improper storage

(i) Sprayers pumping or spraying caustic or flammable materials, lack of broken strainers, or continued use of product after initial operational problem or failure occurs.

O) First-sale units with a date of manufacture greater than 12 months will NOT carry a battery warranty.

(k) Riding mowers, Zero Turn Mowers, and Walk Mowers that have batteries for starting purposes, the battery is not covered under warranty if the battery is discharged.

(l) Scratch & Dent purchases and prior model year sales including discounted units (from Husqvarna directly or transferred from Dealer to Dealer) there is no battery warranty provided on scratch & dent units.

Your Responsibilities. To preserve your rights under this Limited Warranty, you must exercise reasonable care and use of the product, including following the preventive maintenance, storage, and fuel and oil usages as prescribed in the operator's manual. Any adjustment (e.g. to the throttle cable or belt guides) after the first thirty days of purchase and any preventive maintenance as outlined in the operator's manual are NOT covered. In addition, you must cease using the product immediately upon any failure or damage, and take the product to an authorized servicing dealer prior to any further use.

WARRANTY EXCLUSIONS, DISCLAIMERS, AND LIMITED RIGHTS. WE WILL NOT BE LIABLE FOR ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES. YOUR REMEDY IS LIMITED TO REPAIR OR REPLACEMENT OF THE PRODUCT OR PART, AT OUR DISCRETION. THERE ARE NO EXPRESS WARRANTIES OTHER THAN THOSE SET FORTH HEREIN. ANY WARRANTY IMPLIED BY STATE LAW (WHETHER OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE OR OTHERWISE) IS HEREBY DISCLAIMED; WHERE

SUCH A DISCLAIMER IS NOT PERMITTED BY LAW, THEN SUCH IMPLIED WARRANTY IS LIMITED FOR THE DURATION OF THE APPLICABLE LIMITED WARRANTY PERIOD LISTED IN THE CHART BELOW. SOME LOCALITIES, INCLUDING THE PROVINCE OF QUEBEC, DO NOT ALLOW EXCLUSIONS OF INCIDENTAL OR CONSEQUENTIAL DAMAGES OR LIMITATIONS ON HOW LONG AN IMPLIED WARRANTY LASTS, SO THE ABOVE EXCLUSIONS AND LIMITATIONS MAY NOT APPLY TO YOU.

THIS LIMITED WARRANTY GIVES YOU SPECIFIC LEGAL RIGHTS, AND YOU MAY ALSO HAVE OTHER RIGHTS BASED ON YOUR LOCALITY.

How to obtain service. To obtain warranty service, you must contact one of our authorized Servicing Dealers/Centers (see the IFB submitted materials) or the Husqvarna representative identified in the IFB submitted materials, who will provide instructions on how to return a damaged or defective product/part or how to purchase a replacement part.

Husqvarna® Wheeled Warranty 2019		
<i>Wheeled Products Specific</i>	<i>Consumer</i> <i>(personal, household use)</i>	<i>Professional</i> <i>(any commercial, professional, agricultural, institutional or income producing use)</i>
Z200 Series	Bumper to Bumper 3 Years	No Warranty
Riding Lawn Mowers, Riding Lawn Tractors	Bumper to Bumper 3 Years	No Warranty
Lawn Mowers (Push or Walk, including Battery powered), Tiller	Bumper to Bumper 3 Years	No Warranty

Snowthrowers	Bumper to Bumper 3 Years	90 Days
Swedish Riders	3 Years	No Warranty
Log Splitter / Pressure Washers - PW-3200	2 Years	No Warranty
	Consumer (personal, household use)	Professional (any commercial, professional, agricultural, institutional or income producing use)
Robotic Mower	2 Years (includes Mower Battery)	2 Years (includes Mower Battery)
V500 - Stand-on Mowers	5 Years or 1500 hours	5 Years or 1500 hours
Z500X; PZ - Zero Turn Mowers	5 Years or 1500 hours	5 Years or 1500 hours
Z500; P-ZT - Zero Turn Mowers	5 Years or 1250 hours	5 Years or 1250 hours
M-ZT - Zero Turn Mowers	4 Years or 750 hours	4 Years or 750 hour
MZ - Zero Turn Mowers	4 Years or 400 hours	4 Years or 400 hour
Commercial W436, W448, W548, W552, L421P, Specialty Turf Care: Aerator, Bed Edger,	2 Years	2 Years

Dethatcher, Sodcutter, & Stumpgrinder.		
Transferrable Warranty: This warranty may only be assigned or transferred to a second (or third) owner by an authorized Husqvarna dealer. The warranty period commences upon the date of the original retail purchase. Specifically for our Z500, V500 and W400, W500 series mowers only.		
Zero Turn Mowers - MZ, M-ZT, P-ZT, Z500, PZ, Z500X, V500: Warranty period is limited to whichever limit occurs first, years of operation or hours of operation.		
Husqvarna® Handheld Warranty 2019		
Battery Powered Handheld Products <i>(Including corresponding Battery & Charger)</i>	Consumer <i>(personal, household use)</i>	Professional <i>(any commercial, professional, agricultural, institutional or income producing use)</i>
535iXP, T535iXP, 520iHD60, 520iHE3, 520iLX, 530iP4, 530iPT5, 536LiLX, 536LiHD60X, 536LiXP, T536Li XP, 436LiB, 536LiP4, 536LiPT5 Professional batteries: BLi80, BLi100, BLi150, BLi200, BLi300, BLi520X, BLi550X, BLi940X BLi950X Charger: QC330, QC500	3 Years	2 Years
115iL, 120i, 136Li, 136LiL, 136LiHD45, 115iHD55, 320iB, 336LiC Consumer batteries: BLi10, BLi20 Charger: QC80	3 Years	90 Days
Handheld Products Specific (Gas Powered)	Consumer <i>(personal, household use)</i>	Professional <i>(any commercial, professional, agricultural, institutional or income producing use)</i>

Chain Saws XP models including 365, 545, 555 and 565	2 Years	1 Year
Chain Saws non - XP models includes T435 and Electrical-corded models	2 Years	90 Days
200 and 300 Series Line Trimmers and Attachments (LK split boom attachments). Excludes the 345FR brushcutter.	2 Years	1 Year
100 Series Line Trimmers, 122 Series Hedge trimmers, 125 Series Blowers, and Attachments (LD split boom attachments) and 130BT and 150BT blowers	2 Years	90 Days
All other handheld products (Includes 226 Hedge trimmer, 345FR, 325HE3, 325HE4 & 430LS)	2 Years	2 Years
Power cutter	1 Year	1 Year
Husqvarna® Warranty 2019		
Other Products, Parts, and Accessories	Consumer (personal, household use)	Professional (any commercial, professional, agricultural, institutional or income producing use)
Composite Axes and Hatchets	Lifetime	Lifetime
Sprayers	5 Years / 1 Year on wear parts	5 Years / 1 Year on wear parts
Dump Carts, Snow Cabs, Push/Tow Spreaders,	2 Years	90 Days

Other Wheeled Attachments		
Baggers and Collection Systems	1 Year	90 Days
Wooden Axes and Hatchets	90 Days	30 Days
All other accessories (e.g., bars, chains, carrying cases, folding hand pruning saws, fixed hand pruning saws, personnel protective equipment, tools, toys, trimmer heads, trimmer guards, etc.)	90 Days	30 Days
Parts (e.g., belts, blades, starter covers, starter springs, etc.)	90 Days	90 Days
Reconditioned or Refurbished Products	30 Days	No Warranty
Husqvarna Warranty 2019 587 70 46-02 IR		
Warranty information: Additional warranty information can be located on our website at www.husqvarna.com ; click on Support; click on Warranty Coverage. Scroll down to the bottom of the page. Or use this link in a browser; husqvarna.custhelp.com/app/answers/detail/a_id/62/		
Product Registration: Please register your product at www.husqvarna.com/us or www.husqvarna.com/ca . Thank you for choosing Husqvarna.		
Additional Warranty Information - 2019		
Battery: Lead Acid Batteries only: 180 days		
Composite axe/hatchet: Limited Lifetime Warranty - defined as seven (7) years from Date of Purchase. Limited Lifetime warranty applies to the composite axe/hatchet only. The composite sheath is not covered under warranty.		
Engines (4 stroke): Briggs & Stratton, Honda, Kawasaki, and Kohler engines are warranted by the engine manufacturer. All other engines are warranted by Husqvarna as follows: Snowthrowers and Tillers - 5 years. Riding Mowers, Push or Walk Mowers, Zero Turn Mowers - 3 years. Zero Turn Mowers with Yamaha Engines - 3 years.		

Handheld and Tiller products: Handheld ignition modules, tiller tines, fabricated decks, and trimmer shafts all have a "Limited Lifetime Warranty," and are warranted for the life of the product or seven (7) years after the product's final production run, whichever comes first. Pole Saws and Pole Hedge Trimmers are excluded from the Shaft "Limited Lifetime Warranty."

Lawn Tractors: frame, chassis, and cast iron front axle have a five year consumer warranty.

Pressure Washers: Pressure Washer - PW3200 - All warranty is through Briggs and Stratton Power Products.

PZ / Z500 and P-ZT / Z500X / V500 products: Limited Lifetime Warranty on PZ / Z500 / P-ZT / Z500X / V500 Frame, PZ / Z500X / V500 only Spindle Housing, & PZ / Z500X / V500 only Leading Edge of Deck is for the life of the product or seven (7) years after the last date of the complete unit's final production, whichever comes first.

Residential Zero-Turn Mower and Tractor Decks:

Steel reinforced stamped deck shell only - 10 Year Limited Warranty.

Fabricated deck shell and Steel Guard deck shell - Limited Lifetime Warranty.

Limited to the original purchaser and is non-transferable. Replacement is limited to a maximum of two (2) deck shells. Parts and labor are included during the standard Product warranty period (see above). Labor is excluded after the standard Product warranty expires.

Mechanical components are not covered. Damage to cutting equipment by way of contact with rocks, sand or other objects, rust & corrossions, and natural discoloration of paint or other materials due to ultraviolet light are not covered.

Rental Warranty:

All Handheld Products (Battery / Electrical / Gas) the rental warranty time period is 90 days.

Tillers & Snowthrowers the rental warranty time period is 90 days. W436 & W448, Specialty Turf Care, Stump grinder, Aerator, Dethatcher, Sod cutter, Bed Edger the rental warranty time period is 1 year.

All other products do not have a rental warranty coverage.

Snow Throwers:

Aluminum auger gear box has a 5 year warranty.

Cast iron impeller and cast iron gear box has a 10 year warranty.

Transmissions: Hydro-Gear warrants transmission for three (3) years consumer use, parts and labor.

Transmissions: (Warranty period is limited to whichever limit occurs first, years of operation or hours of operation)

RZ, Z200 - (EZT Integrated transmission): Hydro-Gear warrants transmission for three (3) years consumer use, parts and labor.

MZ - (ZT3100 transmission): Hydro-Gear warrants transmission for two (2) year commercial use and three (3) years consumer use, parts and labor. M-ZT / P-ZT / Z500 - (ZT3400 transmission): Hydro-Gear warrants transmission for three (3) years, parts and labor.

PZ / Z500X - (Pump & Wheel Motor or ZT5400 transmission): Hydro-Gear warrants transmission for three (3) years, parts and labor.

V500 - Parker Pumps & Wheel Motors - (3) year warranty, as follows: Husqvarna warrants the first (1) year and second (2) year - parts and labor. Husqvarna the third (3) year - parts only, no labor.

Snow Throwers and Tractors: Hydro-Gear warrants transmission for three (3) years consumer use, parts and labor.

All other transmissions are warranted by Husqvarna as follows:

Peerless - three (3) years.

General Transmission - two (2) years. General Transmission CVT belt - ten (10) years.

Tuff Torq - three (3) years.

Returns

If you are not happy with your Husqvarna purchase for any reason, Husqvarna is happy to offer a convenient refund on all products identified below, minus any applicable shipping and/or restocking fees.

We will accept returns up to 30 days after delivery for all products shown in the table below provided they are:

- In new, fully functional, and undamaged condition
- In the original box, and include packing materials, manuals, and accessories
- For gas products, fuel has NEVER been put into the tank (even if it was drained)

Product	Models
Automower	ALL 100, 200 and 300 series models
Battery	ALL 100 and 300 series models
Blowers	All 100 and 300 series models
Brushcutters	All 200 and 300 series models
Chainsaws	All 100, 200 and 400 series models, excluding T435
Edgers	All 300 series models and LE475 Wheeled Edger
Hedge Trimmers	All 100 series models
Pole Saws	All 300 series models
Pressure Washers	All Models
Reel Mowers	Husqvarna 64
Snow Throwers	All models excluding 400 series models
String Trimmers	All 100, 200 and 300 series models
Tillers	All models
Tractors	All models excluding TS300 series and LS models, other than GTH52XLS, TS 348, and TS 354D
Walk Mowers	All models excluding commercial walk mowers and L421P
Zero-Turn Mowers	All Z100, Z200 and MZ models

**Collection Systems (Baggers) | Non - Blower Assist Collection Systems Only*

Once gas has been put in an item, it is considered used and not returnable.

Some product categories due to their size and complexity will be subject to a restocking fee equal to a percentage of the pre-tax purchase price based on the below table.

Restocking Percentage			
Category	Percentage	Category	Percentage
Automower	30%	Snow Throwers	15%
Zero Turn Mowers	15%	Baggers	15%
Tractors	15%	Tractor Attachments	15%
Lawn Mowers	15%	Zero Turn Attachments	15%

For items that arrived damaged, defective, or not-working, we will be glad to send a replacement, refund or can refer you to one of our professional servicing centers to have it repaired. Replacement items and refunds will be sent at Husqvarna's discretion.

Shipping and handling charges are only refundable if the item was shipped in error on behalf of Husqvarna or if an item is damaged and a refund is given. Otherwise, shipping and handling charges are considered non-refundable.

Customers are responsible for all return shipping charges except when returning due to damage or defects. We suggest shipping the package with a carrier that can provide tracking and insurance, as Husqvarna is unable to provide credit for packages lost during shipment if proof of delivery is unavailable. For damaged or defective returns, Husqvarna will provide the appropriate shipping labels for your return.

All return requests need to be submitted to our Customer Care team through our website or phone call. When reaching out to Customer Care, please have your order number on hand and reason for your return, e.g. does not work, broken, do not want, etc. It is extremely important that a return authorization number be assigned for all returns prior to being shipped back. Equipment returned without a return authorization number prior to shipment may be rejected for refund consideration.

Please allow 10 – 15 business days from the date we receive the product for your refund to be credited to the credit card used for the original purchase.

All returns are subject to inspection by Husqvarna personnel as to identify possible use, misuse, missing components, damage or abuse. Refunds may be denied, or only partial credit given because of failure to pass a return inspection.

Return Location

All purchases will be returned to our Charlotte facility at:

Attn: Returns Dept
Husqvarna
7600 Statesville RD
Charlotte, NC 28269

Tax Policy

All purchases will be charged applicable state and local taxes. Sales tax will be calculated based on the ship-to address and the sales tax rate in effect at the time of shipping. If no sales tax is charged, purchaser may still be responsible for paying the sales tax where required. The purchase is not tax-exempt because the seller is not required to collect sales tax. Purchasers should check their respective state's tax website for additional information or seek advice from a tax or legal professional.

State Signature Pages



PURCHASING COOPERATIVE

BID BOND

KNOW ALL BY THESE PRESENTS, That we _____
Of _____

As principal, and _____

a corporation duly organized under the laws of the State of _____ and authorized to do business in the State of Washington, as surety, are held and firmly bond unto King County Directors Association in the full and penal sum of _____ for the work hereinafter described, for the payment of which, well and truly to be made, we bind our heirs, executors, administrators and assigns, and successors and assigns, firmly by these presents.

The conditions of this bond are such, that whereas the principal herein is herewith submitting his or its sealed proposal for the following, to wit:

Said bid and proposal, by reference thereto, being made a part hereof.

NOW, THEREFORE, If the said proposal bid by said principal be accepted, and the contract be awarded to said principal, and if said principal shall duly make and enter into and execute said contract and shall furnish bond as required by King County Directors Association within a period of ten (10) days from and after said award, exclusive of the day of such award, then this obligation shall be null and void, otherwise it shall remain and be in full force and effect.

IN TESTIMONY WHEREOF, The principal and surety have caused these present to be signed and sealed this

_____ Day of _____

By: _____

Principal

By: _____

Surety

Title: _____

Title: _____

Date: _____

Date: _____

NJ Business Registration Form

All vendors must have a valid Business Registration Certificate (BRC) from the Department of the Treasury, Division of Revenue prior to conducting business in the State of New Jersey and prior to receiving the award of a contract with a public entity.

STATE OF NEW JERSEY BUSINESS REGISTRATION CERTIFICATE FOR STATE AGENCY AND CASINO SERVICE CONTRACTOR		DEPARTMENT OF TREASURY DIVISION OF REVENUE PO BOX 252 TRENTON, NJ 08646-0252
TAXPAYER NAME:	TRADE NAME:	
TAX REGISTRATION TEST ACCOUNT	CLIENT REGISTRATION	
TAXPAYER IDENTIFICATION#:	SEQUENCE NUMBER:	
970-097-3821000	0107310	
ADDRESS:	ISSUANCE DATE:	
847 ROEBLING AVE TRENTON NJ 08611	07/14/04	
EFFECTIVE DATE:		
07/01/04		
Acting Director		
This Certificate is NOT assignable or transferable. It must be conspicuously displayed at above address.		



STATE OF NEW JERSEY BUSINESS REGISTRATION CERTIFICATE

Taxpayer Name:	TAX REG TEST ACCOUNT
Trade Name:	
Address:	847 ROEBLING AVE TRENTON, NJ 08611
Certificate Number:	1093907
Date of Issuance:	October 14, 2004

For Office Use Only:
20041014112823533

For more information on how to obtain a Business Registration Certificate, please visit the State of New Jersey, Department of Treasury, Division of Revenue and Enterprise Services website at:
<http://www.state.nj.us/treasury/revenue/busregcert.shtml> A valid Business Registration Certificate must be provided to the ESCNJ before the award of a contract can be made.

09/14/10

Taxpayer Identification# 261-595-993/000

RECEIVED NOV 1 8 2010

Dear Business Representative:

Congratulations! You are now registered with the New Jersey Division of Revenue.

Use the Taxpayer Identification Number listed above on all correspondence with the Divisions of Revenue and Taxation, as well as with the Department of Labor (if the business is subject to unemployment withholdings). Your tax returns and payments will be filed under this number, and you will be able to access information about your account by referencing it.

Additionally, please note that State law requires all contractors and subcontractors with Public agencies to provide proof of their registration with the Division of Revenue. The law also amended Section 92 of the Casino Control Act, which deals with the casino service industry.

We have attached a Proof of Registration Certificate for your use. To comply with the law, if you are currently under contract or entering into a contract with a State agency, you must provide a copy of the certificate to the contracting agency.

If you have any questions or require more information, feel free to call our Registration Hotline at (609)292-9292.

I wish you continued success in your business endeavors.

Sincerely,



James J. Fruscione
Director
New Jersey Division of Revenue

STATE OF NEW JERSEY
BUSINESS REGISTRATION CERTIFICATE

DEPARTMENT OF TREASURY
DIVISION OF REVENUE
PO BOX 252
TRENTON, N J 08646-0252

TAXPAYER NAME:

HUSQVARNA PROFESSIONAL PRODUCTS INC.

TRADE NAME:

ADDRESS:

9335 HARRIS CORNERS PKWY STE 5
CHARLOTTE NC 28269

SEQUENCE NUMBER:

1441822

EFFECTIVE DATE:

10/07/08

ISSUANCE DATE:

09/14/10



Director
New Jersey Division of Revenue

FORM-BRC

This Certificate is NOT assignable or transferable. It must be conspicuously displayed at above address.

(04-00), D205046V

AMERICANS WITH DISABILITIES ACT OF 1990
Equal Opportunity for Individuals with Disability

The contractor and the Educational Services Commission of New Jersey (hereafter "owner") do hereby agree that the provisions of Title 11 of the Americans With Disabilities Act of 1990 (the "Act") (42 U.S.C. S121 01 et seq.), which prohibits discrimination on the basis of disability by public entities in all services, programs, and activities provided or made available by public entities, and the rules and regulations promulgated pursuant there unto, are made a part of this contract. In providing any aid, benefit, or service on behalf of the owner pursuant to this contract, the contractor agrees that the performance shall be in strict compliance with the Act. In the event that the contractor, its agents, servants, employees, or subcontractors violate or are alleged to have violated the Act during the performance of this contract, the contractor shall defend the owner in any action or administrative proceeding commenced pursuant to this Act. The contractor shall indemnify, protect, and save harmless the owner, its agents, servants, and employees from and against any and all suits, claims, losses, demands, or damages, of whatever kind or nature arising out of or claimed to arise out of the alleged violation. The contractor shall, at its own expense, appear, defend, and pay any and all charges for legal services and any and all costs and other expenses arising from such action or administrative proceeding or incurred in connection therewith. In any and all complaints brought pursuant to the owner's grievance procedure, the contractor agrees to abide by any decision of the owner which is rendered pursuant to said grievance procedure. If any action or administrative proceeding results in an award of damages against the owner, or if the owner incurs any expense to cure a violation of the ADA which has been brought pursuant to its grievance procedure, the contractor shall satisfy and discharge the same at its own expense.

The owner shall, as soon as practicable after a claim has been made against it, give written notice thereof to the contractor along with full and complete particulars of the claim, if any action or administrative proceeding is brought against the owner or any of its agents, servants, and employees, the *owner shall* expeditiously forward or have forwarded to the contractor every demand, complaint, notice, summons, pleading, or other process received by the owner or its representatives.

It is expressly agreed and understood that any approval by the owner of the services provided by the contractor pursuant to this contract will not relieve the contractor of the obligation to comply with the Act and to defend, indemnify, protect, and save harmless the owner pursuant to this paragraph.

It is further agreed and understood that the owner assumes no obligation to indemnify or save harmless the contractor, its agents, servants, employees and subcontractors for any claim which may arise out of their performance of this Agreement. Furthermore, the contractor expressly understands and agrees that the provisions of this indemnification clause shall in no way limit the contractor's obligations assumed in this Agreement, nor shall they be construed to relive the contractor from any liability, nor preclude the owner from taking any other actions available to it under any other provisions of the Agreement or otherwise at law.

Signature 
Name Jeff Dewosky
Title Vice President Sales
Company name Husquarna Professional Products Inc.
Date 9-12-19

To be completed and signed below

Return with bid

AFFIRMATIVE ACTION QUESTIONNAIRE

This form is to be completed and returned with the bid. However, the ESCNJ will accept in lieu of this Questionnaire, Affirmative Action Evidence attached but not stapled to this page.

1. Our company has a federal Affirmative Action Plan approval. ☐ Yes
☒ No

If yes, please attach a copy of the plan to this questionnaire.

2. Our company has a New Jersey State Certificate of Employee Information Report. ☐ Yes
☒ No

If yes, please attach a copy of the certificate to this questionnaire.

3. If you answered "**NO**" to both questions above, No. 1 and 2, you must apply for an Affirmative Action Employee Information Report – Form AA302.

Please visit the New Jersey Department of Treasury website for the Division of Public Contracts Equal Employment Opportunity Compliance:

www.state.nj.us/treasury/contract_compliance/

- Click on "Forms" and then "AA302" and "Instructions" under the heading "Employee Information Report"
- Complete and submit the form with the appropriate payment to:

Department of Treasury
Division of Purchase & Property
Contract Compliance Audit Unit
EEO Monitoring Program
P.O. Box 206
Trenton, New Jersey 08625-0206

All fees for this application are to be paid directly to the State of New Jersey. A copy shall be submitted to the ESCNJ within seven (7) days of the notice of the intent to award the contract or the signing of the contract.

Vendor will complete and submit Form AA302 upon signing a contract to supply its products to New Jersey as an approved AEPA vendor.

