

## Proposals by the Board of Directors to be presented at the Annual General Meeting ("AGM") of Shareholders of Husqvarna AB (publ) on Thursday, April 18, 2024

The below proposals correspond with the numbering set forth in the agenda proposed by the Board of Directors, as set forth in the separate Notice of AGM.

### **Proposed distribution of earnings (Agenda Item #8b)**

The Board of Directors proposes a dividend for financial year 2023 of SEK 3.00 per share, to be paid in two installments, firstly SEK 1.00 per share with Monday, April 22, 2024 as the first record day, and secondly SEK 2.00 per share with Tuesday, October 22, 2024 as the second record day. Assuming the AGM resolves in accordance with the Board of Directors' proposal, the estimated (i) last day for trading in Husqvarna AB shares with right to the applicable part of the dividend payment, (ii) applicable record day, and (iii) date for payment from Euroclear Sweden AB for each of the installments are as follows:

	First Installment (SEK 1.00 per share)	Second Installment (SEK 2.00 per share)
Last day for trading	April 18, 2024 (Thursday)	October 18, 2024 (Friday)
Record Day	April 22, 2024 (Monday)	October 22, 2024 (Tuesday)
Payment Date	April 25, 2024 (Thursday)	October 25, 2024 (Friday)

### **Resolution regarding the adoption of a long-term incentive program (LTI 2024) (Agenda Item #14)**

#### *Summary of the program*

The Board of Directors proposes that the 2024 AGM resolves to adopt a performance-based long-term incentive program ("LTI 2024") in line with the following description. The program is based on the same principles as the incentive program approved in 2023 (LTI 2023).

LTI 2024 is proposed to be offered to a maximum of 135 senior managers within the Husqvarna Group and offers participants the opportunity to receive "performance share awards". Subject to the fulfilment of certain performance targets and conditions during a three-year vesting period, performance share awards to be granted in 2024 will vest and give right to Husqvarna B-shares in accordance with the following.

Participants in LTI 2024 will be granted a number of performance share awards based on such participant's annual target income (fixed salary plus variable salary at a target level) in 2024.

The number of performance share awards that vest and give rights to receive B-shares further depends on the fulfilment of certain levels of increase of the Company's value creation (defined as Earnings Before Interest and Tax – Average Net Assets x Weighted Average Cost of Capital), weight 90%, and certain levels for reducing the company's carbon dioxide emissions, weight 10%, during the calendar years 2024-2026, 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 share awards to vest and give right to B-shares. The levels correspond to the following number of B-shares, with a linear progression between each level:

- Entry: 10% of annual target income / the share price SEK 81.40<sup>1</sup>
- Target: 33% of annual target income / the share price SEK 81.40<sup>1</sup>
- Stretch: 66% of annual target income / the share price SEK 81.40<sup>1</sup>

If the price for the B-shares would increase more than 200% during the three year vesting period, the number of performance share awards that vest and give right to B-shares will be limited to the value of the maximum allocation at Stretch level at a share price increase of 200% from grant of share awards to vesting (vesting period). This limitation enables control and predictability over the maximum scope and cost of the program.

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<sup>1</sup> Corresponding to the average closing price of Husqvarna's B-share at Nasdaq Stockholm during December 2023, January 2024 and February 2024.

### *Additional terms & conditions*

The performance share awards shall be governed by the following terms and conditions:

- Shares are allotted free of charge
- Are vested three years after grant (vesting period)
- Vesting of performance share awards and allotment of B-shares in Husqvarna requires that the participant is then, with certain exceptions, still employed by the Husqvarna Group
- Carry no right to compensation for dividends on underlying shares
- Are non-transferable

### *Design and administration*

The Board of Directors, or a committee established by the Board, shall be responsible for the detailed design and administration of LTI 2024, in accordance with the presented terms and guidelines. To this end, the Board of Directors shall be entitled to make adjustments to meet domestic or foreign regulations or market conditions. The Board of Directors may also make other adjustments if significant changes in the Husqvarna Group, or its environment, would result in the resolved terms and conditions for LTI 2024 no longer being appropriate to apply.

### *Allotment*

In accordance with the above principles and assumptions, LTI 2024 will comprise the following number of B-shares for the different categories of participants:

- the CEO, approximately 133,000 B-shares,
- other members of Group Management, each approximately an average of 46,600 B-shares, corresponding to a total of approximately 326,000 B-shares, and
- other participants, each approximately an average of 19,600 B-shares, corresponding to a total of approximately 2,416,000 B-shares.

The above stated numbers are calculated assuming the attainment of performance level Stretch as described above.

### *Scope and costs of LTI 2024*

LTI 2024 is estimated to comprise a maximum of 2.8 million B-shares, which corresponds to 0.5% of the total number of outstanding shares. The Company has approximately 576 million shares outstanding. The issued and outstanding rights to shares in accordance with the Company's previous outstanding incentive programs (LTI 2021, LTI 2022 and LTI 2023) correspond to approximately 0.9% of the total number of outstanding shares. The Company's incentive programs' effect on important key figures is only marginal. Information on LTI 2021, LTI 2022 and LTI 2023 can be found in the Annual and Sustainability Report for 2023, note 4, and on the Company's website, [www.husqvarnagroup.com](http://www.husqvarnagroup.com).

LTI 2024 will be accounted for in accordance with IFRS 2 – Share-based Payment. IFRS 2 stipulates that the performance share awards should be expensed as personnel costs over the vesting period and will be reported directly against equity. Estimated social security charges will be recorded as a personnel expense in the income statement by current reservations. The cost for LTI 2024 is estimated to amount to SEK 120m before tax, if the performance level Target is reached, and is allocated over the years 2024-2027. The corresponding cost at performance level Stretch is estimated to SEK 240m. Financing costs and social security charges are included in the estimated amounts. The estimation of cost above is based on the assumptions that the share price is SEK 77 at the time of grant of the performance share awards, that the annual share price increase for the Company's B-shares flat, that social security charges amount to 17% and that the annual employee turnover is 0% among the participants of LTI 2024.