EMPLOYEE INFORMATION REPORT (FORM AA302)

IMPORTANT: READ THE FOLLOWING INSTRUCTIONS CAREFULLY BEFORE COMPLETING THE FORM. PRINT OR TYPE ALL INFORMATION. FAILURE TO PROPERLY COMPLETE THE ENTIRE FORM MAY DELAY ISSUANCE OF YOUR CERTIFICATE. **IF YOU HAVE A CURRENT CERTIFICATE OF EMPLOYEE INFORMATION REPORT, DO NOT COMPLETE THIS FORM. SEND COPY OF CURRENT CERTIFICATE TO THE PUBLIC AGENCY. DO NOT COMPLETE THIS FORM FOR CONSTRUCTION CONTRACT AWARDS.**

ITEM 1 - Enter the Federal Identification Number assigned by the Internal Revenue Service, or if a Federal Employer Identification Number has been applied for, or if your business is such that you have not or will not receive a Federal Employer Identification Number, enter the Social Security Number of the owner or of one partner, in the case of a partnership.

ITEM 2 - Check the box appropriate to your TYPE OF BUSINESS. If you are engaged in more than one type of business check the predominate one. If you are a manufacturer deriving more than 50% of your receipts from your own retail outlets, check "Retail".

ITEM 3 - Enter the total "number" of employees in the entire company, including part-time employees. This number shall include all facilities in the entire firm or corporation.

ITEM 4 - Enter the name by which the company is identified. If there is more than one company name, enter the predominate one.

ITEM 5 - Enter the physical location of the company. Include City, County, State and Zip Code.

ITEM 6 - Enter the name of any parent or affiliated company including the City, County, State and Zip Code. If there is none, so indicate by entering "None" or N/A.

ITEM 7 - Check the box appropriate to your type of company establishment. "Single-establishment Employer" shall include an employer whose business is conducted at only one physical location. "Multi-establishment Employer" shall include an employer whose business is conducted at more than one location.

ITEM 8 - If "Multi-establishment" was entered in item 8, enter the number of establishments within the State of New Jersey.

ITEM 9 - Enter the total number of employees at the establishment being awarded the contract.

ITEM 10 - Enter the name of the Public Agency awarding the contract. Include City, County, State and Zip Code.

ITEM 11 - Enter the appropriate figures on all lines and in all columns. THIS SHALL ONLY INCLUDE EMPLOYMENT DATA FROM THE FACILITY THAT IS BEING AWARDED THE CONTRACT. DO NOT list the same employee in more than one job category. DO NOT attach an EEO-1 Report.

Racial/Ethnic Groups will be defined:

Black: Not of Hispanic origin. Persons having origin in any of the Black racial groups of Africa.

Hispanic: Persons of Mexican, Puerto Rican, Cuban, or Central or South American or other Spanish culture or origin, regardless of race.

American Indian or Alaskan Native: Persons having origins in any of the original peoples of North America, and who maintain cultural identification through tribal affiliation or community recognition.

Asian or Pacific Islander: Persons having origin in any of the original peoples of the Far East, Southeast Asia, the Indian Sub-continent or the Pacific Islands. This area

includes for example, China, Japan, Korea, the Philippine Islands and Samoa.

Non-Minority: Any Persons not identified in any of the aforementioned Racial/Ethnic Groups.

ITEM 12 - Check the appropriate box. If the race or ethnic group information was not obtained by 1 or 2, specify by what other means this was done in 3.

ITEM 13 - Enter the dates of the payroll period used to prepare the employment data presented in Item 12.

ITEM 14 - If this is the first time an Employee Information Report has been submitted for this company, check block "Yes".

ITEM 15 - If the answer to Item 15 is "No", enter the date when the last Employee Information Report was submitted by this company.

ITEM 16 - Print or type the name of the person completing the form. Include the signature, title and date.

ITEM 17 - Enter the physical location where the form is being completed. Include City, State, Zip Code and Phone Number.

TYPE OR PRINT IN SHARP BALL POINT PEN

THE VENDOR IS TO COMPLETE THE EMPLOYEE INFORMATION REPORT FORM (AA302) AND RETAIN COPY FOR THE VENDOR'S OWN FILES. THE VENDOR SHOULD ALSO SUBMIT A COPY TO THE PUBLIC AGENCY AWARDED THE CONTRACT IF THIS IS YOUR FIRST REPORT; AND FORWARD ONE COPY **WITH A CHECK IN THE AMOUNT OF \$150.00 PAYABLE TO THE TREASURER, STATE OF NEW JERSEY (FEE IS NON-REFUNDABLE) TO:**

**NJ Department of the Treasury
Division of Contract Compliance & Equal Employment Opportunity
P.O. Box 209
Trenton, New Jersey 08625-0209 Telephone No. 1-609-292-5475**

To download the AA-302 form, click this link:

http://www.state.nj.us/treasury/contract_compliance/pdf/aa302.pdf

STATE OF NEW JERSEY
Division of Purchase & Property
Contract Compliance Audit Unit
EEO Monitoring Program

EMPLOYEE INFORMATION REPORT

IMPORTANT! READ INSTRUCTIONS CAREFULLY BEFORE COMPLETING FORM. FAILURE TO PROPERLY COMPLETE THE ENTIRE FORM AND TO SUBMIT THE REQUIRED \$150.00 FEE MAY DELAY ISSUANCE OF YOUR CERTIFICATE. DO NOT SUBMIT EEO-1 REPORT FOR SECTION B, ITEM 11. For instructions on completing the form, go to: http://www.state.nj.us/treasury/contract_compliance/pdf/aa302ins.pdf

SECTION A - COMPANY IDENTIFICATION

1. FID. NO. OR SOCIAL SECURITY	2. TYPE OF BUSINESS ☐ 1. MFG ☐ 2. SERVICE ☐ 3. WHOLESALE ☐ 4. RETAIL ☐ 5. OTHER	3. TOTAL NO. EMPLOYEES IN THE ENTIRE COMPANY
4. COMPANY NAME		
5. STREET CITY COUNTY STATE ZIP CODE		
6. NAME OF PARENT OR AFFILIATED COMPANY (IF NONE, SO INDICATE) CITY STATE ZIP CODE		
7. CHECK ONE: IS THE COMPANY: ☐ SINGLE-ESTABLISHMENT EMPLOYER ☐ MULTI-ESTABLISHMENT EMPLOYER		
8. IF MULTI-ESTABLISHMENT EMPLOYER, STATE THE NUMBER OF ESTABLISHMENTS IN NJ		
9. PUBLIC AGENCY AWARDING CONTRACT CITY COUNTY STATE ZIP CODE		
Official Use Only	DATE RECEIVED	ASSIGNED IDENTIFICATION NUMBER

SECTION B - EMPLOYMENT DATA

11. Report all permanent, temporary and part-time employees ON YOUR OWN PAYROLL. Enter the appropriate figures on all lines and in all columns. Where there are no employees in a particular category, enter a zero. Include ALL employees, not just those in minority categories, in columns 1, 2, & 3. DO NOT SUBMIT AN EEO-1 REPORT.

JOB CATEGORIES	ALL EMPLOYEES			PERMANENT MINORITY/NON-MINORITY EMPLOYEE BREAKDOWN									
	COL. 1 TOTAL (Cols 2 & 3)	COL. 2 MALE	COL. 3 FEMALE	MALE					FEMALE				
				BLACK	HISPANIC	AMER. INDIAN	ASIAN	NON MIN.	BLACK	HISPANIC	AMER. INDIAN	ASIAN	NON MIN.
Officials/Managers													
Professionals													
Technicians													
Sales Workers													
Office & Clerical													
Craftworkers (Skilled)													
Operations (Semi-Skilled)													
Laborers (Unskilled)													
Service Workers													
TOTAL													
Total employment from previous Report (If any)													
Temporary & Part-Time Employees													

The data below shall NOT be included in the figures for the appropriate categories above.

12. HOW WAS INFORMATION AS TO RACE OR ETHNIC GROUP IN SECTION B OBTAINED? ☐ 1. Visual Survey ☐ 2. Employment Record ☐ 3. Other (Specify)	14. IS THIS THE FIRST Employee Information Report Submitted? 1. YES ☐ 2. NO ☐	13. IF NO, DATE LAST REPORT SUBMITTED MO. DAY YEAR
13. DATES OF PAYROLL PERIOD USED From: To:		

SECTION C - SIGNATURE AND IDENTIFICATION

16. NAME OF PERSON COMPLETING FORM (Print or Type)	SIGNATURE	TITLE	DATE MO DAY YEAR
17. ADDRESS NO. & STREET CITY COUNTY STATE ZIP CODE PHONE (AREA CODE, NO. EXTENSION)			

I certify that the above information is correct to the best of my knowledge.

Name of Company/Firm

Address

City, State, Zip

Name of Authorized Agent _____ Title

SIGNATURE _____ Date _____

Sample Certificate of Employee Information Report

Certification 111XX

CERTIFICATE OF EMPLOYEE INFORMATION REPORT

INITIAL

This is to certify that the contractor listed below has submitted an Employee Information Report pursuant to N.J.A.C. 17:27-1.1 et. seq. and the State Treasurer has approved said report. This approval will remain in effect for the period of 15-DEC-20XX to 15-DEC-20XX

SAMPLE COMPANY, INC.
33 WEST STATE STREET
TRENTON, NJ 08625

VOID



State Treasurer

EXHIBIT A

MANDATORY EQUAL EMPLOYMENT OPPORTUNITY LANGUAGE

N.J.S.A. 10:5-31 et seq. (P.L. 1975, C. 127)

N.J.A.C. 17:27

GOODS, PROFESSIONAL SERVICE AND GENERAL SERVICE CONTRACTS

During the performance of this contract, the contractor agrees as follows:

The contractor or subcontractor, where applicable, will not discriminate against any employee or applicant for employment because of age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex. Except with respect to affectional or sexual orientation and gender identity or expression, the contractor will ensure that equal employment opportunity is afforded to such applicants in recruitment and employment, and that employees are treated during employment, without regard to their age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex. Such equal employment opportunity shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Public Agency Compliance Officer setting forth provisions of this nondiscrimination clause.

The contractor or subcontractor, where applicable will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex.

The contractor or subcontractor will send to each labor union, with which it has a collective bargaining agreement, a notice, to be provided by the agency contracting officer, advising the labor union of the contractor's commitments under this chapter and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

The contractor or subcontractor, where applicable, agrees to comply with any regulations promulgated by the Treasurer pursuant to N.J.S.A. 10:5-31 et seq., as amended and supplemented from time to time and the Americans with Disabilities Act.

The contractor or subcontractor agrees to make good faith efforts to meet targeted county employment goals established in accordance with N.J.A.C. 17:27-5.2.

The contractor or subcontractor agrees to inform in writing its appropriate recruitment agencies including, but not limited to, employment agencies, placement bureaus, colleges, universities, and labor unions, that it does not discriminate on the basis of age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex, and that it will discontinue the use of any recruitment agency which engages in direct or indirect discriminatory practices.

The contractor or subcontractor agrees to revise any of its testing procedures, if necessary, to assure that all personnel testing conforms with the principles of job related testing, as established by the statutes and court decisions of the State of New Jersey and as established by applicable Federal law and applicable Federal court decisions.

In conforming with the targeted employment goals, the contractor or subcontractor agrees to review all procedures relating to transfer, upgrading, downgrading and layoff to ensure that all such actions are taken without regard to age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability,

nationality or sex, consistent with the statutes and court decisions of the State of New Jersey, and applicable Federal law and applicable Federal court decisions.

The contractor shall submit to the public agency, after notification of award but prior to execution of a goods and services contract, one of the following three documents:

Letter of Federal Affirmative Action Plan Approval

Certificate of Employee Information Report

Employee Information Report Form AA302 (electronically provided by the Division and distributed to the public agency through the Division's website at www.state.nj.us/treasury/contract_compliance)

The contractor and its subcontractors shall furnish such reports or other documents to the Division of Purchase & Property, CCAU, EEO Monitoring Program as may be requested by the office from time to time in order to carry out the purposes of these regulations, and public agencies shall furnish such information as may be requested by the Division of Purchase & Property, CCAU, EEO Monitoring Program for conducting a compliance investigation pursuant to **Subchapter 10 of the Administrative Code at N.J.A.C. 17:27.**

Signature Jeff Dewosky

Name Jeff Dewosky

Title Vice President Sales

Company name: Husqvarna Professional Products

Date 9-12-19

EXHIBIT B Return with bid if bidding on installation services
MANDATORY EQUAL EMPLOYMENT OPPORTUNITY LANGUAGE
N.J.S.A. 10:5-31 et seq. (P.L.1975, c.127)
N.J.A.C. 17:27-1.1 et seq.
CONSTRUCTION CONTRACTS

During the performance of this contract, the contractor agrees as follows:

The contractor or subcontractor, where applicable, will not discriminate against any employee or applicant for employment because of age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex. Except with respect to affectional or sexual orientation and gender identity or expression, the contractor will ensure that equal employment opportunity is afforded to such applicants in recruitment and employment, and that employees are treated during employment, without regard to their age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex. Such equal employment opportunity shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Public Agency Compliance Officer setting forth provisions of this nondiscrimination clause.

The contractor or subcontractor, where applicable will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex.

The contractor or subcontractor will send to each labor union, with which it has a collective bargaining agreement, a notice, to be provided by the agency contracting officer, advising the labor union or workers' representative of the contractor's commitments under this act and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

The contractor or subcontractor, where applicable, agrees to comply with any regulations promulgated by the Treasurer, pursuant to N.J.S.A. 10:5-31 et seq., as amended and supplemented from time to time and the Americans with Disabilities Act.

When hiring or scheduling workers in each construction trade, the contractor or subcontractor agrees to make good faith efforts to employ minority and women workers in each construction trade consistent with the targeted employment goal prescribed by N.J.A.C. 17:27-7.2; provided, however, that the Dept. of LWD, Construction EEO Monitoring Program, may, in its discretion, exempt a contractor or subcontractor from compliance with the good faith procedures prescribed by the following provisions, A, B, and C, as long as the Dept. of LWD, Construction EEO Monitoring Program is satisfied that the contractor or subcontractor is employing workers provided by a union which provides evidence, in accordance with standards prescribed by the Dept. of LWD, Construction EEO Monitoring Program, that its percentage of active "card carrying" members who are minority and women workers is equal to or greater than the targeted employment goal established in accordance with N.J.A.C. 17:27-7.2. The contractor or subcontractor agrees that a good faith effort shall include compliance with the following procedures:

(A) EXHIBIT B (Continued)

- (B) If the contractor or subcontractor has a referral agreement or arrangement with a union for a construction trade, the contractor or subcontractor shall, within three business days of the contract award, seek assurances from the union that it will cooperate with the contractor or subcontractor as it fulfills its affirmative action obligations under this contract and in accordance with the rules promulgated by the Treasurer pursuant to N.J.S.A. 10:5-31 et. seq., as supplemented and amended from time to time and the Americans with Disabilities Act. If the contractor or subcontractor is unable to obtain said assurances from the construction trade union at least five business days prior to the commencement of construction work, the contractor or subcontractor agrees to afford equal employment opportunities minority and women workers directly, consistent with this chapter. If the contractor's or subcontractor's prior experience with a construction trade union, regardless of whether the union has provided said assurances, indicates a significant possibility that the trade union will not refer sufficient minority and women workers consistent with affording equal employment opportunities as specified in this chapter, the contractor or subcontractor agrees to be prepared to provide such opportunities to minority and women workers directly, consistent with this chapter, by complying with the hiring or scheduling procedures prescribed under (B) below; and the contractor or subcontractor further agrees to take said action immediately if it determines that the union is not referring minority and women workers consistent with the equal employment opportunity goals set forth in this chapter.
- (C) If good faith efforts to meet targeted employment goals have not or cannot be met for each construction trade by adhering to the procedures of (A) above, or if the contractor does not have a referral agreement or arrangement with a union for a construction trade, the contractor or subcontractor agrees to take the following actions:
- (1) To notify the public agency compliance officer, the Dept. of LWD, Construction EEO Monitoring Program, and minority and women referral organizations listed by the Division pursuant to N.J.A.C. 17:27-5.3, of its workforce needs, and request referral of minority and women workers;
 - (2) To notify any minority and women workers who have been listed with it as awaiting available vacancies;
 - (3) Prior to commencement of work, to request that the local construction trade union refer minority and women workers to fill job openings, provided the contractor or subcontractor has a referral agreement or arrangement with a union for the construction trade;
 - (4) To leave standing requests for additional referral to minority and women workers with the local construction trade union, provided the contractor or subcontractor has a referral agreement or arrangement with a union for the construction trade, the State Training and Employment Service and other approved referral sources in the area;
 - (5) If it is necessary to lay off some of the workers in a given trade on the construction site, layoffs shall be conducted in compliance with the equal employment opportunity and nondiscrimination standards set forth in this regulation, as well as with applicable Federal and State court decisions;
 - (6) To adhere to the following procedure when minority and women workers apply or are referred to the contractor or subcontractor:
 - (i) The contractor or subcontractor shall interview the referred minority or women worker.
 - (ii) If said individuals have never previously received any document or certification signifying a level of qualification lower than that required in order to perform the work of the construction

EXHIBIT B (Continued)

trade, the contractor or subcontractor shall in good faith determine the qualifications of such individuals. The contractor or subcontractor shall hire or schedule those individuals who satisfy appropriate qualification standards in conformity with the equal employment opportunity and non-discrimination principles set forth in this chapter. However, a contractor or subcontractor shall determine that the individual at least possesses the requisite skills, and experience recognized by a union, apprentice program or a referral agency, provided the referral agency is acceptable to the Dept. of LWD, Construction EEO Monitoring Program. If necessary, the contractor or subcontractor shall hire or schedule minority and women workers who qualify as trainees pursuant to these rules. All of the requirements, however, are limited by the provisions of (C) below. (iii) The name of any interested women or minority individual shall be maintained on a waiting list, and shall be considered for employment as described in above, whenever vacancies occur. At the request of the Dept. of LWD, Construction EEO Monitoring Program, the contractor or subcontractor shall provide evidence of its good faith efforts to employ women and minorities from the list to fill vacancies.

(iv) If, for any reason, said contractor or subcontractor determines that a minority individual or a woman is not qualified or if the individual qualifies as an advanced trainee or apprentice, the contractor or subcontractor shall inform the individual in writing of the reasons for the determination, maintain a copy of the determination in its files, and send a copy to the public agency compliance officer and to the Dept. of LWD, Construction EEO Monitoring Program.

(7) To keep a complete and accurate record of all requests made for the referral of workers in any trade covered by the contract, on forms made available by the Dept. of LWD, Construction EEO Monitoring Program and submitted promptly to the Dept. of LWD, Construction EEO Monitoring Program upon request.

- (D) The contractor or subcontractor agrees that nothing contained in (B) above shall preclude the contractor or subcontractor from complying with the union hiring hall or apprenticeship policies in any applicable collective bargaining agreement or union hiring hall arrangement, and, where required by custom or agreement, it shall send journeymen and trainees to the union for referral, or to the apprenticeship program for admission, pursuant to such agreement or arrangement. However, where the practices of a union or apprenticeship program will result in the exclusion of minorities and women or the failure to refer minorities and women consistent with the targeted county employment goal, the contractor or subcontractor shall consider for employment persons referred pursuant to (B) above without regard to such agreement or arrangement; provided further, however, that the contractor or subcontractor shall not be required to employ women and minority advanced trainees and trainees in numbers which result in the employment of advanced trainees and trainees as a percentage of the total workforce for the construction trade, which percentage significantly exceeds the apprentice to journey worker ratio specified in the applicable collective bargaining agreement, or in the absence of a collective bargaining agreement, exceeds the ratio established by practice in the area for said construction trade. Also, the contractor or subcontractor agrees that, in implementing the procedures of (B) above, it shall, where applicable, employ minority and women workers residing within the geographical jurisdiction of the union.

After notification of award, but prior to signing a construction contract, the contractor shall submit to the public agency compliance officer and the Dept. of LWD, Construction EEO Monitoring Program an initial project workforce report (Form AA-201) electronically provided to the public agency by the Dept. of LWD, Construction EEO Monitoring Program, through its website, for distribution to and completion by the contractor, in accordance with N.J.A.C. 17:27-7. The contractor also agrees to submit a copy of the Monthly Project Workforce Report once a month thereafter for the duration of this contract to the Dept. of LWD, Construction EEO Monitoring Program, and to the public agency

EXHIBIT B (Continued)

compliance officer. The contractor agrees to cooperate with the public agency in the payment of budgeted funds, as is necessary, for on-the-job and/or off-the job programs for outreach and training of minorities and women.

(E) The contractor and its subcontractors shall furnish such reports or other documents to the Dept. of LWD, Construction EEO Monitoring Program as may be requested by the Dept. of LWD, Construction EEO Monitoring Program from time to time in order to carry out the purposes of these regulations, and public agencies shall furnish such information as may be requested by the Dept. of LWD, Construction EEO Monitoring Program for conducting a compliance investigation pursuant to N.J.A.C. 17:27-1.1 et seq.

(Revised: January, 2016)

Company _____
Signature _____
Name _____
Title _____
Date _____

RETURN WITH BID
Educational Services Commission of New Jersey
Business Office
1660 Stelton Road
Piscataway, New Jersey 08854

Chapter 271
Political Contribution Disclosure Form
(Contracts that Exceed \$17,500.00)
Ref. N.J.S.A. 52:34-25

The undersigned, being authorized and knowledgeable of the circumstances, does hereby certify that _____ (Business Entity) has made the following **reportable** political contributions to any elected official, political candidate or any political committee as defined in N.J.S.A. 19:44-20.26 during the twelve (12) months preceding this award of contract:

Reportable Contributions			
<u>Date of Contribution</u>	<u>Amount of Contribution</u>	<u>Name of Recipient Elected Official/ Committee/Candidate</u>	<u>Name of Contributor</u>

The Business Entity may attach additional pages if needed.

☐ **No Reportable Contributions** (Please check (✓) if applicable.)

I certify that _____ (Business Entity) made no reportable contributions to any elected official, political candidate or any political committee as defined in N.J.S.A. 19:44-20.26.

Certification

I certify, that the information provided above is in full compliance with Public law 2005 – Chapter 271.

Name of Authorized Agent _____

Signature _____ Title _____

Business Entity _____

Vendor will complete and submit this form upon being awarded a contract to supply its products to New Jersey as an AEPA approved vendor.

C. 271 POLITICAL CONTRIBUTION DISCLOSURE FORM

Contractor Instructions

Business entities (contractors) receiving contracts from a public agency that are NOT awarded pursuant to a "fair and open" process (defined at N.J.S.A. 19:44A-20.7) are subject to the provisions of P.L. 2005, c. 271, s. 2 (N.J.S.A. 19:44A-20.26). This law provides that 10 days prior to the award of such a contract, the contractor shall disclose contributions to:

- any State, county, or municipal committee of a political party
- any legislative leadership committee*¹
- any continuing political committee (a.k.a., political action committee)
- any candidate committee of a candidate for, or holder of, an elective office:
 - of the public entity awarding the contract
 - of that county in which that public entity is located
 - of another public entity within that county
 - or of a legislative district in which that public entity is located or, when the public entity is a county, of any legislative district which includes all or part of the county

The disclosure must list reportable contributions to any of the committees that exceed \$300 per election cycle that were made during the 12 months prior to award of the contract. See N.J.S.A. 19:44A-8 and 19:44A-16 for more details on reportable contributions.

N.J.S.A. 19:44A-20.26 itemizes the parties from whom contributions must be disclosed when a business entity is not a natural person. This includes the following:

- individuals with an "interest" ownership or control of more than 10% of the profits or assets of a business entity or 10% of the stock in the case of a business entity that is a corporation for profit
- all principals, partners, officers, or directors of the business entity or their spouses
- any subsidiaries directly or indirectly controlled by the business entity
- IRS Code Section 527 New Jersey based organizations, directly or indirectly controlled by the business entity and filing as continuing political committees, (PACs)

When the business entity is a natural person, "a contribution by that person's spouse or child, residing therewith, shall be deemed to be a contribution by the business entity." [N.J.S.A. 19:44A-20.26(b)]. The contributor must be listed on the disclosure.

Any business entity that fails to comply with the disclosure provisions shall be subject to a fine imposed by ELEC in an amount to be determined by the Commission which may be based upon the amount that the business entity failed to report.

The enclosed list of agencies is provided to assist the contractor in identifying those public agencies whose elected official and/or candidate campaign committees are affected by the disclosure requirement. It is the contractor's responsibility to identify the specific committees to which contributions may have been made and need to be disclosed. The disclosed information may exceed the minimum requirement.

¹ N.J.S.A. 19:44A-3(s): "The term "legislative leadership committee" means a committee established, authorized to be established, or designated by the President of the Senate, the Minority Leader of the Senate, the Speaker of the General Assembly or the Minority Leader of the General Assembly pursuant to section 16 of P.L. 1993, c. 65 (C. 19:44A-10.1) for the purpose of receiving contributions and making expenditures."

The enclosed form, a content-consistent facsimile, or an electronic data file containing the required details (along with a signed over sheet) may be used as the contractor's submission and is disclosable to the public under the Open Public Records Act.

The contractor must also complete the attached Stockholder Disclosure Certification. This will assist the agency in meeting its obligations under the law. **NOTE: This section does not apply to Board of Education contracts.**

P.L. 2005, c. 271

(Unofficial version, Assembly Committee Substitute to A-3013, First Reprint*)

AN ACT authorizing units of local government to impose limits on political contributions by contractors and supplementing Title 40A of the New Jersey Statutes and Title 19 of the Revised Statutes.

BE IT ENACTED by the Senate and General Assembly of the State of New Jersey:

40A:11-51 1. a. A county, municipality, independent authority, board of education, or fire district is hereby authorized to establish by ordinance, resolution or regulation, as may be appropriate, measures limiting the awarding of public contracts there from to business entities that have made a contribution pursuant to P.L. 1973, c. 83 (C. 19:44A-1 et seq.) and limiting the contributions that the holders of a contract can make during the term of a contract, notwithstanding the provisions and parameters of sections 1 through 12 of P.L. 2004, c. 19 (C. 19:44A-20.2 et al.) and section 22 of P.L. 1973, c. 83 (C. 19:44A-22).

b. The provisions of P.L. 2004, c. 19 shall not be construed to supersede or preempt any ordinance, resolution or regulation of a unit of local government that limits political contributions by business entities performing or seeking to perform government contracts. Any ordinance, resolution or regulation in effect on the effective date of P.L. 2004, c. 19 shall remain in effect and those adopted after that effective date shall be valid and enforceable.

c. An ordinance, resolution or regulation adopted or promulgated as provided in this section shall be filed with the Secretary of State.

52:34-25 2. a. Not later than 10 days prior to entering into any contract having an anticipated value in excess of \$17,500, except for a contract that is required by law to be publicly advertised for bids, a State agency, county, municipality, independent authority, board of education, or fire district shall require any business entity bidding thereon or negotiating therefore, to submit along with its bid or price quote, a list of political contributions as set forth in this subsection that are reportable by the recipient pursuant to the provisions of P.L. 1973, c. 83 (C.19:44A-1 et seq.) and that were made by the business entity during the preceding 12 month period, along with the date and amount of each contribution and the name of the recipient of each contribution. A business entity contracting with a State agency shall disclose contributions to any State, county, or municipal committee of a political party, legislative leadership committee, candidate committee of a candidate for, or holder of, a State elective office, or any continuing political committee. A business entity contracting with a county, municipality, independent authority, other than an independent authority that is a State agency, board of education, or fire district shall disclose contributions to: any State, county, or municipal committee of a political party; any legislative leadership committee; or any candidate committee of a candidate for, or holder of, and elective office of that public entity, of that county in which that public entity is located, of another public entity within that county, or of a legislative district in which that public entity is located or, when the public entity is a county, of any legislative district which includes all or part of the county, or any continuing political committee.

The provisions of this section shall not apply to a contract when a public emergency requires the immediate delivery of goods or services.

b. When a business entity is a natural person, a contribution by that person's spouse or child, residing therewith, shall be deemed to be a contribution by the business entity. When a business entity is other than a natural person, a contribution by

any person or other business entity having an interest therein shall be deemed to be a contribution by the business entity. When a business entity is other than a natural person, a contribution by: all principals, partners, officers, or directors of the business entity or their spouses; any subsidiaries directly or indirectly controlled by the business entity; or any political organization organized under section 527 of the Internal Revenue Code that is directly or indirectly controlled by the business entity, other than a candidate committee, election fund, or political party committee, shall be deemed to be a contribution by the business entity.

c. As used in this section:

"business entity" means a natural or legal person, business corporation, professional services corporation, limited liability company, partnership, limited partnership, business trust, association or any other legal commercial entity organized under the laws of this State or of any other state or foreign jurisdiction;

"interest" means the ownership or control of more than 10% of the profits or assets of a business entity or 10% of the stock in the case of a business entity that is a corporation for profit, as appropriate; and

P.L. 2005, c. 271

"State agency" means any of the principal departments in the Executive Branch of the State Government, and any division, board, bureau, office, commission or other instrumentality within or created by such department, the Legislature of the State and any office, board, bureau or commission within or created by the Legislative Branch, and any independent State authority, commission, instrumentality or agency.

d. Any business entity that fails to comply with the provisions of this section shall be subject to a fine imposed by the New Jersey Election Law Enforcement Commission in an amount to be determined by the commission which may be based upon the amount that the business entity failed to report.

19:44A-20.13 3. a. Any business entity making a contribution of money or any other thing of value, including an in-kind contribution, or pledge to make a contribution of any kind to a candidate for or the holder of any public office having ultimate responsibility for the awarding of public contracts, or to a political party committee, legislative leadership committee, political committee or continuing political committee, which has received in any calendar year \$50,000 or more in the aggregate through agreements or contracts with a public entity, shall file an annual disclosure statement with the New Jersey Election Law Enforcement Commission, established pursuant to section 5 of P.L. 1973, c. 83 (C. 19:44A-5), setting forth all such contributions made by the business entity during the 12 months prior to the reporting deadline.

b. The commission shall prescribe forms and procedures for the reporting required in subsection a. of this section which shall include, but not be limited to:

(1) the name and mailing address of the business entity making the contribution, and the amount contributed during the 12 months prior to the reporting deadline;

(2) the name of the candidate for or the holder of any public office having ultimate responsibility for the awarding of public contracts, candidate committee, joint candidates committee, political party committee, legislative leadership committee, political committee or continuing political committee receiving the contribution; and

(3) the amount of money the business entity received from the public entity through contract or agreement, the dates, and information identifying each contract or agreement and describing the goods, services or equipment provided or property sold.

c. The commission shall maintain a list of such reports for public inspection both at its office and through its Internet site.

d. When a business entity is a natural person, a contribution by that person's spouse or child, residing therewith, shall be deemed to be a contribution by the business entity. When a business entity is other than a natural person, a contribution by any person or other business entity having an interest therein shall be deemed to be a contribution by the business entity.

When a business entity is other than a natural person, a contribution by: all principals, partners, officers, or directors of the business entity, or their spouses; any subsidiaries directly or indirectly controlled by the business entity; or any political organization organized under section 527 of the Internal Revenue Code that is directly or indirectly controlled by the business entity, other than a candidate committee, election fund, or political party committee, shall be deemed to be a contribution by the business entity.

As used in this section:

"Business entity" means a natural or legal person, business corporation, professional services corporation, limited liability company, partnership, limited partnership, business trust, association or any other legal commercial entity organized under the laws of this State or of any other state or foreign jurisdiction; and

"Interest" means the ownership or control of more than 10% of the profits or assets of a business entity or 10% of the stock in the case of a business entity that is a corporation for profit, as appropriate.

e. Any business entity that fails to comply with the provisions of this section shall be subject to a fine imposed by the New Jersey Election Law Enforcement Commission in an amount to be determined by the commission which may be based upon the amount that the business entity failed to report.

4. This act shall take effect immediately.

*Note: Bold italicized statutory references of new sections are anticipated and not final as of the time this document was prepared. Statutory compilations of N.J.S.A. 18A:18A-51 is anticipated to show a reference to N.J.S.A. 40:11-51 and to N.J.S.A. 52:34-25.

To be completed and signed below.

Return with bid.

STATEMENT OF OWNERSHIP DISCLOSURE

N.J.S.A. 52:25-24.2 (P.L. 1977, c.33, as amended by P.L. 2016, c.43)

This statement shall be completed, certified to, and included with all bid and proposal submissions. Failure to submit the required information is cause for automatic rejection of the bid or proposal.

Name of Organization: Husqvarna Professional Products Inc.

Organization Address: 9335 Harris Corners Parkway, Suite 500

City, State, ZIP: Charlotte, NC, 28269

Part I Check the box that represents the type of business organization:

- ☐ Sole Proprietorship (skip Parts II and III, execute certification in Part IV)
- ☐ Non-Profit Corporation (skip Parts II and III, execute certification in Part IV)
- ☒ For-Profit Corporation (any type) ☐ Limited Liability Company (LLC)
- ☐ Partnership ☐ Limited Partnership ☐ Limited Liability Partnership (LLP)

Other (be specific): _____ **Part II Check**

the appropriate box

- ☒ The list below contains the names and addresses of all stockholders in the corporation who own 10 percent or more of its stock, of any class, or of all individual partners in the partnership who own a 10 percent or greater interest therein, or of all members in the limited liability company who own a 10 percent or greater interest therein, as the case may be. **(COMPLETE THE LIST BELOW IN THIS SECTION)**

OR

- ☐ No one stockholder in the corporation owns 10 percent or more of its stock, of any class, or no individual partner in the partnership owns a 10 percent or greater interest therein, or no member in the limited liability company owns a 10 percent or greater interest therein, as the case may be. **(SKIP TO PART IV)**

(Please attach additional sheets if more space is needed):

Name of Individual or Business Entity	Home Address (for Individuals) or Business Address
Husqvarna U.S. Holding, Inc.	9335 Harris Corners Parkway, Suite 500, Charlotte, NC 28269
Husqvarna AB	561 82 Huskvarna, Sweden

- Husqvarna U.S. Holding, Inc. wholly owns Husqvarna Professional Products Inc.
- Husqvarna AB (Husqvarna U.S. Holding, Inc. is a wholly owned subsidiary of this entity.)

Part III DISCLOSURE OF 10% OR GREATER OWNERSHIP IN THE STOCKHOLDERS, PARTNERS OR LLC MEMBERS LISTED IN PART II

If a bidder has a direct or indirect parent entity which is publicly traded, and any person holds a 10 percent or greater beneficial interest in the publicly traded parent entity as of the last annual federal Security and Exchange Commission (SEC) or foreign equivalent filing, ownership disclosure can be met by providing links to the website(s) containing the last annual filing(s) with the federal Securities and Exchange Commission (or foreign equivalent) that contain the name and address of each person holding a 10% or greater beneficial interest in the publicly traded parent entity, along with the relevant page numbers of the filing(s) that contain the information on each such person. **Attach additional sheets if more space is needed.**

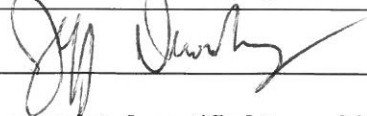
Website (URL) containing the last annual SEC (or foreign equivalent) filing	Page #'s
<u>www.hvsvarna.group.com/en/node/4227</u>	

Please list the names and addresses of each stockholder, partner or member owning a 10 percent or greater interest in any corresponding corporation, partnership and/or limited liability company (LLC) listed in Part II **other than for any publicly traded parent entities referenced above**. The disclosure shall be continued until names and addresses of every non-corporate stockholder, and individual partner, and member exceeding the 10 percent ownership criteria established pursuant to N.J.S.A. 52:25-24.2 has been listed. **Attach additional sheets if more space is needed.**

Stockholder/Partner/Member and Corresponding Entity Listed in Part II	Home Address (for Individuals) or Business Address

Part IV Certification

I, being duly sworn upon my oath, hereby represent that the foregoing information and any attachments thereto to the best of my knowledge are true and complete. I acknowledge: that I am authorized to execute this certification on behalf of the bidder/proposer; that the **ESCNJ** is relying on the information contained herein and that I am under a continuing obligation from the date of this certification through the completion of any contracts with the **ESCNJ** to notify the **ESCNJ** in writing of any changes to the information contained herein; that I am aware that it is a criminal offense to make a false statement or misrepresentation in this certification, and if I do so, I am subject to criminal prosecution under the law and that it will constitute a material breach of my agreement(s) with the, permitting the **ESCNJ** to declare any contract(s) resulting from this certification void and unenforceable.

Full Name (Print):	<u>Jeff Dewosky</u>	Title:	<u>VP sales</u>
Signature:		Date:	<u>9-18-19</u>

This statement shall be completed, certified to, and included with all bid and proposal submissions. Failure to submit the required information is cause for automatic rejection of the bid or proposal.

To be completed and signed below. Return with bid.

Statement of Suspension or Debarment

STATE OF NEW JERSEY/ North Carolina
Specify, of other

COUNTY OF Mecklenburg

I, Jeff Dewosky of the (City, Town, Borough)
of Charlotte State of North Carolina of full age,

being duly sworn according to law on my oath depose and say that:

I am Vice President of the firm
of Husqvarna Professional Products Inc. the Bidder

making the Proposal for the above named projects, and that I executed the said Proposal with full authority to do so; that said Bidder is not at the time of the making this bid included on the New Jersey State Treasurer's or the Federal Government's List of Debarred, Suspended or Disqualified Bidders as a result of action taken by any State or Federal Agency.

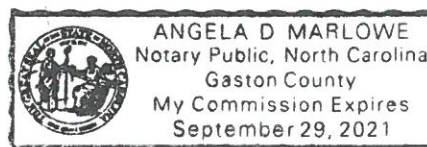
Name of Contractor: Husqvarna Professional Products Inc.
(Company Name)

By: [Signature]
(Signature of authorized representative)

Subscribed and sworn to before me

This 12th day of September, 20 19.

[Signature]
(Seal) Notary Public of New Jersey/
Specify Other State



My Commission expires 9/29 20 21.

To be completed and signed below. Return with bid.

STATE OF NEW JERSEY – DIVISION OF PURCHASE AND PROPERTY
DISCLOSURE OF INVESTMENT ACTIVITIES IN IRAN

Quote Number: _____

Bidder/Officer: _____

PART 1: CERTIFICATION

BIDDERS MUST COMPLETE PART 1 BY CHECKING EITHER BOX.

FAILURE TO CHECK ONE OF THE BOXES WILL RENDER THE PROPOSAL NON-RESPONSIVE.

Pursuant to Public Law 2012, c. 25, any person or entity that submits a bid or proposal or otherwise proposes to enter into or renew a contract must complete the certification below to attest, under penalty of perjury, that neither the person or entity, nor any of its parents, subsidiaries, or affiliates, is identified on the Department of Treasury's Chapter 25 list as a person or entity engaging in investment activities in Iran. The Chapter 25 list is found on the Division's website at <http://www.state.nj.us/treasury/purchasing/Chapter25List.pdf>. Bidders must review this list prior to completing the below certification. Failure to complete the certification will render a bidder's proposal non-responsive. If the Director finds a person or entity to be in violation of law, s/he shall take action as may be appropriate and provided by law, rule or contract, including but not limited to, imposing sanctions, seeking compliance, recovering damages, declaring the party in default and seeking debarment or suspension of the party.

PLEASE CHECK THE APPROPRIATE BOX:

☒ I certify, pursuant to Public Law 2012, c. 25, that neither the bidder listed above nor any of the bidder's parents, subsidiaries, or affiliates is listed on the N.J. Department of the Treasury's list of entities determined to be engaged in prohibited activities in Iran pursuant to P.L. 2012, c. 25 ("Chapter 25 List"). I further certify that I am the person listed above, or I am an officer or representative of the entity listed above and am authorized to make this certification on its behalf. I will skip Part 2 and sign and complete the Certification below.

OR

☐ I am unable to certify as above because the bidder and/or one or more of its parents, subsidiaries, or affiliates is listed on the Department's Chapter 25 list. I will provide a detailed, accurate and precise description of the activities in Part 2 below and sign and complete the Certification below. Failure to provide such will result in the proposal being rendered as non-responsive and appropriate penalties, fines and/or sanctions will be assessed as provided by law.

PART 2: PLEASE PROVIDE FURTHER INFORMATION RELATED TO INVESTMENT ACTIVITIES IN IRAN

You must provide a detailed, accurate and precise description of the activities of the bidding person/entity, or one of its parents, subsidiaries or affiliates, engaging in the investment activities in Iran outlined above by completing the boxes below.

EACH BOX WILL PROMPT YOU TO PROVIDE INFORMATION RELATIVE TO THE ABOVE QUESTIONS. PLEASE PROVIDE THOROUGH ANSWERS TO EACH QUESTION. IF YOU NEED TO MAKE ADDITIONAL ENTRIES, CLICK THE "ADD AN ADDITIONAL ACTIVITIES ENTRY" BUTTON.

Name _____	Relationship to Bidder/Officer _____	Delete
Description of Activities _____		
Duration of Engagement _____ Anticipated Cessation Date _____		
Bidder/Officer Contact Name _____ Contact Phone Number _____		

ADD AN ADDITIONAL ACTIVITIES ENTRY

Certification: I, being duly sworn upon my oath, hereby represent that the foregoing information and any attachments thereto to the best of my knowledge are true and complete. I acknowledge that I am authorized to execute this certification on behalf of the bidder, that the State of New Jersey is relying on the information contained herein and that I am under a continuing obligation from the date of this certification through the completion of any contracts with the State to notify the State in writing of any changes to the information contained herein that I am aware that it is a criminal offense to make a false statement or misrepresentation in this certification, and if I do so, I am subject to criminal prosecution under the law and that it will constitute a material breach of any agreement(s) with the State, permitting the State to declare any contract(s) resulting from this certification void and unenforceable.

Full Name (Print): Jeff Dewosky

Signature: _____

Do Not Enter PIN as a Signature

Title: Vice President Sales

Date: _____

9-12-19

To be completed and signed below.

Return with Bid

Prevailing Wages Certification

It is the determination of the ESCNJ that this is a public works project that in total will exceed \$2,000.00 (two thousand dollars), therefore prevailing wages rules and regulations apply as promulgated by the New Jersey Prevailing Wage Act and in conformance with N.J.S.A. 34:11-56:25. With the laws as they apply to the public agency.

CERTIFICATION

1. I certify that our company understands that this project of the ESCNJ requires prevailing wages to be paid in full accordance with the law.
2. I further certify that all subcontractors named in this bid understand that this project requires the subcontractor to pay prevailing wages in full accordance with the law.

NOTIFICATION OF VIOLATIONS – New Jersey Department of Labor

Has the Bidder or any person having an "interest" with the Bidder, been notified by the New Jersey Department of Labor by notice issued pursuant to N.J.S.A. 34:11-56:37 that he/she has been in violation for failure to pay prevailing wages as required by the New Jersey Prevailing Wage Act within the last five (5) years?

*Yes _____ No X

*If yes, please attach a signed document explaining any/or all administrative proceedings with the NJDOL within the last five (5) years.

Please include any pending administrative proceedings with the NJDOL, if any.

Name of Company Husvarna Professional Products Inc.

Authorized Agent Jeff Dewosky

Authorized Signature 

Contractor's Registration Evidence

Certificate Number
629534

Registration Date: 03/13/2016
Expiration Date: 03/12/2018



State of New Jersey

Department of Labor and Workforce Development
Division of Wage and Hour Compliance

Public Works Contractor Registration Act

Pursuant to N.J.S.A. 34:11-56.48, et seq. of the Public Works Contractor Registration Act, this certificate of registration is issued for purposes of bidding on any contract for public work or for engaging in the performance of any public work to:

Bag Mechanical Inc.
2016

Responsible Representative(s):
Henry S. Stronski Jr., CEO

Harold J. Wirths

Harold J. Wirths, Commissioner
Department of Labor and Workforce Development

NON TRANSFERABLE

This certificate may not be transferred or assigned
and may be revoked for cause by the Commissioner
of Labor and Workforce Development.

To be completed and signed below. Return with bid. if bidding on installation



State of New Jersey

DEPARTMENT OF THE TREASURY
DIVISION OF PROPERTY MANAGEMENT AND CONSTRUCTION
33 W. STATE STREET
PO BOX 034
TRENTON, NEW JERSEY 08625-0034

REPLY TO:
TEL: (609) 843-3400
FAX: (609) 292-7651

**TOTAL AMOUNT OF
UNCOMPLETED CONTRACTS**

(This form is to be used with the NOTICE OF CLASSIFICATION when submitting bids to the Department of Education.)

I Certify that the amount of uncompleted work on contracts is \$ _____.

The amount claimed includes uncompleted portions of all currently held contracts from all sources (public and private) in accordance with N.J.A.C. 17:19-2.13.

I further certify that the amount of this bid proposal, including all outstanding incomplete contracts does not exceed my prequalification dollar limit.



Respectfully submitted,

By _____
Name of Firm

Signature

Title

Business Address

Phone

Sworn to and
subscribed before me
This day of
20

Notary Public

Return if Bidding on Installation

EQUIPMENT CERTIFICATION

In accordance with N.J.S.A. 18A:18A-23, I hereby certify
that _____

Name of Company

A) owns all the necessary equipment as required by the specifications and to
complete the specified public work project.

or

B) _____ leases or controls all the necessary
(*Name of Company*) equipment to complete the specified public work project.

PLEASE NOTE: If your company is not the actual owner of the equipment, **you shall submit with the bid**

1. A certificate stating the source from which the equipment will be obtained and
2. Obtain and submit with the bid a certificate from the owner and person in control of the equipment, definitely granting to the bidder the control of the equipment required during such time it may be necessary for the completion of that portion of the contract for which said equipment will be necessary.

Name of Company _____

Authorized Agent _____

Authorized Signature _____

Date _____



State of New Jersey
DEPARTMENT OF THE TREASURY
DIVISION OF PROPERTY MANAGEMENT AND CONSTRUCTION

REQUEST FOR CLASSIFICATION

ATTENTION CONTRACTOR

Enclosed is the Contractors Request for Classification Booklet (DPMC 27) which, when completed and submitted with the mandatory financial statement and other documentation provides the data required to post your firm on the active bid list for State projects described herein.

Please submit the completed application and all required documentation to this office. Upon review and approval of this application, your firm will be notified by mail of the effective and expiration dates, type of work, and rating assigned to your firm.

There is a non-refundable fee of \$100.00 which must be submitted with the application. All payments must be made on company checks (no-cash) made payable to "Treasurer, State of New Jersey". No application will be processed without the fee.

If you have any questions, please contact the Contractor Classification unit at (609) 943-3400 (and select #3) or access the DPMC web site at www.state.nj.us/treasury/dpmc/. NOTE: It is suggested that a photocopy of this completed form be retained for your records.

**ATTACHMENT B – NEW JERSEY ANTI-DISCRIMINATION PROVISIONS
N.J.S.A. 10:2-1 ET SEQ.**

Pursuant to N.J.S.A. 10:2-1, if awarded a contract, the contractor agrees that:

a. In the hiring of persons for the performance of work under this contract or any subcontract hereunder, or for the procurement, manufacture, assembling or furnishing of any such materials, equipment, supplies or services to be acquired under this contract, no contractor, nor any person acting on behalf of such contractor or subcontractor, shall, by reason of race, creed, color, national origin, ancestry, marital status, gender identity or expression, affectional or sexual orientation or sex, discriminate against any person who is qualified and available to perform the work to which the employment relates;

b. No contractor, subcontractor, nor any person on his behalf shall, in any manner, discriminate against or intimidate any employee engaged in the performance of work under this contract or any subcontract hereunder, or engaged in the procurement, manufacture, assembling or furnishing of any such materials, equipment, supplies or services to be acquired under such contract, on account of race, creed, color, national origin, ancestry, marital status, gender identity or expression, affectional or sexual orientation or sex;

c. There may be deducted from the amount payable to the contractor by the contracting public agency, under this contract, a penalty of \$50.00 for each person for each calendar day during which such person is discriminated against or intimidated in violation of the provisions of the contract; and

d. This contract may be canceled or terminated by the contracting public agency, and all money due or to become due hereunder may be forfeited, for any violation of this section of the contract occurring after notice to the contractor from the contracting public agency of any prior violation of this section of the contract. No provision in this section shall be construed to prevent a board of education from designating that a contract, subcontract or other means of procurement of goods, services, equipment or construction shall be awarded to a small business enterprise, minority business enterprise or a women's business enterprise pursuant to P.L.1985, c.490 (C.18A:18A-51 et seq.).