In order to ensure delivery of Husqvarna B-shares under LTI 2024 and to limit the costs, including social security charges, for LTI 2024, the Board of Directors will adopt hedging measures, such as equity swap agreements with third parties, under which the third party would in its own name buy and transfer Husqvarna B-shares to the participants in accordance with LTI 2024 provided that the AGM resolves in accordance with Agenda Item 14. The hedging options are described below under Agenda Item 15. The intention is to not issue new shares as a result of LTI 2024.

### *The rationale for the proposal*

The purpose of LTI 2024 is to influence and award long term performance, align shareholders' and managements' interest, attract and retain key employees and provide variable remuneration instead of fixed salary. In light of the above, the Board of Directors believes that adopting LTI 2024 will have a positive effect on the development of the Husqvarna Group and consequently that it will be beneficial to both the shareholders and the Company.

### *Preparation*

LTI 2024 is based on the same principles as LTI 2023 and has in accordance with guidelines set out by the People & Sustainability Committee been prepared by Group Management in consultation with external advisors, taking into consideration evaluations of previous incentive programs. LTI 2024 has been reviewed at meetings of the Board of Directors in 2023 and 2024.

### ***Resolution on authorization to enter into equity swap arrangements to cover obligations under LTI 2024 and any previously resolved LTI programs (Agenda Item #15)***

The Board of Directors proposes that the 2024 AGM authorizes the Board of Directors to pass a resolution, on one or more occasions, for 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), on terms and conditions in accordance with market practice, to hedge the obligations of the Company under LTI 2024 and any previously resolved incentive programs (the "Covered Programs"). Under such equity swap arrangements, in exchange for certain fees paid by the Company, the third party acquires (in its own name) such number of Husqvarna B-shares as are necessary to cover the Company's obligations under the Covered Programs and then, transfer (in its own name) such shares to the participants per the terms of the Covered Programs.

### ***Resolution on authorization to resolve on the issuance of new shares (Agenda Item #16)***

The Board of Directors proposes that the 2024 AGM authorizes the Board to resolve to issue not more than 57,634,377 B-shares, which represents 10% of the total number of shares in the Company, against payment in kind, on one or several occasions, during the period until the next AGM.

The price for the new shares shall be based on the market price of the Company's B-shares. The purpose of the authorization is to facilitate acquisitions where the consideration will be paid with own shares.

### **Majority Requirements**

For a valid resolution under all the agenda items above, a shareholder majority of half of the votes cast at the AGM is required.

### **The Board of Directors' statement in accordance with Chapter 18 Section 4 of the Swedish Companies Act (2005:551)**

#### **Background**

The Board of Directors hereby presents the following statement in accordance with Chapter 18 Section 4 of the Swedish Companies Act.

The reasons for the Board of Directors' view that the proposed dividend is compliant with the provisions of Chapter 17 Section 3 Paragraphs 2 and 3 of the Swedish Companies Act are as described in this Appendix A.

The assets and liabilities have been valued at actual value pursuant to Chapter 4 Section 14 a of the Annual Reports Act (1995:1554). If the valuation had not been made at actual value, the equity would have been SEK 170m lower.

#### **The nature, scope and risks of the business**

The nature and scope of the Company's and the Group's business are set out in the Articles of Association and previous annual reports. The business carried out by the Company and the Group does not entail greater risks than risks that exist or are likely to exist in the industry or such risks which are generally associated with running business operations. As regards material events, reference is made to the Report by the Board of Directors in the Annual and Sustainability Report for 2023. The Company's and the Group's dependence on business cycles does not deviate from what is otherwise common in the industry.

#### **The financial position of the Company and the Group**

The financial position of the Company and the Group as of 31 December 2023 is described in the most recent Annual and Sustainability Report. The Annual and Sustainability Report also states the accounting principles that have been applied for valuation of assets, reserves and liabilities.

From the Board of Directors' dividend proposal, it follows that the Board of Directors proposes a dividend of SEK 3.00 per share, to be paid in two installments, firstly SEK 1.00 per share with Monday, April 22, 2024 as the first record day, and secondly SEK 2.00 per share with Tuesday, October 22, 2024 as the second record day. The total proposed dividend represents 5.4% of the Company's equity and 7.2% of the Group's equity.

The Annual and Sustainability Report shows that the Parent Company's equity/assets ratio amounts to 49% and the Group's equity/assets ratio is 41%. The Company's and the Group's equity/assets ratio does not differ from what is common within the industry. The proposed dividend does not jeopardize the investments which are deemed necessary for the business.

The proposed dividend does not affect the Company's and the Group's ability to fulfil its current and future payment obligations in a timely manner. The Company's and the Group's liquidity forecast comprises a readiness to handle variations in the ordinary payment obligations of the Company.

The Company's and the Group's financial position does not give rise to any other conclusion than that the Company will be able to continue its business and that the Company and the Group can be expected to fulfil its obligations on both a short and long-term basis.

The Board of Directors makes the assessment that the size of the Company's and the Group's equity is reasonable in relation to the scope of the Company's and the Group's business and the risks tied to the Company's business when taking into account the proposed dividend.

#### **Conclusion**

With reference to the above, and to what otherwise has been brought to the attention of the Board of Directors, the Board of Directors is of the opinion that the dividend is justifiable in light of the provisions of Chapter 17 Section 3 Paragraph 2 and 3 of the Swedish Companies Act.

Stockholm in March 2024  
Husqvarna AB (publ)  
The Board of Directors