Company Title: Husavarna Professional Products Inc.

Representative: JEFF DEWOSKY

Signature: *Jeff Dewosky*

Date: 01/19/12



COOPERATIVE EDUCATIONAL SERVICES

There are number of levels of authority that must take action during the entire procurement process and within each of these levels there are a number of checks and balances. Therefore, CES has made the determination, as it relates to complying with the Campaign Contribution Disclosure requirement, that even though the individuals listed below do not fall within the definition “**Applicable public official**” as defined in 13-1-191.1 NMSA 1978, in order to ensure that CES is in compliance with the intent of the requirements, the following have been identified as Name(s) of Applicable Public Official(s) if any that must be identified:

<u>Position</u>	<u>Representative</u>	<u>Member</u>
President, Region I	Kirk Carpenter	Aztec Municipal Schools
President Elect, Region VI	Dwain Haynes	Eunice Municipal Schools
Past President, Region VI	T.J. Parks	Hobbs Municipal Schools
Past President	None	
Region I	Daniel Benavidez	Zuni Public Schools
Region II	Dr. Lillian Torrez	Taos Municipal Schools
Region III	Andy Ortiz	Raton Public Schools
Secretary, Region IV	Teresa Salazar	Moriarty/Edgewood Schools District
Region V	Aaron McKinney	Tucumcari Public Schools
Region VI	LeAnne Gandy	Lovington Municipal Schools
Treasurer, Region VII	Brenda Vigil	Tularosa Municipal Schools
Region VIII	Loren Cushman	Animas Public Schools
New Mexico Coalition of Charter Schools	Matt Pahl	Executive Director
New Mexico Association of Community Colleges (NMACC)	Edward Desplas	Two Year Community Colleges
New Mexico Coalition of Educational Leaders (NMCEL)	Stan Rounds	Executive Director
New Mexico School Boards Association (NMSBA)	Joe Guillen	Executive Director
New Mexico Public Education Department (NMPED)	Adan Delgado	PED
Commission of Higher Ed	Penny Garcia	ENMU

CAMPAIGN CONTRIBUTION DISCLOSURE FORM

Pursuant to the Procurement Code, Sections 13-1-28, et seq., NMSA 1978 and NMSA 1978, § 13-1-191.1 (2006), as amended by Laws of 2007, Chapter 234, any prospective contractor seeking to enter into a contract with any state agency or local public body must file this form with that state agency or local public body. This form must be filed even if the contract qualifies as a small purchase or a sole source contract. The prospective contractor must disclose whether they, a family member or a representative of the prospective contractor has made a campaign contribution to an applicable public official of the state or a local public body during the two years prior to the date on which the contractor submits a proposal or, in the case of a sole source or small purchase contract, the two years prior to the date the contractor signs the contract, if the aggregate total of contributions given by the prospective contractor, a family member or a representative of the prospective contractor to the public official exceeds two hundred and fifty dollars (\$250) over the two year period.

Furthermore, the state agency or local public body may cancel a solicitation or proposed award for a proposed contract pursuant to Section 13-1-181 NMSA 1978 or a contract that is executed may be ratified or terminated pursuant to Section 13-1-182 NMSA 1978 of the Procurement Code if: 1) a prospective contractor, a family member of the prospective contractor, or a representative of the prospective contractor gives a campaign contribution or other thing of value to an applicable public official or the applicable public official's employees during the pendency of the procurement process or 2) a prospective contractor fails to submit a fully completed disclosure statement pursuant to the law.

The state agency or local public body that procures the services or items of tangible personal property shall indicate on the form the name or names of every applicable public official, if any, for which disclosure is required by a prospective contractor.

THIS FORM MUST BE INCLUDED IN THE REQUEST FOR PROPOSALS AND MUST BE FILED BY ANY PROSPECTIVE CONTRACTOR WHETHER OR NOT THEY, THEIR FAMILY MEMBER, OR THEIR REPRESENTATIVE HAS MADE ANY CONTRIBUTIONS SUBJECT TO DISCLOSURE.

The following definitions apply:

“Applicable public official” means a person elected to an office or a person appointed to complete a term of an elected office, who has the authority to award or influence the award of the contract for which the prospective contractor is submitting a competitive sealed proposal or who has the authority to negotiate a sole source or small purchase contract that may be awarded without submission of a sealed competitive proposal.

“Campaign Contribution” means a gift, subscription, loan, advance or deposit of money or other thing of value, including the estimated value of an in-kind contribution, that is made to or received by an applicable public official or any person authorized to raise, collect or expend contributions on that official's behalf for the purpose of electing the official to statewide or local office. “Campaign Contribution” includes the payment of a debt incurred in an election campaign, but does not include the value of services provided without compensation or unreimbursed travel or other personal expenses of

individuals who volunteer a portion or all of their time on behalf of a candidate or political committee, nor does it include the administrative or solicitation expenses of a political committee that are paid by an organization that sponsors the committee.

“Family member” means spouse, father, mother, child, father-in-law, mother-in-law, daughter-in-law or son-in-law of (a) a prospective contractor, if the prospective contractor is a natural person; or (b) an owner of a prospective contractor.

“Pendency of the procurement process” means the time period commencing with the public notice of the request for proposals and ending with the award of the contract or the cancellation of the request for proposals.

“Prospective contractor” means a person or business that is subject to the competitive sealed proposal process set forth in the Procurement Code or is not required to submit a competitive sealed proposal because that person or business qualifies for a sole source or a small purchase contract.

“Representative of a prospective contractor” means an officer or director of a corporation, a member or manager of a limited liability corporation, a partner of a partnership or a trustee of a trust of the prospective contractor.

Name(s) of Applicable Public Official(s) if any: _____
(Completed by State Agency or Local Public Body)

DISCLOSURE OF CONTRIBUTIONS BY PROSPECTIVE CONTRACTOR:

Contribution Made By: N/A

Relation to Prospective Contractor: _____

Date Contribution(s) Made: _____

Amount(s) of Contribution(s) _____

Nature of Contribution(s) _____

Purpose of Contribution(s) _____

(Attach extra pages if necessary)

Signature

Date

Title (position)

--OR--

NO CONTRIBUTIONS IN THE AGGREGATE TOTAL OVER TWO HUNDRED FIFTY DOLLARS (\$250) WERE MADE to an applicable public official by me, a family member or representative.



Signature

9-12-19

Date

Vice President Sales

Title (Position)

Part D - Questionnaire

AEPA IFB 020-E

Lawn & Groundskeeping Equipment, Supplies & Services

Instructions

This questionnaire contains forms and requests for information required by AEPA for vendor evaluation for responsiveness and responsibility.

To submit the required forms, follow these steps:

1. Read the documents in their entirety.
2. Bidders must use Part D – Questionnaire to its capacity. Attached exhibits and/or supplemental information should be included only when requested (i.e. Annual Report, Marketing Plan).
3. Complete all questions.
4. Save all pages in the correct order to a single PDF format titled “**Part D – Questionnaire – Name of Bidding Company**”.
5. Submit Part D, along with other required documents in Public Purchase.

The following sections will need to be completed prior to submission and submitted as one single PDF titled “Part D – Questionnaire – Name of Bidding Company”:

[Company Information](#)

[Service Questionnaire](#)

[Exceptions](#)

[Deviations](#)

Company Information

Husqvarna is a world leader in outdoor power products for forestry, lawn and garden care. In the 325 years we have been in business, we have built a brand that is respected by professionals and homeowners alike.

We are the world's largest producer of outdoor power equipment and deliver the widest range of products in the industry – from hand-held products like chainsaws, brush cutters, leaf blowers, and trimmers to our zero turn and robotic mowers. Our professional range of lawn maintenance products are distinguished by solutions that promote productivity, safety and sustainability. High-performance battery-powered products and services such as the Husqvarna Fleet Service™ system are important elements in our commercial lawn and garden segment. We strive to be the preferred partner in the commercial lawn and garden segment, with innovative products and first-class customer service and technical support.

Tree care and forestry are the DNA of the Husqvarna brand and a core pillar of its market and technological leadership. The division continues to innovate, an example of which is the recently launched platform for professional chainsaws which includes the 572 XP® and 550 XP® Mark II models. Both are equipped with Husqvarna's own designed and manufactured saw chain, the best-in-class X-CUT, and digital solutions for the forestry user group.

We are the world leader in robotic mowers, having developed the category more than 20 years ago. Specifically, our recently launched professional robotic All Wheel Drive (AWD) lawn mower will revolutionize the market through its ability to operate on steeper slopes and rougher terrain, further cementing our position as the market and innovation leader in this important segment.

We are growing our digital services. We launched Husqvarna Connect™ to enable consumers to optimize and manage their equipment via a smart phone, and Husqvarna Fleet Services™ to help commercial customers better manage their equipment fleet.

We also offer an assortment of parts and accessories that complement our products to maximize what can be achieved when using our products.

Name of Bidding Company:	Husqvarna Professional Products Inc., a wholly-owned subsidiary of Husqvarna AB (publ), a Swedish corporation
Company Address:	9335 Harris Corners Parkway, Suite 500
City, State Zip code:	Charlotte, NC 28269
Website:	www.husqvarna.com
Contact Person:	Jake Breig
Title:	Government Sales Manager
Phone:	704-340-7367
Email:	Jake.Breig@husqvarnagroup.com

Background

Note: Generally, AEPA will not accept an offer from a business that is less than five (5) years old or, which fails to demonstrate and/or establish a proven record of business. If the bidder has recently purchased an established

This business is a:	<u> X </u> public company	<u> </u> privately owned company
In what year was this business started under its present name?	1689 (Husqvarna AB); 2007 (Husqvarna Professional Products, Inc.)	
Under what additional, or, former name(s) has your business operated?	Husqvarna has been doing business in the US commercial lawn and garden space for over 25 years	

Is this business a corporation?	<u>No</u>	<u>X</u>	Yes. If yes, complete the following:
Date of Incorporation:	12/12/2007		
State of Incorporation:	Delaware		
Name of President:	Earl Bennett		
Name(s) of Vice President(s):	Jill Jacobson (VP, GC & Secretary), Robert Tesch (CFO, VP & Treasurer)		
Name of Treasurer:	Robert Tesch (CFO, VP & Treasurer)		
Name of Secretary:	Jill Jacobson (VP, GC & Secretary)		

Is this business a partnership? X No Yes. If yes, complete the following:

Date of Partnership: _____

State Founded: _____

Type of Partnership, if applicable: _____

Name(s) of General Partner(s): _____

Is this business individually owned? X No Yes. If yes, complete the following:
 Date of Purchase: _____
 State Founded: _____
 Name of Owner/Operator: _____

Is this business different from those identified above? x No Yes
If yes, describe the company's format, year and state of origin and names and titles of the principles below.

Is this business women owned?	X	No	Yes
-------------------------------	---	----	-----

Is this business minority owned?	X	No	Yes
---	----------	-----------	------------

Does this business have an Affirmative Action Plan/Statement?	No	X	Yes
--	-----------	----------	------------

The Husqvarna Group provides equal employment opportunities to all individuals without regard to gender, race, religion, age, disability, sexual orientation, gender identity or expression, nationality, social or ethnic origin, citizenship, union affiliation, political opinions or any other characteristics protected by applicable law.

Business Address	9335 Harris Corners Parkway, Suite 500
City, State Zip code	Charlotte, NC 28269
Phone	704-597-5000
How long at this address?	Since 2009

Branch Address	See response below regarding Service/Support and Distribution Centers.
City, State Zip code	
Branch Address	
City, State Zip code	

Branch Address
City, State Zip code
Branch Address
City, State Zip code

**If more branch locations exist, insert information here or add another sheet with the above information.*

Sales History

Provide your business's annual sales for 2017, 2018, and 2019 YTD in the United States by the various public segments.

	2017	2018	2019 YTD
K-12 (public & private), Educational Service Agencies	\$278,811	\$295,945	\$134,391
Higher Education Institutions	\$39,993	\$78,419	\$18,901
Counties, Cities, Townships, Villages	\$1.2M	\$6.6M	\$919,220
States	\$2.7M	\$1.5M	\$1.86M
Other Public Sector & Non-profits	\$221,274	\$538,252	\$131,327
Private Sector	> \$1B	> \$1B	> \$1B
Total	> \$1B	> \$1B	> \$1B

Work Force

Key Contacts and Providers: Provide a list of the individuals, titles, and contact information for the individuals who will provide the following services on a national and/or local basis:

Function	Name	Title	Phone	Email
Contract Manager	Michelle Miller	Paralegal	704-921-7113	Michelle.e.miller@husqvarnagroup.com
Sales Manager	Jake Breig	Government Sales Manager	704-340-7367	jake.breig@husqvarnagroup.com
Customer & Support Manager	Freda Smith	Sup. Customer Care & Service	704-921-6971	Freda.Smith@husqvarnagroup.com
Distributors, Dealers, Installers, Sales Reps	Husqvarna currently has over 5,000 authorized dealers across all 50 States. At this time, Husqvarna considers a listing of all of our authorized dealers to be of significant value for our competitors, and we would consider such a list to be highly confidential. To get an idea of our dealer coverage, we have provided a listing of our Husqvarna dealers in the Michigan area. For additional information regarding our dealer coverage, please refer to Husqvarna.com and utilize the 'Where to Buy' function, or we can disclose such list via a separate confidential disclosure.			
Consultants & Trainers	Joyce Kara	Mgr, Commercialization		joyce.kara@husqvarnagroup.com
Technical, Maintenance & Support Services	Michael Ballou	Sr Manager, Customer Care and Service Center	980-250-0530	Michael.ballou@husqvarnagroup.com
Quotes, Invoicing & Payments	Branda Black	Manager, A/R	704-921-6988	Brenda.black@husqvarnagroup.com
Warranty & After the Sale	Servicing dealers who are capable of providing warranty work can be found on Husqvarna.com using the 'Where to Buy' function.			
Financial Manager	Vic Stramenga	Director, Finance	704-921-7148	Victor.stramenga@husqvarnagroup.com

Sales Force: Provide total number and location of salespersons employed by your business in the United States by completing the following: *(To insert more rows, hit the tab key from the last field in the State column.)*

Number of Sales Reps	City	State
11	Charlotte	North Carolina

67	Multiple Locations	Multiple Locations across US

Service/Support and Distribution Centers: Provide the type (service/support or distribution) and location of centers that support the United States by completing the following: *(To insert more rows, hit the tab key from the last field in the State column.)*

Center Type	City	State
Distribution	Charlotte	NC
Distribution	Nashville	AR
Distribution	Shreveport	LA
Distribution	Reno	NV
Distribution	Troy	NY
Distribution	Groveport	OH
Distribution	Dallas	TX
Distribution	Orangeburg	SC
Distribution	Swainsboro	GA
Distribution	West Columbia	SC
Distribution	Blythewood	SC

Marketing

Key Marketing Contact(s): List the name(s), title(s) and contact information of the business's key national and regional marketing office(s). *(To insert more rows, hit the tab key from the last field in the Email column.)*

Name	Title	Phone	Email
Scott Sittler	Marketing Manager	704-921-7128	Scott.sittler@husqvarnagroup.com
Michelle Sordi	VP, Marketing	704-921-6920	Michelle.sordi@husqvarnagroup.com

Marketing Activities: Describe how this business marketed its products and services to schools, nonprofit organizations and other public sector audiences in Fiscal Year 2018– 2019 (July 1 – June 30). List all conventions, conferences and other events at which this company exhibited.

Husqvarna has obtained supply agreements with states via its dealer network. Husqvarna also partners with Earle Kinlaw & Associates, Inc., to market our products/services to federal agencies and said partner annually attends conventions and conferences.

Cooperative Marketing: Describe ways in which this business can collaborate with AEPA Member Agencies in marketing the bid. Submit a marketing plan, titled Exhibit B – Marketing Plan, that would entail at a minimum, the following with their response: process on how the contract will be launched to current and potential agencies, the ability to produce and maintain in full color print advertisements in camera-ready electronic format, including company logos and contact information, anticipated contract announcements, planned advertisements, industry periodicals, other direct or indirect marketing activities promoting the AEPA awarded contract, and how the contract award will be displayed/linked on the Bidder's website.

Please see attached Exhibit B – Husqvarna's Marketing Plan.

Sales Training: Explain how your business will educate your salesforce staff on the AEPA contract including timing, methods, etc.

Husqvarna's salesforce is primarily made up of two segments, which include our territory managers and dealers' sales teams. In order to provide updates and educate the dealers' sales teams, Husqvarna has several forms of media with which we communicate : First, Husqvarna has a Dealer-exclusive portal (Power) that allows dealers to learn about promotions, train on products, and download media/flyers to help drive sales volume. Secondly, Husqvarna hosts regularly scheduled sales calls with our internal staff and dealers' staff to provide updates on new initiatives within the business. Third, Husqvarna regularly sends email communications to our dealer network to provide updates on programs and new activities within the organization. Lastly, each quarter Husqvarna sends print and mailed newsletters to each of our dealers to provide updates on the business. Through each of these communications, Husqvarna would use the opportunity to communicate and train our salesforce on the AEPA contract, upon award.

Environmental Initiatives

Describe how your products and/or services support environmental goals.

1. Husqvarna, between 2015 – 2018, has reduced the carbon footprint of our products by 10% through product efficiency and a broader offering of electric products.
 - a. Specifically, Husqvarna has introduced a line of battery operated Robotic mowers, chainsaws, string trimmers, leaf blowers, pole saws, and hedge trimmers to help this effort.
2. With the Husqvarna Carbon Footprint Calculator, professional landscapers can better understand the CO2 impact of their machine fleet. Via machine sensors and build-in connectivity, the new tool is part of Husqvarna Fleet Services™. It collects data from the machine fleet, tracks equipment performance and identifies ways to improve productivity. The carbon footprint is broken down into application area, product category, engine type and location.
3. Through a pilot program in 2019, we are testing a returnable steel crate for our zero-turn radius (ZTR) ride-on lawn mowers. Two ZTR models available to American and Canadian dealerships will be involved in the pilot. Products will be shipped to the dealers in collapsible crates. They are returned to a refurbishment center where they are repaired and made available for new shipments from our factory in Orangeburg, S.C, USA. The time and effort taken to unload the product is significantly less and the dealer no longer has to dispose of the wood or corrugated packaging. In addition, the solution delivers tangible safety, productivity and shop-floor cleanliness gains.

Describe the business's "green" objectives (i.e. LEED, reducing footprint, etc.).

Information regarding Husqvarna's "green" objectives can be found within our Sustainability Report at <http://www.husqvarnagroup.com/en/sustainability-report>. Below are some highlights that demonstrate Husqvarna's green initiatives.

1. Husqvarna has increased its use of renewable electricity in manufacturing to 86% in 2018 making significant progress towards achieving our 90% target in 2020. One example is the installation of solar panels at our Nashville, AR facility which operates using 25% of its electricity from renewable resources.
2. Husqvarna helps cities achieve their sustainability objectives by cooperating with municipalities on a variety of projects such as the annual Husqvarna Silent City conference that has become an important event to promote green landscaping and to develop more sustainable solutions for professional green space maintenance.
3. Husqvarna plans to exit some low-margin petrol-powered products segments in North America.
4. Husqvarna periodically performs life-cycle assessments on key products.

5. Husqvarna Group has been included in the FTSE4Good Global index and in FTSE4Good Europe Index since 2006. FTSE confirms that Husqvarna Group has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Companies in the FTSE4Good Index Series have met stringent environmental, social and governance criteria, and are positioned to capitalize on the benefits of responsible business practice.

6. Husqvarna Group has been part of the STOXX® Global ESG Leaders indices since 2014. The STOXX Global ESG Leaders index offers a representation of the leading global companies in terms of environmental, social and governance criteria. STOXX is owned by Deutsche Börse Group and SIX Group.

Independent Subcontractors, Distributors, Installers, etc.

If the Bidder is not the sole provider of all goods and services provided under this contract, the following **must be answered**:

Selection Criteria for Independent Providers: Describe the criteria and process by which the business selects, certifies and approves subcontractors, distributors, installers and other independent services.

Husqvarna selects and maintains partnerships with authorized dealers who are able to satisfy the following qualities.

1. Maintain an inventory of products satisfactory to Husqvarna.
2. Employ sales and service personnel who have attended and completed Husqvarna's training programs for sales and service of products.
3. Within (5) business days after delivery of a product, dealer shall complete warranty registration.
4. Maintain an adequate stock of parts for prompt service and repair of products, and only use parts authorized by Husqvarna for warranty repairs.
5. Maintain a service facility with equipment and tools adequate for effective service and repair of products.
6. Provide operating and safety instructions to purchasers at time of sale.
7. Assemble and test each product before delivery to a customer.

Additionally, Husqvarna verifies our dealer's credit prior to engaging in a partnership.

Current Subcontractors, Distributors, Installers, etc.: Provide a list of current subcontractors, distributors, installers and other independent service providers who are contracted to perform the type of work outlined in this bid in the member agency states (listed in Part A of this IFB). Include, if applicable, contractor license or certificate information and the state(s) wherein they are eligible to provide services on behalf of the business.

Attached is a listing of Husqvarna Dealer's located in the State of Michigan for review. Husqvarna maintains dealer coverage across the United States. As for our other dealers in the US, there is dealer locator information on our website but we consider a complete list of such information to be a trade secret. As a result, Husqvarna can provide a complete list of all of our dealers in the US and their contact information via a separate confidential disclosure upon request.

Disclosures

Line of Credit Letter or Annual Financial Report (REQUIRED): Attach a letter from the business's chief financial institution indicating the current line of credit available to the business and evidence of financial stability for the past three calendar years (2016, 2017 and 2018). This letter should state the line of credit as a range (i.e. "credit in the low six figures" or "a credit line exceeding five figures"). If company is a publicly traded company a complete Annual Financial Report is required in place of Line of Credit Letter.

Alternatively, Bidders may choose to send the Letter of Line of Credit and/or Annual Report by email directly to the AEPA Executive Director, George Wilson, at georgewilson.aepa@outlook.com. The Letter of Line of Credit and/or Annual Report must be received by the Executive Director before the due date and time of the bid opening.

Legal: Does this business have actions currently filed against it? _____ No _____ X Yes

If Yes, **AN ATTACHMENT IS REQUIRED**: List and explain current actions, such as, Federal Debarment (on US General Services Administration's "Excluded Parties List"), appearance on any state or federal delinquent taxpayer list, or claims filed against the retainage and/or payment bond for projects.

Husqvarna is not involved in any federal debarments, on any state or federal delinquent taxpayer lists or defending claims filed against the retainage and/or payment bond for projects. Husqvarna is involved in legal actions and claims arising in the ordinary course of business, with some legal actions and claims being defended by our insurance carriers and in other instances, we are defending ourselves via outside counsel. We currently believe that each such actions and claims will be resolved without a material effect on our financial condition or business operations.

References

Provide contact information of your business's five largest public agency customers:

Agency	Name	Title	Phone Number	Email
1. South Carolina Department of Transportation	Tracey Henderson	Kershaw Maintenance	803-432-4358	herdersoTM@SCDOT.ORG
2. Amador Ranger District	Jeff Griffin	Forestry Tech	209-295-5950	jgriffin@fs.fed.us
3. Dept. of the Interior	Chris Rodriguez	Buyer	415-388-3267	Chris_rodriguez@nps.gov
4. Dept. of Agriculture	Nina Donley	Forest Service Buyer	850-926-3561	ndonley@fs.fed.us
5. Onondaga County, NY	Jim Cerio	Director of Building Maintenance and Operations	315-435-3451	jamescerio@ongov.net

Service Questionnaire

The following chart indicates which AEPA Member States intend to participate in this bid category. Respond to Yes/No and choice questions by using an (X). **Note: A Bidder must be willing and able to deliver the proposed products and/or services to 90% of the participating AEPA Member States, unless otherwise stated within Part B Technical Specifications.**

AEPA Member States	Participating in this bid category?	Has the bidding company sold products/services in these states for the past three (3) years? (Yes or No)	If awarded, which states does the bidding company propose to sell in? (Place an X where applicable)	Indicate which states the bidding company has sales reps, distributors or dealers in. (Place an X where applicable)
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California	Yes	<u>Yes</u>	<u>X</u>	<u>X</u>
Colorado	Yes	<u>Yes</u>	<u>X</u>	<u>X</u>
Connecticut	Yes	<u>Yes</u>	<u>X</u>	<u>X</u>
Florida	Yes	<u>Yes</u>	<u>X</u>	<u>X</u>
Georgia	Yes	<u>Yes</u>	<u>X</u>	<u>X</u>
Illinois	No	<u>Yes</u>	<u>X</u>	<u>X</u>
Indiana	Yes	<u>Yes</u>	<u>X</u>	<u>X</u>
Iowa	Yes	<u>Yes</u>	<u>X</u>	<u>X</u>
Kansas	Yes	<u>Yes</u>	<u>X</u>	<u>X</u>
Kentucky	Yes	<u>Yes</u>	<u>X</u>	<u>X</u>
Massachusetts	Yes	<u>Yes</u>	<u>X</u>	<u>X</u>
Michigan	Yes	<u>Yes</u>	<u>X</u>	<u>X</u>
Minnesota	Yes	<u>Yes</u>	<u>X</u>	<u>X</u>
Missouri	Yes	<u>Yes</u>	<u>X</u>	<u>X</u>
Montana	Yes	<u>Yes</u>	<u>X</u>	<u>X</u>
Nebraska	Yes	<u>Yes</u>	<u>X</u>	<u>X</u>
New Jersey	Yes	<u>Yes</u>	<u>X</u>	<u>X</u>
New Mexico	Yes	<u>Yes</u>	<u>X</u>	<u>X</u>
North Dakota	Yes	<u>Yes</u>	<u>X</u>	<u>X</u>
Ohio	Yes	<u>Yes</u>	<u>X</u>	<u>X</u>
Oregon	Yes	<u>Yes</u>	<u>X</u>	<u>X</u>
Pennsylvania	Yes	<u>Yes</u>	<u>X</u>	<u>X</u>
Texas	Yes	<u>Yes</u>	<u>X</u>	<u>X</u>
Virginia	Yes	<u>Yes</u>	<u>X</u>	<u>X</u>
Washington	Yes	<u>Yes</u>	<u>X</u>	<u>X</u>
West Virginia	Yes	<u>Yes</u>	<u>X</u>	<u>X</u>
Wisconsin	Yes	<u>Yes</u>	<u>X</u>	<u>X</u>
Wyoming	Yes	<u>Yes</u>	<u>X</u>	<u>X</u>

e-Commerce: Does this business have an e-commerce website? _____ **No** _____ **X** _____ **Yes**

If YES, what is the website?

www.husqvarna.com

Customer and Support Service: It is understood depending on the type, kind and level of products and/or services being proposed in response to this bid will impact and determine the type and level of services required and these are identified in Part B Bid Specifications of this IFB.

Does this business have online customer support options? _____ **No** _____ **X** _____ **Yes**

Does this business have a toll-free customers support phone option? _____ **No** _____ **X** _____ **Yes**

Does this business offer local customer and support service options? _____ **No** _____ **X** _____ **Yes**

Training: If applicable, does this business offer customer training for the products and services sold? _____ **No** _____ **X** _____ **Yes**

If YES, describe what types/kinds of training you offer, the venues where training occurs and the location(s) of your trainers, include number of staff dedicated to training and their qualifications and hours of operation.

- a. In order to educate and train staff on equipment purchased, Husqvarna will utilize our authorized dealer network as the front line for education and training. Our dealers have been trained on Husqvarna products by our territory managers and product training specialists.
- b. Husqvarna provides different training platforms in order to ensure our dealers have the skills needed to train and service end users. Two of these platforms include:
 1. Certified Technician Training Programs – Each year, Husqvarna’s Technical Training team holds 47 training seminars across the United States for our authorized dealer’s technicians. Upon completion of the training sessions, the dealer’s technicians receive certification for the coursework covered. The technical trainings are used to continue to develop our dealers in order to proactively solve end user’s issues and prevent future issues from occurring.
 2. Husqvarna University – Husqvarna offers an online training program called “Husqvarna University” to all of our dealers and retailers. The platform allows employees within our distribution network to learn and train on Husqvarna product.
- c. Husqvarna also maintains a bilingual YouTube channel that includes a How-To video series. These 15-20 minute videos teach and train users how-to start and operate Husqvarna commercial equipment.
 1. In order to access the YouTube Channel, please visit the following web address <https://www.youtube.com/user/HusqvarnaUSA>

Pricing:

Is your pricing methodology guaranteed for the term of the contract?	<u> </u> No	<u> X </u> Yes
Will you offer customized price lists to participating entities as required per the pricing terms of Part A?	<u> </u> No	<u> </u> Yes
Will you offer hot list pricing (optional) as described in the pricing terms of Part A?	<u> </u> No	<u> X </u> Yes
Will you offer volume price discounts as described in the pricing terms of Part A?	<u> </u> No	<u> X </u> Yes

Competitiveness: In order for your bid to be considered, your company must offer AEPA prices that are equal to or lower than those normally offered to individual entities or cooperatives with equal or lower volume.

Is the pricing that is proposed to AEPA equal to or lower than pricing your company offers to individual entities or cooperatives with equal to or lower volume?	<u> </u> No	<u> </u> Yes
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Indicate which of the following apply and the **level of competitive range** you are offering in response to this IFB.

 X Pricing offered to AEPA is EQUAL TO pricing offered to individual customer and/or cooperatives.

 Pricing is LESS THAN individual customer and/or cooperatives. Lower by %

Cooperative Contracts: Does your business currently have contracts with other cooperatives (local, regional, state, national)? **No** X **Yes**

If YES, identify which cooperative and the respective expiration date(s).

Husqvarna currently holds two state term contracts with the State of South Carolina (Expires May 31st 2023) and the State of North Carolina (Expires August 31st 2020).

If YES, and your business is awarded an AEPA contract, explain which contract your business will lead with in marketing and sales representative presentations (sales calls)?

Because of the coverage of the AEPA contract (28 States, which do not include SC and NC), we will train our sales representatives and dealerships within the 28 states named in the IFB materials to lead with the AEPA Contract. From a marketing standpoint, Husqvarna will create media in partnership with AEPA to help promote use of the contract. Lastly, If Husqvarna is awarded the contract, we will have inside sales resources to begin calling on schools and agencies within the contract territory to promote usage of the contract.

Administrative Fee: Which of the following best reflects how your pricing includes the individual AEPA Members' administrative fee. Mark with an "X".

X	The pricing for the products and/or services are the same for each AEPA Member Agency, shipping, handling, administrative fee and other specific state costs are added to arrive at total price offered to the Individual AEPA Member Agency.
	The pricing for the products and/or services is inclusive of the administrative fee and therefore the pricing is the same for all AEPA Member Agencies. Shipping, handling and other state specific costs are added to the adjusted AEPA Member Agency's price.
	The pricing for the products and/or services includes ALL (shipping, handling, administrative fee, other) costs to arrive at a single price for all AEPA Member Agencies.

Shipping & Handling: Orders that are \$50.00 or more shall include shipping and handling. What is the flat rate your company will charge, regardless of where shipped in the continental United States, for orders less than \$50.00?	\$ N/A
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Because of the nature and costs of our products, it is unlikely that Husqvarna will receive an order for less than \$50. Parts, accessories, and service, along with shipping/handling charges, will be quoted through our servicing dealers located across the United States.

Product Returns: Does your business have a return policy? _____ **No** _____ **X** **Yes**

If YES, describe your return policy and if you charge a restocking fee, what is it? (AEPA allows up to 15% for supplies and up to 25% for equipment).

Please see "How to Obtain Service" and "Returns" within our Warranty Statement attached

Payment Terms: Will your business offer AEPA buyer's a quick pay discount?

_____ **X** **No** _____ **Yes**

If YES, what is the discount? _____ %Net

Leasing: Does your business offer leasing arrangements under this bid? _____ **X** **No** _____ **Yes**

If Yes, please indicate the rate factor and other cost factors below.

If an AEPA contract is approved and awarded by the Member Agencies, as a Vendor Partner, I agree to:

Responsibilities of an AEPA Vendor Partner	Yes, indicate with an "X"	No, indicate with an "X"
1. Designate and assign a dedicated senior-level contract manager (one authorized to make decisions) to each of the Member Agency accounts. This employee will have a complete copy and must have working knowledge of the AEPA contract.	X	
2. Train and educate sales staff on what the AEPA contract is: including pricing, who can order from the contract (by state), terms/conditions of the contract, and the respective ordering procedures for each state. It is expected that Vendor Partners will lead with AEPA contracts.	X	
3. Develop a marketing plan to support the AEPA contract in collaboration with respective AEPA Member Agencies. The marketing plan should include, but not be limited to, a website presence, electronic mailings, sales flyers, brochures, mailings, catalogs, etc.	X	
4. Create an AEPA-specific sell sheet with a space to add a Member Agency logo and contact information for use by the Member Agencies and the Vendor Partner's local sales representatives to market within each state.	X	
5. On a quarterly basis, complete the sales and administrative fee report (see attached PDF example) and submit to each Member Agency along with the respective administrative fees to be paid. If there are no sales, the Vendor Partner is required to submit a \$0 report to the AEPA Member Agency.	X	
6. Have ongoing communication with the Bid Oversight Chairperson, AEPA Member Agencies and the Member Agencies Participating Entities.	X	
7. Attend two (2) AEPA meetings each year (see Part A)	X	
8. Participate in national and local conference trade shows to promote the AEPA contracts including, but not limited to the Association of School Business Officials (ASBO), the National Institute of Governmental Purchasing (NIGP), and the National Association of Educational Procurement (NAEP).	X	
9. Increase sales over the term of the contract with all participating AEPA Member Agencies.	X	

Deviations

Definition: Deviations can be defined as a major variance, change, or substitution submitted by a Bidder, which deviates from, adds extraneous terms to, conflicts with or offers an alternative to any term, condition, specification or requirement of this solicitation.

Instructions:

1. If “no” is marked with an “X” below, complete this form by signing it at the bottom.
2. If “yes” is marked with an “X” below, insert answers into the form shown below, providing narrative explanations of deviations. *(To insert more rows, hit the tab key from the last field in the last row and column.)*
3. If adding pages, the bidder’s name and identifying information as to which item the response refers must appear on each page.
4. Deviations to local, state or federal laws cannot be accepted under this bid.

	No , this bidder does not have deviations (exceptions or alternates) to the specifications listed in Part B of this IFB.
X	Yes , this bidder has the following deviations to the specifications listed in Part B of this IFB. See Deviations Attachment

Outline Number Part B	Specification (describe)	Details of Deviation
Part A Section V.	Audit Rights	Add at the end: “upon reasonable notice”
Part A Section V.	The title and risk of loss of material or service	Change to read as follows: “shall not pass to the Buyer purchasing the material or services until it actually receives the material or service at the point of delivery (FOB Destination) and they have been accepted (which shall occur upon expiration of a reasonable inspection period and Buyer either (1) fails to reject the product before expiration of said period or (2) Buyer uses the Product, unless otherwise provided within this document or individual project’s contract.”
Part A Section V.	Shipping Terms	6 th line, insert after “Partner”: “or one of its authorized dealers, as applicable,”
Part A Section V.	Shipping Terms	7 th line, insert after “Partner”: “, its authorized dealer,” 8 th line, change: “freight company/Vendor Partner” to “freight company, Vendor Partner or its authorized dealer”
Part A Section V.	Liquidated Damages	Replace 2 nd sentence with: “The Vendor Partner (if applicable Surety) may be liable for and shall pay to the Buyer, not as a penalty, the sums that may be hereinafter mutually agreed by the Vendor Partner and Buyer upon as liquidated damages per calendar day of delay until the work and/or delivery is determined by Buyer to be complete and/or delivered.
Part A Section V.	Indemnification	2 nd line, insert after “all”: “third party” 4 th line: Delete “or incurred by” 12 th line: Delete “sole” Add at the end: “AEPA, its Members, Participating Entities and its employees shall reasonably notify Vendor Partner of any claim

		for which it, its' employees, agents, representatives or authorized dealer and their respective employees, agents or representatives may be liable under this paragraph."
Part A Section V.	Insurance	2 nd sentence, add after "firm": "or if insured by a captive insurer, said insurer,".
Part A Section V.	Licenses and Registrations	Last sentence, insert after "will": ", upon request from individual jurisdictions,"
Part A Section V.	Special Ordering Procedures	c. insert after "Vendor Partner": "or its authorized dealer,"
Part A Section V.	Pricing	1 st paragraph, 7 th line, insert after "any": "Participating"
Part A Section V.	Quality	Change at the end to read: "and confirm to the written promises and/or oral affirmations of fact made by Vendor Partner" to "confirm to the written warranty included with this bid submittal."
Part A Section V.	Termination for Default	2 nd No. 2, insert after "another": "Participating Entity"
Part B	8.2	Vendor Partner will exercise commercially reasonable efforts to maintain a minimum monthly overall average fill rate of 95% or above.
Part B	8.6	Vendor Partner can provide a detailed list of its authorized dealers and any and all their associated costs via a separate confidential disclosure with each Buyer upon request.
Part B	Pricing	7 th line, insert after "individual": "participating"

Dealer/Retailer	Area Code	Phone Number	Street Address	City	State	Zip Code	Email Address
AGARD LAWN & GARDEN LLC	231	728-0170	150 OTTAWA	MUSKEGON	MI	49442	
BACKWOODS PRODUCTS	231	462-3934	3874 E. MANALES ROAD	FOUNTAIN	MI	49410	
DUPUIE'S SMALL ENGINE REPAIR	231	258-5771	1053 M-72 SE	KALKASKA	MI	49646	JDUPUIE@GT11.COM
EBEL'S HARDWARE INC	231	826-3333	420 PROSPER ROAD	FALMOUTH	MI	49632	EBELS@NETONECOM.NET
FAIRVIEW HARDWARE, INC.	989	848-2700	1509 NORTH ABBE ROAD	FAIRVIEW	MI	48621	DOIT@FAIRVIEWHARDWARE.COM
JARVIS SAWMILL, INC	231	861-2078	1570 SOUTH 112TH AVE.	SHELBY	MI	49455	
GLEASON SALES & SERVICE	231	745-3053	11581 NORTH WOODBRIDGE	BITELY	MI	49309	
LARK LAWN & GARDEN	231	943-4900	4037 NORTON ROAD	GRAWN	MI	49637	LARK4037@AOL.COM
MCLEAN'S PRO MART	989	348-2931	209 SOUTH JAMES	GRAYLING	MI	49738	VMCLEAN@FREEWAY.NET
ROTHBURY HARDWARE & FARM SUPPLY	231	894-8590	7612 MICHIGAN ST.	ROTHBURY	MI	49452	ROTHHDWESD@CORE.COM
SEYMOUR'S SALES & SERVICE	231	843-9157	5273 W. HESSLUND ROAD	LUDINGTON	MI	49431	SEYMOUR@T-ONE.NET
SPARR MALL	989	732-9140	4991 SPARR ROAD	GAYLORD	MI	49735	
STATE STREET HARDWARE	231	796-8122	614 N STATE ST	BIG RAPIDS	MI	49307	
GRIND-DING SHOP	989	727-3449	6050 HERRON ROAD	HERRON	MI	49744	THEGRINDINGSHOP@SPEEDNETLLC.COM
TILMANN HARDWARE, INC.	989	644-5161	1963 NORTH WINN ROAD	MT. PLEASANT	MI	48858	MARGARET_SIMMER@CMSINTER.NET
WILLARD'S EQUIPMENT	989	345-3128	255 SOUTH M-33	WEST BRANCH	MI	48661	
AREA CYCLE	989	777-0850	7482 DIXIE HWY	BRIDGEPORT	MI	48722	
PAT MEYERING	616	916-4792	7374 KENOWA AVE	BYRON CENTER	MI	49315	
MATT ORR			2000 HIGH POINT COURT	MARQUETTE	MI	49855	
UNCLAIMED FREIGHT STORE	989	893-3531	706 EAST MIDLAND	BAY CITY	MI	48706	TDODICK@AOL.COM
BALL EQUIPMENT	586	430-1252	68811 S MAIN ST	RICHMOND	MI	48062	BALLSAND@GREATLAKES.NET
REX BINDER SALES	989	673-4367	1264 E. CARO ROAD	CARO	MI	48723	
CHAIN SAW PLUS	616	534-9901	3781 28TH ST. S.W.	GRANDVILLE	MI	49418	CHAINSAWSPLUS@MCLEODUSA.COM
DENNY'S SAW CRIB	269	388-3795	646 EAST VINE STREET	KALAMAZOO	MI	49001	
J & S REPAIR	810	664-7270	2023 N LAPEER RD	LAPEER	MI	48446	
JOHN'S PLACE	586	752-5599	8175 30 MILE ROAD	WASHINGTON	MI	48095	
LARRY'S CUSTOM CYCLE	517	263-5140		ADRIAN	MI	49221	
M-C SUPPLY	269	945-2783	2310 S M37	HASTINGS	MI	49058	PARTS@MCSUPPLY.COM
MANUS POWER MOWERS	248	549-2440	30642 WOODWARD	ROYAL OAK	MI	48073	
MARK'S OUTDOOR POWER EQUIPMENT	248	349-3860	16959 NORTHVILLE RD.	NORTHVILLE	MI	48168	MKINGMI@COMCAST.NET
PERFORMANCE AUTOMOTIVE	517	789-7151	2710 AIRPORT ROAD	JACKSON	MI	49202	PERFORMANCAUTO040@SBCGLOBAL.NET
SAW SHACK	269	965-8591	954 EAST EMMETT	BATTLE CREEK	MI	49014	ESO774@HOTMAIL.COM
UNITED MOWER	248	474-4325	28619 GRAND RIVER	FARMINGTON HILLS	MI	48336	
WOLVERINE EQUIPMENT	734	779-9220	26423 HARPER	ST. CLAIR SHORES	MI	48081	
JIM'S OUTDOOR POWERLAND	269	657-3368	37704 RED ARROW	PAW PAW	MI	49079	
OWEN TREE SERVICE, INC.	810	724-6651	225 N LAKE GEORGE RD	ATTICA	MI	48412	TMURPHY#OWENTREE.COM
DEER CREEK SALES, INC.	517	655-1788	1540 LINN RD.	WILLIAMSTON	MI	48895	
FISH & HUNT SHOP	906	586-9531	W17148 MAIN STREET	CURTIS	MI	49820	MICKG@FISHANDHUNTSHOP.COM
GREAT LAKES WOOD PRODUCTS	906	228-3737	434 US HIGHWAY 41 EAST	NEGAUNEE	MI	49866	GLWP37@CHARTERMI.NET
WANINK SERVICE & SALES	906	224-7581	1 WANINK ROAD	WAKEFIELD	MI	49968	
LUND'S SERVICE	906	341-5761	839N ASH ROAD	MANISTIQUE	MI	49854	
PM SMALL ENGINE SERVICE	906	293-3177	9499 N CTY RD 405	NEWBERRY	MI	49868	
SKINNER'S GARAGE	906	647-5655	4142 PLEASANT AVE.	PICKFORD	MI	49774	SKINNERS@SAWT.COM

KIILUNEN REPAIR	906	296-1321	928 9TH STREET	LAKE LINDEN	MI	49945	
HONKALA'S SERVICE	906	486-8203	32975 COUNTY ROAD 581	ISHPEMING	MI	49849	HONKALAS@CHARTER.NET
BERNARD'S HARDWARE COMPANY	616	897-9490	1601 W. MAIN ST.	LOWELL	MI	49331	BERNARDSHDWE@AOL.COM
PIPESTONE SMALL ENGINE	269	461-6421	4947 PARK ROAD	EAU CLAIRE	MI	49111	PIPESTONE@SBCGLOBAL.NET
ROUGH OUTDOOR EQUIPMENT	269	244-5969	56653 ABBEY ROAD	THREE RIVERS	MI	49093	
K & C CHAPARRAL	989	876-7816	2466 S. U.S. 23	AU GRES	MI	48703	
STUDZ HARDWARE, INC.	313	563-1058	4457 S. TELEGRAPH RD.	DEARBORN HEIGHTS	MI	48125	
ROY'S GENERAL STORE & HARDWARE	231	947-6810	963 HAMMOND RD. E	TRAVERSE CITY	MI	49686	ROYSSERVICECENTER@CHARTERINTERNET.COM
TIMBERLAND EQUIPMENT	231	689-5607	6245 E. 36TH ST.	WHITE CLOUD	MI	49349	
ATHERTON ROAD SALES	810	743-7776	6468 EAST ATHERTON RD	BURTON	MI	48519	JOHN@ATHERTONROAD.COM
TOM'S SMALL ENGINE	517	439-9472	24 DIVISION ST.	HILLSDALE	MI	49242	
ALLENDALE TRUE VALUE	616	895-5400	5425 LAKE MICHIGAN DRIVE	ALLENDALE	MI	49401	ATVH@ALTELCO.NET
SHARP SHOP	269	345-8831	3638 LAKE	KALAMAZOO	MI	49001	
RUNNIN GEARS	989	539-5540	2500 MAJOR MOUNTAIN RD.	HARRISON	MI	48625	
HEALY TRUE VALUE	269	628-2584	307 SOUTH STATE	GOBLES	MI	49055	
STARK'S SERVICE & HARDWARE	586	468-2570	328 CASS AVE	MOUNT CLEMENS	MI	48043	KSTARK6@YAHOO.COM
COUNTRYSIDE LAWN & POWER EQUIP. INC	517	641-7379	14770 WEBSTER RD.	BATH	MI	48808	
POWERS ACE HARDWARE	231	448-2572	26259 MAIN STREET	BEAVER ISLAND	MI	49782	
PARKER LUMBER & HARDWARE, INC.	906	632-3201	819 ASHMUN	SAULT SAINT MARIE	MI	49783	
NORTHGATE EQUIPMENT & SALES	906	789-9812	6687 HWY 2, 41 & M35	ESCANABA	MI	49829	NORTHGATE@CHARTERMI.NET
STEENSMA LAWN & POWER, INC.	269	375-6476	7561 STADIUM DRIVE	KALAMAZOO	MI	49009	
HAGLUND'S ALL OUTDOORS LLC	989	724-5599	4999 EAST M-72	HARRISVILLE	MI	48740	HAGLUNDLANDSCAPING@KWCOM.NET
JOE'S LAWN N' GARDEN	269	673-8736	1141 26 ST	ALLEGAN	MI	49010	
GRAND RENTAL STATION	269	279-6041	58904 US 131	THREE RIVERS	MI	49093	
REEMAN FARM EQUIPMENT, INC. DBA	231	924-2570	7180 WEST 48TH STREET	FREMONT	MI	49412	
WOLVERINE HARDWARE	269	637-1915	530 HURON STREET	SOUTH HAVEN	MI	49090	
ST IGNACE TRUE VALUE HARDWARE	906	643-7979	300 S STATE STREET	ST IGNACE	MI	49781	SITRUVAL@UP.NET
REINDEL TRUE VALUE HARDWARE	586	293-3180	32916 UTICA ROAD	FRASER	MI	48026	
GLADWIN PRO FARMERS SUPPLY DBA	989	426-4549	645 N. STATE	GLADWIN	MI	48624	
MOORE & CARTER LBR/DO IT BEST	810	679-3494	5220 E. PECK ROAD	CROSWELL	MI	48422	
DO-IT-BEST/WARDS RENTAL CENTER	810	231-7368	6472 EAST M-36	HAMBURG	MI	48139	
PAIDL'S DO IT BEST	906	753-1087	N8077 US HWY 41	STEPHENSON	MI	49887	
WARD'S HUSQVARNA SALES & SERVICE	906	482-6255	48602 M-26	DOLLAR BAY	MI	49922	

ACE HARDWARE & SPORTING GOODS	906	643-7721	7 COUTH STATE ST	ST. IGNACE	MI	49781	
IRVINS HARDWARE & AUTO	517	568-4441	114 EAST MAIN ST	HOMER	MI	49245	IRVINSHWI@DMCI.NET
HALL'S HARDWARE	906	563-9553	544 MAIN STREET	NORWAY	MI	49870	CAS@UP.NET
KERR HARDWARE	517	676-5040	222 S. CEDAR	MASON	MI	48854	
CHOCOLAY ACE HARDWARE	906	249-2223	2250 US 41 SOUTH	MARQUETTE	MI	49855	CHOCOLAYACE@CHARTERMI.NET
MC LEAN'S RENT-IT-CENTER/DO IT-BEST	231	258-9141	109 EAST OAK STREET	KALKASKA	MI	49646	
FAMILY FARM & HOME CORP.	517	279-0461	4325 PLAINFIELD NE	GRAND RAPIDS	MI	49525	
CEDAR CYCLE	616	696-5141	91 W ASH STREET	CEDAR SPRINGS	MI	49319	
GRAND RENTAL STATION/TRU-SERVE	616	866-7670	3575 14 MILE ROAD	CEDAR SPRINGS	MI	49319-9117	
XYZ LANDSCAPE SUPPLY	989	288-4600	8800 E LANSING ROAD	DURAND	MI	48429	XYZ@SHIANET.ORG
RALPH'S LAWN EQUIPMENT SALES	734	676-2000	8220 MACOMB STREET	GROSSE ILE	MI	48138	RALPHS.LAWN.EQUIP@SBCGLOBAL.NET
DO-IT-BEST/MARTINS HARDWARE	810	742-6910	5516 E ATHERTON	BURTON	MI	48519	
CEM SUPPLY	517	278-2611	178 W GARFIELD ROAD	COLDWATER	MI	49036	
O K INDUSTRIAL SUPPLY/DO IT BEST	906	486-4489	605 ELM STREET	ISHPEMING	MI	49849	
HALE HARDWARE	989	728-9581	115 SOUTH WASHINGTON	HALE	MI	48739	
WARNER SUPPLY	269	628-6400	33310 M 43 HWY	PAW PAW	MI	49079	
TED'S HOME & LAWN, INC.	989	839-9700	756 POSEYVILLE ROAD	MIDLAND	MI	48640	
CONTRACTOR'S REPAIR	517	339-5709	13612 WOODBURY ROAD	HASLETT	MI	48840	CONREP@TDS.NET
REINBOLD'S SALES & SERVICE	989	755-0612	110 N GERA ROAD	REESE	MI	48757	REINBOLDSALES@AIRADV.NET
MAZZETTI & ASSOCIATES	586	757-7477	24832 ROMANO AVENUE	WARREN	MI	48091	PMAZZETTIJR@YAHOO.COM
BOLEMA LUMBER COMPANY	231	773-3391	1230 E LAKETON AVENUE	MUSKEGON	MI	49442	
WAYLAND HARDWARE	269	792-2801	415 RENO DRIVE	WAYLAND	MI	49348	
RAYMOND HARDWARE # 03901-6	810	622-9991	29 SOUTH RIDGE STREET	PORT SANILAC	MI	48469	
BALDWIN ACE HARDWARE #10975	231	745-4511	6785 SOUTH M-37	BALDWIN	MI	49304	
TAWAS HARDWARE INC #1322	989	362-3821	108 LAKE ST	TAWAS CITY	MI	48763	
JUDD LUMBER CO	269	782-5134	101 ROBINSON ST	DOWAGIAC	MI	49047	
DUBOIS LUMBER CO	989	348-4831	6593 WEST M-72	GRAYLING	MI	49738	
MAGIC CITY HARDWARE	269	432-3464	130 E. STATE ST.	COLON	MI	49040	
ERICKSON TRUE VALUE #11843-5	906	524-6295	US 41	L'ANSE	MI	49946	
HASLETT TRUE VALUE	517	339-2829	1581 HASLETT	HASLETT	MI	48840	
DUNDEE ACE HARDWARE	734	529-5023	545 EAST MONROE	DUNDEE	MI	48131	
HEDMARK SALES & SERVICE	906	942-7345	155 TOWNHALL RD	SKANDIA	MI	49885	
DERONNE TRUE VALUE	586	779-5000	18561 NIN MILE	EASTPOINTE	MI	48021	
SUPERIOR SAW	517	694-2266	1334 N. CEDAR ST.	MASON	MI	48854	
DAN'S OUTDOOR POWER PRODUCTS	906	265-5381	500 HOMER RD	IRON RIVER	MI	49935	
DICK COULTER, INC.	810	688-3083	6672 LK. PLEASANT RD	NORTH BRANCH	MI	48461	
CARPENTER BROS. HARDWARE	734	663-2111	2753 PLYMOUTH RD	ANN ARBOR	MI	48105	
VAN'S SPORTS CENTER	616	364-0666	1855 ALPINE N.W.	GRAND RAPIDS	MI	49504	

LEWISTON HARDWARE & LUMBER	989	786-2388	4421 HANSON	LEWISTON	MI	49756	
GALE'S TRUE VALUE	269	342-8111	2825 STADIUM DRIVE	KALAMAZOO	MI	49008	
LANDERS HARDWARE, INC.	269	427-7247	609 W. MONROE ST.	BANGOR	MI	49013	
HARRINGTON'S	517	646-8787	10895 VERMONTVILLE HWY	DIMONDALE	MI	48821	
J & J FARM SALES & SERVICE	231	744-7140	4241 HOLTON RD	NORTH MUSKEGON	MI	49445	
GILL-ROYS HARDWARE	810	658-2288	8405 DAVIDSON ROAD	DAVISON	MI	48423	
BYWATER'S OUTDOOR POWER	989	834-5511	9055 EAST M 21	OVID	MI	48866	
GREGOIRE & DODICK ACE	989	893-3531	706 E MIDLAND ST	BAY CITY	MI	48706	
DARRELL'S MARKET & HARDWARE	517	676-5225	4520 W. COLUMBIA RD	MASON	MI	48854	
NAGY'S TRACTOR SALES, INC.	989	653-3173	1980 W. US-23	OMER	MI	48749	
POINT RENTAL & SALES	517	849-9770	4130 BECK RD	JONESVILLE	MI	49250	LEE@POINTRENTAL.COM
COUNTRY VILLAGE ACE HARDWARE	906	485-4686	1150 COUNTRY LANE	ISHPEMING	MI	49849	
MATTSON TRUE VALUE #02550-2	231	937-4381	223 S. ENSLEY ST.	HOWARD CITY	MI	49329	
VERNON TRUE SERVE	989	288-5411	7200 M 71 BOX 210	VERNON	MI	48476	
LYNCH'S MOTOR SPORTS	810	987-6100	5386 LAPEER ROAD	KIMBALL	MI	48074	
WESTBROOK HARDWARE	810	679-3440	76 N HOWARD AVE	CROSWELL	MI	48422	
A & G HARDWARE	248	852-5330	1927 W. AUBURN ROAD	ROCHESTER HILLS	MI	48309	
BEAR LAKE SUPPLY	231	864-3036	11950 CHIPPEWA HWY	BEAR LAKE	MI	49614	
BOB'S TRUE VALUE HARDWARE	269	694-4855	125 W ALLEGAN STREET	OTSEGO	MI	49078	
GILBERT DO IT BEST	989	723-2330	12900 S US 27 SUITE 11	DEWITT	MI	48820	
VILLAGE LUMBER & SUPPLY	616	374-8944	1019 FIRST ST	LAKE ODESSA	MI	48849	
MERCHANTS TRUE VALUE #00050-5	517	741-4355	205 NORTH BROADWAY	UNION CITY	MI	49094	
GARY'S LAWN & GARDEN	269	685-6775	742 112TH	MARTIN	MI	49070	
BOYNE CO-OP	231	582-9971	113 S. PARK ST	BOYNE CITY	MI	49712	
HALE'S TRUE VALUE & RADIO SHACK	269	782-3426	56216 M-51 SOUTH	DOWAGIAC	MI	49047	
DON'S AIR COOLED INC	734	587-2319	10806 TORREY RD	WILLIS	MI	48191	
TJ'S RENT-ALL LLC	989	856-4404	6832 MAIN ST	CASEVILLE	MI	48725	
TOOL SHED/MIDWAY SALES	269	651-3267	401 ST. JOSEPH ST	STURGIS	MI	49091	
JACKSON OUTDOOR EQUIPMENT LLC	517	782-3319	3481 PAGE AVE	JACKSON	MI	49203	
TC'S DO IT BEST HARDWARE #0770	517	467-2131	108 MAIN ST	ONSTED	MI	49265	
MICHIGAN SERVICE CENTER	989	624-9305	8074 MAIN ST	BIRCH RUN	MI	48415	
BILLINGS FEED STORE INC	248	541-0138	1241 W. 14 MILE RD	CLAWSON	MI	48017	
SOMERSET OUTDOORS	517	688-9077	10449 CHICAGO RD	JEROME	MI	49249	SOMERSETOUTDOORS@FRONTIER.COM
MOBILE MOWER REPAIR INC	734	426-5665	1535 BAKER ROAD	DEXTER	MI	48130	
GREAT LAKES DOCKS & DECKS	586	725-0009	7427 DYKE ROAD	ALGONAC	MI	48001	
MIO ACE HARDWARE	989	826-360	103 E 8TH STREET	MIO	MI	48647	
PRO MOWER & SNOW	586	754-7009	11566 TIMKEN	WARREN	MI	48089	
BAKER'S ACE HARDWARE #14255	734	241-8959	903 NORTH DIXIE HWY	MONROE	MI	48162	
KENT POWER EQUIPMENT	616	675-5368	1550 10 MILE RD	SPARTA	MI	49345	
HOPPS TRUE VALUE #13765-6	989	843-6667	408 OHMER RD	MAYVILLE	MI	48744	

H & B EQUIPMENT INC	989	781-2337	7901 GRATIOT RD	SAGINAW	MI	48609	
EDMORE SAW & LAWN	989	427-3300	79E HOWARD CITY-EDMORE RD	EDMORE	MI	48829	
TAYLOR RENTAL #14697-0	231	347-1840	1888 E MITCHELL	PETOSKEY	MI	49770	
MARK SOUDER - DEMO	989	302-1116	141 QUESTVIEW DRIVE	HOUGHTON LAKE	MI	48629	
GREEN ACE HOME CENTER	989	345-0020	2106 S. M-76	WEST BRANCH	MI	48661	
ACE HARDWARE	517	676-4900	340 S CEDAR	MASON	MI	48854	
BERNARD'S ACE HARDWARE	616	897-9490	1601 W MAIN ST	LOWELL	MI	49331	
PARKER ACE HARDWARE	906	632-3201	819 ASHMUN STREET	SAULT SAINTE MARIE	MI	49783	
MEYER ACE HARDWARE	231	347-7390	1371 US 31 NORTH	PETOSKEY	MI	49770	
STONE'S ACE INC	586	416-0088	41400 HAYES ROAD	CLINTON TOWNSHIP	MI	48038	
BAKER'S ACE HARDWARE	734	241-8974	905 N. DIXIE HIGHWAY	MONROE	MI	48162	
GEMMEN'S DO IT BEST RENTAL	616	669-1118	3488 KELLY STREET	HUDSONVILLE	MI	49426	
DARLING HARDWARE	517	625-3070	156 N MAIN ST	PERRY	MI	48872	
VAN WIEREN HARDWARE INC			645 DOUGLAS AVE	HOLLAND	MI	49424	
HARRISON LUMBER DO IT HWI			201 E. BEECH	HARRISON	MI	48625	
LATHAM'S DOWNTOWN HARDWARE INC.			37 WEST MAIN STREET	MILAN	MI	48160	
A & J HARDWARE	269	422-2489	1745 W. SHAWNEE ROAD	BARODA	MI	49101	
HUNT'S HARDWARE	231	893-6945	115 E. COLBY ST	WHITEHALL	MI	49461	
BROWN'S DO-IT CENTER	810	636-6660	7281 SO. STATE RD	GOODRICH	MI	48438	
WARDS DO-IT CENTER			6472 EAST M36	HAMBURG	MI	48139	
STURGIS INDUSTRIAL SUPPLY	616	651-4444	504 NORTH NOTTAWA	STURGIS	MI	49091	
DUBOIS LUMBER COMPANY	989	348-4831	609 NORWAY ST	GRAYLING	MI	49738	
MANCELONA DO IT BEST	231	587-9197	558 WEST STATE ST	MANCELONA	MI	49659	
ROSENBERG TRUE VALUE #00316-0	231	689-1001	1164 E WILCOX AVE	WHITE CLOUD	MI	49349	
KINGSLAND ACE HARDWARE	616	949-1240	6579 28TH ST. S.E.	GRAND RAPIDS	MI	49546	
GRAND RENTAL STATION #01841-6	231	843-1504	5061 WEST US 10	LUDINGTON	MI	49431	
JEAN'S TRUE VALUE HARDWARE #02077-6	248	626-2828	29950 W 12 MILE RD	FARMINGTON	MI	48334	
LIVONIA TRUE VALUE HARDWARE	734	422-1155	33533 5 MILE RD	LIVONIA	MI	48154	
OCEANA BUILDERS SUPPLY #02313-5	231	861-2136	3053 S OCEANA DR	SHELBY	MI	49455	
GRAND RENTAL STATION #13475-2	269	279-6041	58904 US #131	THREE RIVERS	MI	49093	
GRAND RENTAL CENTER #13501 5	989	686-2741	1109 SALZBURG AVE	BAY CITY	MI	48706	
1AVIT SUPPLIES WEST #13665-8	616	726-6864	2830 LOCKE AVE	GRANDVILLE	MI	49418	
HAVEMAN HARDWARE	616	924-3320	29 WEST MAIN	FREMONT	MI	49412	
TAYLOR RENTAL CENTER #13775-5	616	392-8539	62 WAVERLY STREET	HOLLAND	MI	49423	
TAYLOR RENTAL CENTER #14155-9	269	925-2125	2524 M139 HWY	BENTON HARBOR	MI	49022	
SCOOTERS TRUE VALUE #15136- 8	616	964-0174	912 NORTH AVE	BATTLE CREEK	MI	49017	

FIFE LAKE TRUE VALUE HARDWARE	231	879-4287	119 STATE STREET	FIFE LAKE	MI	49633	
ED BOCK FEEDS	734	878-3092	1360 E-M36	PINCKNEY	MI	48169	
KINGSFORD ACE	906	776-6000	555 S. CARPENTER AVE	KINGSFORD	MI	49802	
HOLLAND ACE HARDWARE	616	392-5901	835 LINCOLN AVE	HOLLAND	MI	49423	
NORTHSHORE ACE HARDWARE	231	744-1280	605 WHITEHALL ROAD	NORTH MUSKEGON	MI	49445	
RENTAL EXPRESS	231	238-9696	1430 S. STRAITS HWY	INDIAN RIVER	MI	49749	
BARONE HARDWARE & AUTO	517	369-4175	119 E. CHICAGO ST	BRONSON	MI	49028	
NOVAK SUPPLY & EQUIPMENT, INC.	810	798-8533	3620 VAN DYKE	ALMONT	MI	48003	
QUALITY HARDWARE	906	296-9122	200 CALUMET ST	LAKE LINDEN	MI	49945	
WEINGARTZ SUPPLY CO. INC.	586	731-7240	46061 VAN DYKE	UTICA	MI	48317	
WHEELS & BLADES INC	248	363-6683	8055 COMMERCE	COMMERCE	MI	48382	
ALL SEASONS OUTDOOR EQUIPMENT	586	771-4949	15130 EAST TEN MILE ROAD	EASTPOINTE	MI	48021	
WESTLAND LAWN & SNOW	734	261-1250	27429 JOY ROAD	WESTLAND	MI	48185	
WEINGARTZ	248	471-3050	39050 GRAND RIVER	FARMINGTON HILLS	MI	48335	
HELLEBUYCKS BIKE & MOWER	586	739-9620	52881 VAN DYKE	UTICA	MI	48316	
WEINGARTZ SUPPLY CO- WATERFORD	248	623-4731	5395 DIXIE HWY	WATERFORD	MI	48329	
PACE, INCORPORATED	734	453-6258	5850 ALDER AVE	SACRAMENTO	CA	95828	
RON'S OUTDOOR POWER EQUIPMENT	231	465-4444	841 S CHESTNUT	REED CITY	MI	49677	
DICK'S LAWN EQUIPMENT	248	363-1029	7215 COOLEY LAKE RD	WEST BLOOMFIELD	MI	48324	
ROCHESTER LAWN EQUIPMENT CENTER INC	248	852-4961	94 W. AUBURN ROAD	ROCHESTER HILLS	MI	48307	
WAYNE LAWN & GARDEN CENTER INC	734	721-5220	39915 MICHIGAN AVE	CANTON	MI	48188	
DAMM'S INC.	989	453-2531	7287 MICHIGAN AVE	PIGEON	MI	48755	
BOURLIERS INC.	586	792-6300	35850 ITICA ROAD	CLINTON TOWNSHIP	MI	48035	
CALEDONIA RENT-ALL, INC.	616	891-0050	9800 CHERRY VALLEY AVE	CALEDONIA	MI	49316	
PETER'S TRUE VALUE HARDWARE	248	887-7795	3455 WEST HIGHLAND ROAD	MILFORD	MI	48380	
VASSAR TRUE VALUE HARDWARE	989	823-7651	402 E HURON AVE	VASSAR	MI	48768	
LARRY'S MOWER SHOP	734	994-6555	5040 JACKSON RD	ANN ARBOR	MI	48103	
MEYER TRUE VALUE HARDWARE	231	347-3978	1371 US 31 NORTH	PETOSKEY	MI	49770	
WM F SELL & SON, INC.	734	692-5100	25151 ALLEN RD	WOODHAVEN	MI	48183	
AUTO VALUE OF L'ANSE	906	524-7281	725 E. BROAD ST.	L'ANSE	MI	49946	
RENZE POWER SPORTS	906	389-3920	E9650 PROSPECT ST	MUNISING	MI	49862	CHUCK@RENZEPOWERSPORTS.COM
ORTONVILLE ACE HARDWARE	248	627-9217	440 N. ORTONVILLE	ORTONVILLE	MI	48462	
TOTAL TOOL & EQUIPMENT EFC GE# 7459	906	786-7242	200 NORTH 12TH STREET	ESCANABA	MI	49829	
KEENE SMALL ENGINE SALES & SERVICE	989	8713458	4717 ARBELA ROAD	MILLINGTON	MI	48746	
DO IT BEST #6281			5190 W MICHIGAN AVE	KALAMAZOO	MI	49006	
CENDANT EQUIPMENT LEASING CO. LLC	989	839-7580	3003 E. COMMERCIAL DR	MIDLAND	MI	48642	

FOSTER'S ACE #12057N	906	293-3275	2011 S NEWBERRY AVE	NEWBERRY	MI	49868	
MCLEAN'S HARDWARE	231	258-9136	109 E OAK STREET	KALKASKA	MI	49646	
WARNER SPLY	269	657-3605	136 EAST MICHIGAN AVE	PAW PAW	MI	49079	
FAMILY FARM & HOME GRAND RPDS DIB 3			4325 PLAINFIELD AVENUE NE	GRAND RAPIDS	MI	49525	
ALMA TRUE VALUE HARDWARE	989	463-1415	102 W SUPERIOR ST	ALMA	MI	48801	
GILBERTS	989	723-2330	113 W MAIN ST	OWOSSO	MI	48867	
STARR LAWN & GARDEN, INC.	269	792-4123	3929 S. DIVISION AVE	WAYLAND	MI	49348	
OAKLAND LAWN & GARDEN EQUIPT	248	673-5296	2934 FREMBES RD	WATERFORD	MI	48329	
NORTH CENTER FARM SUPPLY	810	784-5331	75075 NORTH AVE	ARMADA	MI	48005	
FORTON'S MOWER SHOP	586	775-7572	21707 HARPER AVE	SAINT CLAIR SHORES	MI	48080	
THESIER EQUIPMENT CO.	248	437-2091	28342 PONTIAC TRL	SOUTH LYON	MI	48178	
COUNTRY CORNER FARM & HOME SUPPLY	810	798-8255	515 S MAIN ST	ALMONT	MI	48003	
ZIMMERS SALES & SERVICE	810	329-7136	6667 SAINT CLAIR HWY	EAST CHINA	MI	48054	
WEINGARTZ SUPPLY INC.	616	696-2913	11875 NORTHLAND DR	CEDAR SPRINGS	MI	49319	
ROBBINS ROAD HARDWARE	616	842-1321	948 ROBBINS RD	GRAND HAVEN	MI	49417	
JACK'S LAWN SERVICE, INC	734	243-3382	15550 GARDEN STONE DR	MONROE	MI	48161	
STRICKERS OUTDOOR POWER EQUIP LL	231	943-3709	707 W BLUE STAR DR	TRAVERSE CITY	MI	49685	
SCHAVE'S SMALL ENGINE REPAIR	989	428-4242	4238 MAIN ST	PORT HOPE	MI	48468	
UNITED RENTALS	616	364-7031	2122 TURNER AVE NW	GRAND RAPIDS	MI	49544	
REED CITY HARDWARE	231	836-5302	114 W UPTON AVE	REED CITY	MI	49677	
WM F SELL & SONS	734	692-5100	25151 ALLEN RD	TRENTON	MI	48183	
KUBOTA OF WEST MICHIGAN	616	877-0800	430 100TH ST.	BYRON CENTER	MI	49315	
GEORGE HOFACKER EQUIPMENT	616	784-2998	3633 4 MI. RP NW	GRAND RAPIDS	MI	49544	
BATES TRACTOR & EQUIPMENT, INC.	517	279-9179	461 E FENN RD	COLDWATER	MI	49036	
BOULLION SALES	734	426-8527	8530 N TERRITORIAL RD	DEXTER	MI	48130	
FERGUSON'S LAWN EQUIPMENT	231	946-2440	955 S. AIRPORT RD	TRAVERSE CITY	MI	49686	
BILL'S SPORT SHOP	616	846-9055	401 W SAVIDGE ST	SPRING LAKE	MI	49456	
HOFFMAN'S POWER EQUIPMENT	989	792-8676	3139 ENTERPRISE DR	SAGINAW	MI	48603	
R&B LAWNMOWERS INC	313	341-6100	2950 PURITAN ST	DETROIT	MI	48238	
BAD BOY EQUIPMENT	517	529-4291	10326 S MERIDIAN RD	CLARKLAKE	MI	49234	
OAKLAND LAWN & GARDEN	248	673-5296	2934 FREMBES RD	WATERFORD	MI	48329	
JOHN HOEKSEMA INC	616	396-8132	11483 E LAKEWOOD BLVD	HOLLAND	MI	49424	
Burdick Street Equipment	248	969-2800	43 E BURDICK ST	OXFORD	MI	48371	
PS & T POWER EQUIPMENT & SUPPLY	616	846-0884	17276 ROBBINS RD	GRAND HAVEN	MI	49417	
D & D SMALL ENGINE	734	587-8825	9551 OSTRANDER RD	MAYBEE	MI	48159	
Genes Power Equipment Sales	989	465-1521	981 E RAILWAY ST	COLEMAN	MI	48618	
LLOYD'S REPAIR SERVICE	517	451-8430	7750 RIDGE HWY	BRITTON	MI	49229	
MUNN TRACTOR & LAWN, INC.	248	373-5000	3700 LAPEER RD	AUBURN HILLS	MI	48326	

BEE'S SPORTS, FARM & AUTO INC	989	224-3201	2138 S US HIGHWAY 27	SAINT JOHNS	MI	48879	
LAPEER SPORT CENTER	810	245-0400	895 S MAIN	LAPEER	MI	48446	
FLUSHING LAWN & TRACTOR LLC	810	639-2002	9112 W. MT MORRIS RD	FLUSHING	MI	48433	
VERN'S REPAIR & SPORT, LLC	517	566-8353	11994 W. GRAND	LAKE ODESSA	MI	48849	
LLOYD MILLER & SONS INC	989	748-4049	3695 E M 21	CORUNNA	MI	48817	
BERNARD BUILDING CENTER, INC	989	728-2211	395 SOUTH WASHINGTON	HALE	MI	48739	
LECKLER'S INC	734	242-2344	13001 TELEGRAPH RD	LA SALLE	MI	48145	
OXFORD HARDWARE	248	628-9335	190 S WASHINGTON	OXFORD	MI	48371	
MENOMINEE INDUSTRIAL SUPPLY, LLC	906	863-6332	1112 26TH AVE	MENOMINEE	MI	49858	
HUNTOON LUMBER DO IT CENTER	989	635-7548	2424 VAN DYKE	MARLETTE	MI	48453	
VIP OUTDOOR POWER LLC	616	842-0229	17169 HAYES ST STE B	GRAND HAVEN	MI	49417	
WEINGARTZ SUPPLY COMPANY INC	734	239-8200	5436 JACKSON RD	ANN ARBOR	MI	48103	
PAW PAW RENTALS	209	657-7762	707 W MICHIGAN AVE	PAW PAW	MI	49079	
MIKE'S POWER EQUIPMENT LLC			2153 S US 27	SAINT JOHNS	MI	48879	
DABO INC DBA MIDWEST POWER	517	349-6271	2446 JOLLY RD	OKEMOS	MI	48864	
BERGMAN POWER EQUIPMENT	616	453-9581	4073 REMEMBRANCE ROAD NW	GRAND RAPIDS	MI	49534	
1RATOT TRUE VALUE HARDWARE	313	921-7896	6844 GRATIOT AVE	DETROIT	MI	48207	
ALL SEASONS LANDSCAPING	734	697-1377	8124 BELLEVILLE RD	BELLEVILLE	MI	48111	
SANFORD HARDWARE	989	687-5319	346 W SAGINAW ROAD	SANFORD	MI	48657	
HOMETOWNE RENTALS	906	774-0355	213 S CARPENTER AVE	KINGSFORD	MI	49802	
HOEKSTRA TRUCK EQUIPMENT	616	241-6664	260 36TH STREET	GRAND RAPIDS	MI	49548	
GREEN ACE HARDWARE, INC	989	345-0020	2106 S. M-76	WEST BRANCH	MI	48661	
SEBEWAING ACE HARDWARE	989	883-2740	8840 UNIONVILLE RD	SEBEWAING	MI	48759	
DUNDEE AUTO PARTS	734	529-2800	180 MAIN	DUNDEE	MI	48131	
FORMULA K FAMILY FUN PARKS, INC DBA	269	668-4070	54358 W MAIN ST	MATTAWAN	MI	49071	
MEGA POWER SPORTS LLC	989	732-2500	2484 S OTSEGO AVE	GAYLORD	MI	49735	
KELLOGG SMALL ENGINE REPAIR LLC	269	781-1102	1002 E MICHIGAN AVE	MARSHALL	MI	49068	
MACOMB ACE HARDWARE	586	786-9040	51254 ROMEO PLANK RD	MACOMB	MI	48042	
ACE HARDWARE OF SANDUSKY	810	648-2330	85 SOUTH ELK ST	SANDUSKY	MI	48471	
HOLST ENTERPRISES INC	616	392-8539	62 WAVERLY RD	HOLLAND	MI	49423	
MILLER'S SALES AND SERVICE	269	432-2008	27693 MARVIN RD	CENTREVILLE	MI	49032	
TAYLOR POWER & SUPPLY LLC	231	627-4340	590 E VFW ROAD	CHEBOYGAN	MI	49721	
ACO HARDWARE	248	471-0100	23333 COMMERCE DRIVE	FARMINGTON HILLS	MI	48335	
FOREST GROVE LAWN AND RENTAL	616	896-8344	3188 32ND AVE	HUDSONVILLE	MI	49426	
WALTERS EQUIPMENT LLC	616	878-7131	8433 CENTRE INDUSTRIAL DR	BYRON CENTER	MI	49315	
GRULERS FARM SUPPLY			125 FULTON ST	PETOSKEY	MI	49770	

SELF SERVE			1621 S. WHEELER	SAGINAW	MI	48602	
BIG ACRE STORE			102 MAIN STREET	DAVISON	MI	48423	
LEE WILLOW CORPORATION	989	662-6684	5024 SOUTH GARFIELD RD	AUBURN	MI	48611	
HUNT'S ACE HARDWARE	248	474-8700	33567 7 MILE RD	LIVONIA	MI	48152	
SARANAC HARDWARE	616	642-9227	89 N BRIDGE ST	SARANAC	MI	48881	
ACE HARDWARE & SPORTS	989	832-8829	419 EAST MAIN STREET	MIDLAND	MI	48640	
BILL'S REPAIR & SHARPENING	989	725-2533	985 W. BENNINGTON RD	OWOSSO	MI	48867	
BORNTRAGER SMALL ENGINE	517	726-0665	3935 N BRADLEY RD	CHARLOTTE	MI	48813	
BRIGG'S TRUE VALUE HARDWARE	231	845-7318	5840 W US 10	LUDINGTON	MI	49431	
BUCKLEY HARDWARE INC	231	269-3440	379 WEST WEXFORD AVE	BUCKLEY	MI	49620	
BURNIPS EQUIPMENT COMPANY	616	896-9190	3260 142ND AVE	DORR	MI	49323	
BUSH HARDWARE	989	291-3411	231 SOUTH MAIN	SHERIDAN	MI	48884	
C & R TRUE VALUE INC	989	697-3095	891 S. HURON	LINWOOD	MI	48634	
CASS CITY HARDWARE	989	872-2188	6092 E. CASS CITY RD	CASS CITY	MI	48726	
COUNTRYSIDE SALES & SERVICE	989	637-4795	6201 STAGE RD	IONIA	MI	48846	
DEAN'S FARM SUPPLY	517	437-3410	126 STATE STREET	HILLSDALE	MI	49242	
DEXTERS INC			3804 S ADRIAN HWY	ADRIAN	MI	49221	
ELLIOTT SAW WORKS	248	398-0440	22000 WOODWARD AVE	FERNDAL	MI	48220	
ELMER'S SAW SALES	989	734-4666	6075 W HEYTHALER HWY	ROGERS CITY	MI	49779	
GAMBLES ALPENA HARDWARE, INC	989	356-6356	2534 US 23 SO	ALPENA	MI	49707	
GINOP SALES, INC	231	548-2272	11274 M68 WEST	ALANSON	MI	49706	
JL'S SALES & SERVICE	810	672-8190	2676 DOWNINGTON ROAD	SNOVER	MI	48472	
JOHNSTON ELEVATOR	989	386-7271	307 NORTH MC EWAN	CLARE	MI	48617	
LUTKE HYDRAULICS	231	824-9505	606 RW HARRIS DR	MANTON	MI	49663	
MERIDIAN HARDWARE & SPORT	989	687-5342	3102 NORTH M-30	SANFORD	MI	48657	
P.J.'S MINI MOTORS	989	275-9018	249 E. FEDERAL HWY	ROSCOMMON	MI	48653	
REMUS REPAIR	989	967-3624	2509 9 MILE	REMUS	MI	49340	
ROSY BROS. INC.	810	796-3770	5727 DRYDEN RD	DRYDEN	MI	48428	
SHLEBY LOGGING SUPPLIES, INC	231	861-5439	91 BEVIER ST.	SHELBY	MI	49455	
SLOAT AUTO & FARM SUPPLY INC	231	839-7211	1343 S. LAKESHORE DR	LAKE CITY	MI	49651	
SOUTH EVART SALES & SERVICE	231	734-5811	1811 70TH AVENUE	EVART	MI	49631	
THE POWER SHOP	231	924-3540	7441 W. 48TH ST	FREMONT	MI	49412	
VASSAR AUTO SUPPLY	989	823-8587	1194 W. SAGINAW	VASSAR	MI	48768	
WATSON'S MARINA	906	586-9731	17225 MAIN STREET	CURTIS	MI	49820	
WOLVERINE SMALL ENG. REP. INC	231	525-8004	12297 BILDER RD	WOLVERINE	MI	49799	
WOODY'S SMALL ENG. REPAIR	616	772-2130	252 W. WASHINGTON	ZEELAND	MI	49464	
BERGERON MARINE	906	474-9202	7794 HWY 2	RAPID RIVER	MI	49878	
NORDIC TRADING POST, INC.	906	542-6691	6766 STATE HWY M 69	FELCH	MI	49831	
ROVELSKY & COMPANY	906	932-1830	215 W MCCLOUD AVE	IRONWOOD	MI	49938	
STIHL SAW SALES	906	497-5542	3904 POTTER DRIVE	POWERS	MI	49874	

US-2 RENTAL	906	875-7368	1497 US-2 W	CRYSTAL FALLS	MI	49920	
LAMBERTVILLE DO IT BEST	734	856-3703	8100 SECOR RD	LAMBERTVILLE	MI	48144	
BLISSFIELD OUTDOOR POWER	517	682-1886	203 S. LANE ST	BLISSFIELD	MI	49228	
CARROLL STREAM MOTOR COMPANY	248	628-4638	425 W. DAVIDSON LAKE RD	OXFORD	MI	48371	
FAMILY FARM & HOME			716 CHICAGO DRIVE SUITE 500	HOLLAND	MI	49423	
BARNES TRUE VALUE			132 W MAIN ST	CARSON CITY	MI	48811	
TRUE VALUE OF GREENVILLE	616	232-2800	701 S. GREENVILLE W. DR STE 7	GREENVILLE	MI	48838	
ACE HARDWARE OF ROCKFORD	616	866-9155	643 NORTHLAND DRIVE	ROCKFORD	MI	49341	
SUMMIT POINTE SALES LLC	816	262-1217	4668 DIVISION AVE S	WAYLAND	MI	49348	
APCO DO IT BEST			5511 ENTERPRISE DRIVE	LANSING	MI	48911	
BETSIE VALLEY SALES & SERVICE, INC.	231	882-7273	6934 RIVER ST	BENZONIA	MI	49616	
HAVIT SUPPLY	616	532-2923	2830 LOCKE AVE SW	GRANDVILLE	MI	49418	
LUMBERJACK BUILDING CENTERS INC	810	794-4984	3470 PTE TREMBLE RD	ALGONAC	MI	48001	
WARNER SUPPLY DIB	269	628-6400	33310 M-43 HWY	PAW PAW	MI	49079	
EWEN DO IT BEST	906	988-2385	500 PINE ST	EWEN	MI	49925	
PAIDL'S DO IT CENTER	906	753-1087	N8077 US HIGHWAY 41	STEPHENSON	MI	49887	
LAKESIDE MOTOR SPORTS, INC.	231	972-4146	4566 N. GREENVILLE RD	GREENVILLE	MI	48838	
ALLEGAN TRUE VALUE HARDWARE	269	673-3255	1527 LINCOLN RD	ALLEGAN	MI	49010	
PTV ENTERPRISES	248	437-1751	415 EAST LAKE STREET	SOUTH LYON	MI	48178	
DANTECH OUTDOOR POWER EQUIPMENT	586	716-2122	10320 DIXIE HWY	FAIR HAVEN	MI	48023	
AMERICAN ENERGY VENTURES INC DBA	269	484-9273	95 E MICHIGAN AVE	GALESBURG	MI	49053	
FORSLUND BUILDING SUPPLY	906	932-2311	E5108 JACKSON ROAD	IRONWOOD	MI	49938	
WW FARIBAIRN	231	548-2244	7537 BURR AVE	ALANSON	MI	49706	
ATLANTA HARDWARE	989	785-3351	12374 STATE ST	ATLANTA	MI	49709	
KERR'S EQUIPMENT	734	231-1400	25024 RESEARCH WAY	WOODHAVEN	MI	48183	
KIRKS SUPPLY	989	672-9959	3995 FAIRGROVE RD	FAIRGROVE	MI	48733	
SHELL AUTO	989	733-8031	20468 STATE STREET	ONAWAY	MI	49765	
JONS REPAIR SHOP	231	924-9007	5876 BINGHAM AVE	NEWAYGO	MI	49337	
STANTON HARDWARE	989	283-1131	102 N MILL ST	STANTON	MI	48888	
C&C REPAIR	517	962-5292	5028 PAGE AVE	JACKSON	MI	49201	
STEVENSVILLE ACE	269	429-7133	1545 WEST JOHN BEERS	STEVENSVILLE	MI	49127	
BORRE HARDWARE ACE	269	429-1504	2360 NILES RD	SAINT JOSEPH	MI	49085	
MANISTEE ACE	231	723-9145	1425 US 31 SOUTH	MANISTEE	MI	49660	
MARTINS HOME CENTER	517	423-2065	145 W. CHICAGO BLVD	TECUMSEH	MI	49286	
WHISKEY RIVER DIB	906	478-3821	19030 S. MACKINAC TRAIL	RUDYARD	MI	49780	
MICHIGAN EQUIPMENT RENTAL	248	625-1515	4906 WHITE LAKE ROAD	CLARKSTON	MI	48346	
HUNTING LAWN & SNOW	517	645-7777	550 EAST MAIN ST	POTTERVILLE	MI	48876	
POWER-ON OUTDOOR N MORE LLC	269	789-0776	17441 L DRIVE NORTH	MARSHALL	MI	49068	
LUZERNE HARDWARE	989	826-8050	2244 DEETER RD	LUZERNE	MI	48636	

HYDE SERVICES	231	347-4725	1688 MCDOUGAL RD	PETOSKEY	MI	49770	
HILLCREST FARM SUPPLY	906	586-6383	1652 COUNTY ROAD 413 S	MCMILLAN	MI	49853	
MICHIANA TOOL RENTAL INC	269	687-1700	3003 S. 11TH ST	NILES	MI	49120	
VASSAR BUILDING CETNER	989	823-8513	1013 W. SAGINAW RD	VASSAR	MI	48768	
GREENVILLE TRUE VALUE	616	232-2800	701 S GREENVILLE RD	GREENVILLE	MI	48838	
BELLEVUE HARDWARE	517	719-0861	220 S. MAIN ST	BELLEVUE	MI	49021	
HOFFERBERT SALES INC	989	862-5300	200 N MAPLE ST	BANNISTER	MI	48807	
HOWARD'S WATER PUMPS & SERVICES INC	906	786-2271	10431 N-15 LANE	GLADSTONE	MI	49837	
SOMSEL LUMBER COMPANY	231	362-3103	14261 9 MILE RD	KALEVA	MI	49645	
FRANKENMUTH TRUE VALUE	989	652-0021	469 N. MAIN ST	VASSAR	MI	48768	
WILLIS LAWN & GARDEN	734	483-7548	6394 WILLIS ROAD	YPSILANTI	MI	48197	
MADIGAN'S ACE HARDWARE	906	387-2033	202 ELM AVE	MUNISING	MI	49862	
SAXTON'S POWER EQUIPMENT	734	453-6250	587 W. ANN ARBOR	PLYMOUTH	MI	48170	
AUSRA EQUIPMENT & SUPPLY CO., INC.	269	782-7178	30155 YAW ST	DOWAGIAC	MI	49047	
GILBERTS DO IT BEST HARDWARE	517	669-1200	12900 S US HWY 27	DEWITT	MI	48820	
DERONNE HARDWARE	586	779-5000	28700 HARPER	ST CLAIR SHORES	MI	48081	
GREAT LAKE SNOW & ICE EQUIPMENT	989	584-1211	7123 S GARLOCK RD	CARSON CITY	MI	48811	
HOLLYWOOD SMALL ENGINE LLC	269	556-1052	210 E. JOHN BEERS RD	SAINT JOSEPH	MI	49085	
DOUGLAS POWERSPORTS SERVICE CENTER	989	891-1000	59 N TUSCOLA RD	BAY CITY	MI	48708	
BEN'S SUPERCENTER	989	635-4069	6541 PLAZA DRIVE	MARLETTE	MI	48453	
T. ESTERDAHL INVESTMENTS LLC	810	487-0676	424 W. MAIN ST	FLUSHING	MI	48433	
S.S. EQUIPMENT REPAIR LLC	810	660-8552	3720 N. LAPEER RD	LAPEER	MI	48446	
NORTHBANK HARDWARE	616	844-0243	17697 174TH ST	SPRING LAKE	MI	49456	
SCHMITZER HARDWARE INC	989	624-9222	11944 CONQUEST ST	BIRCH RUN	MI	48415	
ACE HARDWARE OF CLARKSTON	248	707-6509	6669 DIXIE HIGHWAY	CLARKSTON	MI	48346	
HALES TRUE VALUE	269	782-3426	56216 M-51 SOUTH	DOWAGIAC	MI	49047	
RED'S REPAIR	989	588-7052	7972 N WINN RD	FARWELL	MI	48622	
B F K ENTERPRISE LLC	810	679-4494	4256 PECK RD	CROSWELL	MI	48422	
MOE SALES & SERVICE INC	810	744-3520	G3228 KLEINPELL ST	BURTON	MI	48529	
DOUG'S REPAIR LLC	734	847-7474	7332 LEWIS AVE	TEMPERANCE	MI	48182	
SUNRISE SMALL ENGINE	989	747-5810	4374 F 41	OSCODA	MI	48750	
STAN'S YARD & SPORT LLC	269	628-1111	13383 35TH ST	GOBLES	MI	49055	
SLOAN'S SALES & SERVICE LLC	810	458-4299	1005 N BRIDGE ST	LINDEN	MI	48451	
DARLING'S BELTLINE LLC	810	987-9555	3203 LAPEER RD	PORT HURON	MI	48060	
DEISLER OUTDOOR POWER EQMT	989	720-5296	227 SLEESEMAN DR	CORUNNA	MI	48817	
ALL SEASON SERVICE & SALES LLC	989	479-0444	227 INDUSTRIAL DR	HARBOR BEACH	MI	48441	
NATE'S LAWN SHOP	810	659-6446	4057 COMMERCE DR	FLUSHING	MI	48433	
M & J SMALL ENGINE REP. LLC	517	238-5690	292 E SOUTHERN RD	COLDWATER	MI	49036	

A&R POWER EQUIPMENT	989	345-3350	3218 W M 76	WEST BRANCH	MI	48661	
BID'S SERVICE INC	586	759-3040	11276 E 10 MILE RD	WARREN	MI	48089	
SUPERIOR INDUSTRIAL S & S INC	517	784-0539	116 N STATE ST	JACKSON	MI	49201	
HASTING ACE HARDWARE #120131	269	945-2003	200 S BOLTWOOD ST	HASTINGS	MI	49058	
HAIG'S MOWER SERVICE INC	313	893-0909	20404 WOODWARD AVE	DETROIT	MI	48203	
STRUBLE'S HARDWARE & SUPPLY	269	979-4700	4675 CAPITAL AVE SW	BATTLE CREEK	MI	49015	
TONYS MOWER SHOP INC	734	420-9083	40970 FIVE MILE RD	PLYMOUTH	MI	48170	
THREE J'S SMALL ENGINE	248	437-0217	3900 7 MILE RD	SOUTH LYON	MI	48178	
MR. SMALL ENGINE SALES	269	471-5868	9549 US 31 SOUTH	BERRIEN SPRINGS	MI	49103	
M & E SERVICE	231	946-3348	6375 E TRAVERSE HWY	TRAVERSE CITY	MI	49684	
UNIVERSITY LAWN EQUIPMENT	248	373-7220	945 UNIVERSITY DR	PONTIAC	MI	48342	
CHICAGO DRIVE RENTALS	616	396-9575	11298 CHICAGO DR	HOLLAND	MI	49424	
BOB'S ENGINE HOSPITAL INC	616	690-4061	314 ARLINGTON ST	MIDDLEVILLE	MI	49333	
GEORGE'S LAWNMOWER S & S	313	937-2455	26118 PLYMOUTH ROAD	REDFORD	MI	48239	
BOBS SERVICE SHOP LLC	248	628-2601	2537 W DRAHNER RD	OXFORD	MI	48371	
TOM DEYOUNG'S ENGINE & MOWER	616	538-0046	3642 CLYDE PARK AVE SW	WYOMING	MI	49509	
WHITE LAKE NURSERY INC	231	894-8574	1311 E COLBY ST	WHITEHALL	MI	49461	
MIDSTATE SALES & SERVICE	989	224-2711	3251 W M 21	SAINT JOHNS	MI	48879	
ADVANCED ENGINE & MOWER	313	945-6656	4890 GREENFIELD RD	DEARBORN	MI	48126	
WAYNE'S SHARP ALL INC	989	734-4053	2246 US HIGHWAY 23 S	ROGERS CITY	MI	49779	
DON'S SMALL ENGINE REPAIR INC	734	451-5656	630 S MILL ST	PLYMOUTH	MI	48170	
FRASER LAWN CENTER INC	586	293-0310	31819 UTICA RD	FRASER	MI	48026	
FREMONT OUTDOOR POWER INC	231	924-6009	5554 S WARNER AVE	FREMONT	MI	49412	
MEL'S SMALL ENGINE REPAIR	517	676-4107	5900 NICHOLS RD	MASON	MI	48854	
ANGELO'S SMALL ENGINE	269	463-8130	7174 RED ARROW HWY	COLOMA	MI	49038	
LANGLEYS SMALL ENGINES	989	435-2572	3794 BARD RD	BEAVERTON	MI	48612	
THOMPSON'S RENTAL RESALE REP	810	266-4969	11973 NEW LOTHROP RD	BYRON	MI	48418	
LANSING C&K SMALL ENGINE REP	517	393-4332	5920 S PENNSYLVANIA AVE	LANSING	MI	48911	
HOWELL LAWNMOWER & RADIATOR	517	546-2790	2435 E GRAND RIVER AVE	HOWELL	MI	48843	
APPLE POWER SPORTS	616	350-1131	4550 17 MILE RD	KENT CITY	MI	49330	
BERGMAN POWER EQUIPMENT LLC	616	453-9581	4073 REMEMBRANCE RD NW	GRAND RAPIDS	MI	49534	
CANTON LAWN & SNOW	734	416-8050	7775 N SHELDON RD	CANTON	MI	48187	
DON'S SMALL ENGINE REPAIR	517	567-8941	4000 BUCKEYE RD	CAMDEN	MI	49232	
GALLANT & SON	517	263-1998	801 N MAIN ST	ADRIAN	MI	49221	
JERRY'S LITTLE ENGINE REPAIR	616	886-6611	3940 GORDON ST	HUDSONVILLE	MI	49426	
MASTER SERVICE CENTER	616	647-0654	5210 WEST RIVER DR NE STE A	COMSTOCK PARK	MI	49321	
MONDRY HARDWARE	313	894-3260	6659 MICHIGAN AVE	DETROIT	MI	48210	

QUALITY SMALL ENGINE REPAIR	616	554-0040	1562 68TH ST SE	GRAND RAPIDS	MI	49508	
REED'S EQUIPMENT LLC	517	567-4415	10815 S PITTSFORD RD	PITTSFORD	MI	49271	
TOOL MEDIC	810	687-6691	11395 N SAGINAW RD STE 6	CLIO	MI	48420	
WAYLAND OUTDOOR POWER	269	792-9377	200 COMMERCE ST	WAYLAND	MI	49348	
WOLF LAKE REPAIR	231	745-3071	764 N M 37	BALDWIN	MI	49304	
SPS REPAIR	989	286-6374	5984 STATE STREET	KINGSTON	MI	48741	
BRADLEY ACE HARDWARE	616	538-5170	31-44TH STREET SW	WYOMING	MI	49548	
NORTHERN INDUSTRIES	989	539-1990	10933 NORTH ATHEY AVE	HARRISON	MI	48625	
MAST'S ENGINE SERVICE	517	542-0158	11821 ANDERSON RD	LITCHFIELD	MI	49252	
COMMERCE ACE HARDWARE	248	360-0400	3050 UNION LAKE RD	COMMERCE TOWNSHIP	MI	48382	
BUDD'S ALL TRACTOR LLC	517	750-4550	6655 W. MICHIGAN AVE	JACKSON	MI	49201	
MY TOWN ACE	616	359-9300	1614 142ND AVE	DORR	MI	49323	
CJ'S ACE HARDWARE	616	754-8990	306 MAPLEWOOD ST	GREENVILLE	MI	48838	
VILLWOCK'S LAWN & GARDEN	269	815-5415	8008 M139	BERRIEN SPRINGS	MI	49103	
OCEANA IRRIGATION SYSTEMS INC	231	873-5437	3338 W ABBEY RD	HART	MI	49420	
HDR SMALL ENGINE REPAIR	231	715-1349	905 HASTINGS ST	TRAVERSE CITY	MI	49686	
LOZON TRUE VALUE HARDWARE	313	841-2940	10563 WEST JEFFERSON	RIVER ROUGE	MI	48218	
GRAYLING POWER EQUIPMENT	989	348-9621	PO BOX 417	GRAYLING	MI	49738	
MCMOWER PARTS & MORE	586	899-3694	33830 GROESBECK HIGHWAY	CLINTON TOWNSHIP	MI	48035	
GREAT LAKES ACE	517	787-1570	1711 SPRING ARBOR RD	JACKSON	MI	49203	
NORTHSHORE HARDWARE	231	744-1280	605 WHITEHALL RD	NORTH MUSKEGON	MI	49445	
SPRATTS TRADING POST INC.	517	437-3773	3000 STATE RD	HILLSDALE	MI	49242	
GRASS DIRT SNOW	231	584-2868	5868 ALBA HWY	ALBA	MI	49611	
COUNTYLINE EQUIPMENT & TRAILERS	989	401-6344	22686 GRATIOT RD	MERRILL	MI	48637	
COUNTRY VILLAGE ACE	906	485-1870	1150 COUNTRY LANE	ISHPEMING	MI	49849	
T&J RICHARDSON, LLC	517	423-6088	3421 RUSSELL RD	TECUMSEH	MI	49286	
AJ RENTALS AND EQUIPMENT	989	846-4588	4433 S HURON RD	STANDISH	MI	48658	
KENSINGTON MOTORSPORTS, INC.	248	446-0000	56605 PONTIAC TRAIL	NEW HUDSON	MI	48165	
CAMPIONI'S TRUE VALUE	906	828-2404	104 N STEPHENSON AVE	IRON MOUNTAIN	MI	49801	
DICKINSON TRUE VALUE	269	561-4321	111 E MAIN ST	FENNVILLE	MI	49408	
REPAIRCLINIC, LLC	800	269-2609	48600 MICHIGAN AVE	CANTON	MI	48188	
WEINGARTZ SUPPLY CO., INC	586	731-7240	46061 VAN DYKE AVE	UTICA	MI	48317	
SELL'S EQUIPMENT	734	639-1230	2708 NORTH TELEGRAPH RD	MONROE	MI	48162	
ALPHA GROUP RETAIL LLC	616	754-8990	306 MAPLEWOOD STREET	GREENVILLE	MI	48838	
BANSKI SERVICES	989	732-1888	2307 S. OTSEGO AVE.	GAYLORD	MI	49735	
BEN'S SUPERCENTER INC.	810	346-2835	4436 WEST MAIN STREET	BROWN CITY	MI	48416	
ROGER'S OSCODA ENTERPRISES INC.	989	569-6304	5112 N US 23	OSCODA	MI	48750	
LEWISTON ACE HARDWARE	989	786-4910	4910 SALLING AVE	LEWISTON	MI	49756	
ACE HARDWARE OF CLARE	989	386-4000	10316 S. CLARE AVE.	CLARE	MI	48617	
COLOMA TRUE VALUE	269	468-3462	280 N. PAW PAW STREET	COLOMA	MI	49038	
JCL SNOWPLOW DEALER, INC	586	716-0116	10131 RADIANCE DR	FAIR HAVEN	MI	48023	

[illegible]

[illegible]

[illegible]

[illegible]



Association of Educational
PURCHASING AGENCIES

Part E – Signature Forms

AEPA IFB 020-E

Lawn & Groundskeeping Equipment, Supplies & Services

Instructions

Contained herein are forms that require a signature from an authorized person at your company. All items found within this document are **mandatory**. Failure to sign the required areas, sections, or signature lines will allow AEPA to consider your company's proposal as **non-responsive**.

To submit the required signed forms, follow these steps:

1. Read the documents in their entirety.
2. Complete all forms and sign when required.
3. Once signed, place notary stamp in the delegated area on the Bid Affidavit.
4. Return the forms and pages in their correct order and scan one (1) single PDF format titled "Part E – Signature Forms – Name of Bidding Company" (i.e. one PDF document for all signature forms).
5. Submit Part E, along with other required documents in Public Purchase.

AEPA does not allow electronic signatures.

*Note, a bid checklist has been provided to review with your submission.

The following sections will need to be completed prior to submission as one (1), single PDF titled "Part E – Signature Forms – Name of Bidding Company".

Uniform Guidance "EDGAR" Certification Form – **signature required*

Bid Affidavit – **signature required*

Acceptance of Bid & Contract Award – **signature required*

Uniform Guidance “EDGAR” Certification Form

2 CFR Part 200

When a purchasing agency seeks to procure goods and services using funds under a federal grant or contract, specific federal laws, regulations, and requirements may apply in addition to those under state law. This includes, but is not limited to, the procurement standards of the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, 2 CFR 200, referred to as the “Uniform Guidance” or new “EDGAR”. All bidders submitting proposals must complete this EDGAR Certification form regarding the bidder’s willingness and ability to comply with certain requirements, which may be applicable to specific agency purchases using federal grant funds.

For each of the items below, the Bidder will certify its agreement and ability to comply, where applicable, by having the bidder’s authorized representative check, initial the applicable boxes, and sign the acknowledgement at the end of this form. If a bidder fails to complete any item of this form, AEPA will consider and may list the response, as the bidders is unable to comply. A “No” response to any of the items below may influence the ability of a purchasing agency to purchase from the bidder using federal funds.

1. Violation of Contract Terms and Conditions

Provisions regarding bidder default are included in AEPA’s terms and conditions. Any contract award will be subject to such terms and conditions, as well as any additional terms and conditions in any purchase order, ancillary agency contract, or construction contract agreed upon by the bidder and the purchasing agency, which must be consistent with and protect the purchasing agency at least to the same extent as AEPA’s terms and conditions. The remedies under the contract are in addition to any other remedies that may be available under law or in equity.

2. Termination for Cause of Convenience

For a participating agency purchase or contract in excess of \$10,000 made using federal funds, you agree that the following term and condition shall apply:

The participating agency may terminate or cancel any purchase order under this contract at any time, with or without cause, by providing seven (7) business days in advance written notice to the bidder. If this agreement is terminated in accordance with this paragraph, the participating agency shall only be required to pay bidder for goods and services delivered to the participating agency prior to the termination and not otherwise returned in accordance with the bidder’s return policy. If the participating agency has paid the bidder for goods and services provided as the date of termination, bidder shall immediately refund such payment(s).

If an alternate provision for termination of a participating agency’s purchase for cause and convenience, including the manner by which it will be effected and the basis for settlement, is in the participating agency’s purchase order, ancillary agreement or construction contract agreed to by the bidder, the participating agency’s provision shall control.

3. Equal Employment Opportunity

Except as otherwise provided under 41 CFR Part 60, all participating agency purchases or contract that meet the definition of “federally assisted construction contract” in 41 CFR Part 60-1.3 shall be deemed to include the equal opportunity clause provided under 41 CFR 60-1.4(b), in accordance with Executive Order 11246, “Equal Employment Opportunity” (30 FR 12319, 12935, 3 CFR Part, 1964-1965 Comp., p. 339), as amended by Executive Order 11375, “Amending Executive Order 11246 Relating to Equal Employment Opportunity,” and implementing regulations at 41 CFR Part 60, “Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor.”

The equal opportunity clause provided under 41 CFR 60-1.4(b) is hereby incorporated by reference. Bidder agrees that such provision applies to any participating agency purchase or contract that meets the definition of “federally assisted construction contract” in 41 CFR Part 60-1.3 and bidder agrees that it shall comply with such provision.

4. Davis Bacon Act

When required by Federal program legislation, bidder agrees that, for all participating agency contracts for the construction, alteration, or repair (including painting and decorating) of public buildings or public works, in excess of \$2,000, bidder shall comply with the Davis-Bacon Act (40 U.S.C. 3141-3144, and 3146-3148) as supplemented by Department of Labor regulations (29 CFR Part 5, "Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction"). In accordance with the statute, bidder is required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specific in a wage determinate made by the Secretary of Labor. In addition, bidder shall pay wages not less than once a week.

Current prevailing wage determinations issued by the Department of Labor are available at www.wdol.gov. Bidder agrees that, for any purchase to which this requirement applies, the award of the purchase to the bidder is conditioned upon bidder's acceptance of wage determination.

Bidder further agrees that is shall also comply with the Copeland "Anti-Kickback" Act (40 U.S.C. 3145), as supplemented by Department of Labor regulations (29 CFR Part 3, "Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States"). The Act provides that each construction completion, or repair of public work, to give up any part of the compensation to which he is otherwise entitled under his contract of employment, shall be defined under this titled or imprisoned not more than five (5) years, or both.

5. Contract Work Hours and Safety Standards Act

Where applicable, for all participating agency purchases in excess of \$100,000 that involve the employment of mechanics or laborers, bidder agrees to comply with 40 U.S.C. 3702 and 3704, as supplemented by Department of Labor regulations (29 CFR Part 5). Under 40 U.S.C. 3702 of the Act, bidder is required to compute the wages of every mechanic and laborer on the basis of a standard work week of 40 hours. Work in excess of the standard work week is permissible provided that the worker is compensated at a rate of not less than one and a half times the basic rate of pay for all hours worked in excess of 40 hours in the work week. The requirements of the 40 U.S.C. 3704 are applicable to construction work and provide that no laborer or mechanic must be required to work in surroundings or under working conditions that are unsanitary, hazardous or dangerous. These requirements do not apply to the purchase of supplies, materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.

6. Right to Inventions Made Under a Contract or Agreement

If the participating agency's federal award meets the definition of "funding agreement" under 37 CFR 401.2(a) and the recipient or sub recipient wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance or experiments, developmental or research work under the "funding agreement," the recipient or sub recipient must comply with the requirements of 37 CFR Part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements," and any implementing regulations issued by the awarding agency.

7. Clean Air Act and Federal Water Pollution Control Act

Clean Air Act (42 U.S.C. 7401-7671q.) and the Federal Water Pollution Control Act (33 U.S.C. 1251-1387), as amended, contracts and sub grants of amounts in excess of \$150,000 must contain a provision that requires the non-Federal award to agree to comply with all applicable standards, orders, or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401-7671q.) and the Federal Water Pollution Control Act, as amended (33 U.S.C. 1251-1387). Violations must be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA). When required, bidder agrees to comply with all applicable standards, orders, or regulations issued pursuant to the Clean Air Act and the Federal Water Pollution Control Act.

8. Debarment and Suspension

Debarment and Suspension (Executive Orders 12549 and 12689), a contract award (see 2 CFR 180.222) must not be made to parties listed on the government-wide exclusions in the System for Award Management (SAM), in accordance with OMB guidelines at 2 CFR 180 that implement Executive Orders 12549 (3 CFR Part 1966 Comp. p. 189) and 12689 (3 CFR Part 1989 Comp. p. 235), "Debarment and Suspension." SAM exclusions contain the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549. Bidder certifies that the bidder is not current listed and further agrees to immediately notify AEPA and all participating agencies with pending purchases or seeking to purchase from the bidder if bidder is later listed on the government-wide exclusions in SAM, or is debarred, suspended, or otherwise excluded by agencies or declared ineligible under statutory or regulatory authority other than Executive Order 12549.

9. Byrd Anti-Lobbying Amendment

Byrd Anti-Lobbying Amendment (31 U.S.C. 1352), bidders that apply or bid for an award exceeding \$100,000 must file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. 1352. Each tier must also disclose any lobbying with non-Federal funds that take place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the non-Federal award.

10. Procurement of Recovered Materials

For participating agency purchases utilizing Federal funds, bidder agrees to comply with Section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act where applicable and provide such information and certifications as a participating agency may require to confirm estimates and otherwise comply. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR Part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds \$10,000 or the value of the quantity acquired during the preceding fiscal year exceeded \$10,000; procuring solid waste management services in a manner that maximizes energy and resource recover, and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

11. Profit as a Separate Element of Price

For purchases using federal funds in excess of \$150,000, a participating agency may be required to negotiate profit as a separate element of the price. See 2 CFR 200.323(b). When required by a participating agency, bidder agrees to provide information and negotiate with the participating agency regarding profit as a separate element of the price for a particular purchase. However, bidder agrees that the total price, including profit, charged by the bidder to the participating agency shall not exceed the awarded pricing, including any applicable discount, under the bidders contract with AEPA.

12. General Compliance with Participating Agencies

In addition to the foregoing specific requirements, bidder agrees, in accepting any purchase order from a participating agency, it shall make a good faith effort to work with participating agency to provide such information and to satisfy requirements as may apply to a particular purchase or purchases including, but not limited to, applicable record keeping and record retention requirements as noted in the Federal Acquisition Regulation, FAR 4.703(a).

By initialing the table (1-12) and signing below, I certify that the information in this form is true, complete and accurate and that I am authorized by my business to make this certification and all consents and agreements contained herein.

Bidder Certification (By Item)	Bidder Certification: YES, I agree or NO, I do NOT agree	Initial
1. Violation of Contract Terms and Conditions	Yes	JD
2. Termination for Cause of Convenience	Yes	JD
3. Equal Employment Opportunity	Yes	JD
4. Davis-Bacon Act	Yes	JD
5. Contract Work Hours and Safety Standards Act	Yes	JD
6. Right to Inventions Made Under a Contract or Agreement	Yes	JD
7. Clean Air Act and Federal Water Pollution Control Act	Yes	JD
8. Debarment and Suspension	Yes	JD
9. Byrd Anti-Lobbying Amendment	Yes	JD
10. Procurement of Recovered Materials	Yes	JD
11. Profit as a Separate Element of Price	Yes	JD
12. General Compliance with Participating Agencies	Yes	JD

Husquarna Professional Products Inc.

Name of Business

Signature of Authorized Representative

Printed Name

9-12-19

Date

Bid Affidavit

Instructions: This form must be signed by the business's authorized representative and notarized below. If awarded, the Bidder is required to produce a copy of this document for each Member Agency with which it contracts.

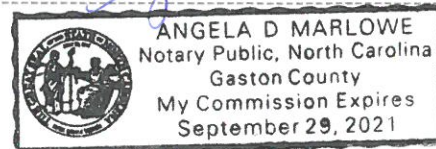
1. The undersigned, is duly authorized to represent the persons, business and corporations joining and participating in the submission of the foregoing bid (such persons, business and corporations hereinafter being referred to as the bidder), being duly sworn, on his/her oath, states that to the best of his/her belief and knowledge no person, business or corporation, nor any person duly representing the same joining and participating in the submission of the foregoing bid, has directly or indirectly entered into any agreement or arrangement with any other bidders, or with any official of the **Member Agency**, or any employee thereof, or any person, business or corporation under contract with the **Member Agency** whereby the bidder, in order to induce the acceptance of the foregoing bid by the **Member Agency**, has paid, or is to pay to any other bidder, or to any of the aforementioned persons, anything of value whatever, and that the bidder has not, directly nor indirectly entered into any arrangement, or agreement, with any other bidder or bidders which tends to or does lessen or destroy free competition in the letting of the contract sought for by the foregoing bid.
2. This is to certify that the bidder, or any person on his/her behalf, has not agreed, connived, or colluded to produce a deceptive show of competition in the manner of the bidding, or award of the referenced contract.
3. This is to certify that neither I, nor to the best of my knowledge, information and belief, the bidder, nor any officer, director, partner, member or associate of the bidder, nor any of its employees directly involved in obtaining contracts with the **Member Agency**, or any subdivision of the state has been convicted of false pretenses, attempted false pretenses, or conspiracy to commit false pretenses, bribery, attempted bribery or conspiracy to bribe under the laws of any state or federal government for acts or omissions after January 1, 1985.
4. This is to certify that the bidder, or any person on his behalf has examined and understands the terms, conditions, scope of work and specifications, and other documents of this solicitation and that any and all exceptions have been noted in writing and have been included with the bid submittal.
5. This is to certify that if awarded a contract, the bidder will provide the equipment, commodities, and/or services to members and affiliate members of the Agency in accordance with the terms, conditions, scope of work and specifications and other documents of this solicitation in the following pages of this bid.
6. This is to certify that the bidder is authorized by the manufacturer(s) to sell all proposed products on a national basis.
7. This is to certify that we have completed, reviewed, approved and have included all information that is required of these bid forms.

<u>Jeff Dewosky</u> Authorized Representative (Please print or type)	<u>Jill Jacobson</u> Mailing Address	<u>9335 Harris Corners Pkwy, Suite 500</u>
<u>Vice President - Sales</u> Title (Please print or type)	<u>VP</u> City, State, Zip	<u>Charlotte, NC, 28269</u>
<u>[Signature]</u> Signature of Authorized Representative	<u>[Signature]</u> Date	<u>9-12-19</u>

Subscribed and sworn to before me this 12th day of September, 2019

Notary Public in and for County of Mecklenburg State of North Carolina

My commission expires on 9-29-2021 Signature [Signature]



Enter Notary Stamp



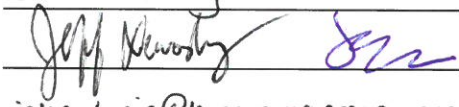
Association of Educational
PURCHASING AGENCIES

Acceptance of Bid & Contract Award

Instructions: PART I of this form is to be completed by the Bidder and signed by its Authorized Representative. PART II will be completed by the AEPA Member Agency only upon the occasion of the bid award. If approved by AEPA, the Bidder is required to produce a copy of the document for each of the AEPA Member Agency with which it contracts.

PART I: BIDDER

In compliance with the Invitation for Bid (IFB), the undersigned warrants that I/we have examined all Instructions to Bidders, associated documents, and being familiar with all of the conditions of the bid, hereby offer and agree to furnish all labor, materials, supplies and equipment incurred in compliance with all terms, conditions, specifications and amendments associated with this IFB and any written exceptions to the bid. Signature also certifies understanding and compliance with the certification requirements of the AEPA Member Agency's Terms and Conditions and/or Special Terms and Conditions. The undersigned understands that their competence, ability, capacity and obligations to offer and provide the proposed tangible personal property, professional services, construction services and other services on behalf of the Bidder Partner as well as other factors of interest to the AEPA Member Agency as stated in the evaluation section, will be a consideration in making the award.

Business Name	<u>Husquarna Professional Products</u>	Date	<u>9/12/2019</u>
Address	<u>9335 Harris Corners Pkwy #500</u>	City, State Zip	<u>Charlotte, NC, 28269</u>
Contact Person	<u>Jacob Brigg</u>	Title	<u>Government Sales Manager</u>
Authorized Signature		Title	<u>VP Sales VP</u>
Email	<u>jake.brigg@husquarnagroup.com</u>	Phone	<u>704-340-7367</u>

PART II: AWARDING MEMBER AGENCY

Your bid response for the above identified bid is hereby accepted. As a Bidder Partner you are now bound to offer and provide the products and services identified within this IFB, your response and approved by AEPA, including all terms, conditions, specifications, exceptions and amendments. As Bidder Partner, you are hereby not to commence any billable work or provide any products or services under this contract until an executed purchase order is received from the AEPA Member Agency or Participating Entities. The intent of this contract is to constitute the final and complete agreement between the AEPA Member Agency and Bidder Partner, and no other agreements, oral or otherwise, regarding the subject matter of this contract, shall bind any of the parties hereto. No change or modification of this contract shall be valid unless in writing and signed by both parties to this contract. If any provision of this contract is deemed invalid or illegal by any appropriate court of law, the remainder of this contract shall not be affected thereby. The initial term of this contract shall be for up to fifteen (15) months and will commence on the date indicated below and continue until February 28, 2021, unless terminated, canceled or extended. By mutual written agreement as warranted, the contract may be extended month by month up to six (6) months or for three (3) additional 12-month periods.

Awarding Agency _____

Authorized Representative _____

Awarded this

day of

Contract Number

Contract to commence

(Member Agency to select)

Or

March 1, 2020

Bid Checklist

Instructions: Utilize the checklist below, reviewing to confirm that all the required documents have been uploaded to Public Purchase, in their specified/required format, by the due date and time listed for this IFB. Bid submissions not following the specified/required format may result as being marked non-responsive and may not be considered for evaluation. Bidders are reminded that failure to follow, comply with, and adhere to the enclosed instructions of this solicitation may result in their response being deemed non-responsive. AEPA, its Member Agencies, affiliate agencies and authorized representatives are not responsible for bid proposals that are incomplete, unreadable, or received after the IFB deadline submission date.

"X"	Document Title, Uploaded to Public Purchase (Bidder must submit documents in the required title/format)	Format of Uploaded Document	Notes
	Bid Bond – if Required, see Part B if applicable.	Upload PDF copy. The original <u>must be</u> received by Oakland Public Schools by due date and time.	Send to Oakland Public Schools.
X	Part C – State Specific Forms – Name of Bidding Company	Single, Scanned PDF	Required. Signatures Required.
X	Part D - Questionnaire – Name of Bidding Company Includes: • Company Information • Service Questionnaire • Exceptions • Deviations	Single, Scanned PDF	Required.
X	Part E – Signature Forms – Name of Bidding Company Includes: • Uniform Guidance "EDGAR" Certification • Bid Affidavit • Acceptance of Bid & Contract Award	Single, Scanned PDF	Required. Signatures required.
X	Part F – Pricing Schedule – Name of Bidding Company	Excel Workbook	Required.
X	Exhibit A – Annual Report/Letter of Credit – Name of Bidding Company	Scanned PDF	Required. Not provided by AEPA, Bidder Created
X	Exhibit B – Marketing Plan – Name of Bidding Company	Scanned PDF	Optional. Not provided by AEPA, Bidder Created
X	Exhibit C – Warranties, Additional Services – Name of Bidding Company	Scanned PDF	Optional. Not provided by AEPA, Bidder Created
	Exhibit D – Additional Discounts – Name of Bidding Company	Scanned PDF	Optional. Not provided by AEPA, Bidder Created

Association of Educational Purchasing Agencies
Tabulation Report IFB #020-E - Lawn &
Groundskeeping Equipment, Supplies & Services
Vendor: Husqvarna Professional Products, Inc.

General Comments: Thank you for considering Husqvarna Professional Products in response to IFB #020-E. Please feel free to reach out at any time if there are questions regarding Husqvarna's response, or our capabilities. We look forward to working together.

Best Regards,
Jake Breig
Husqvarna Professional Products
Government Sales Manager, HBD North America
Email- Jake.Breig@husqvarnagroup.com
Work- 704-921-7127
Mobile- 704-340-7367

General Attachments: Exhibit A - Annual Report - Husqvarna Professional Products Inc.pdf
Exhibit B - Marketing Plan - Husqvarna Professional Products.pdf
Exhibit C - Warranties, Additional Services - Husqvarna Professional Products Inc.pdf
Part C - State Signature Forms - Husqvarna Professional Products Inc.pdf
Part D - Questionnaire - Husqvarna Professional Products Inc.pdf
Part E - Signature Forms - Husqvarna Professional Products Inc.pdf
Part F - Pricing Schedule - Husqvarna Professional Products Inc.xlsx