



Annual Report 2020



Electrolux Professional
Food, Beverage and Laundry

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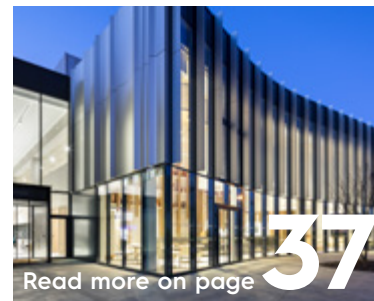
The Annual Report for Electrolux Professional AB (publ) 556003-0354, consists of the Administration Report on pages 87-93, the Financial Statements and notes on pages 94-146, the Corporate Governance report on pages 64-84 and the Sustainability Report on pages 49-63 and 153-159. The annual report is published in Swedish and English. The Swedish version is the original.

Electrolux Professional was part of Electrolux, founded in 1919, until March 23, 2020 when the shares in Electrolux Professional were distributed to the shareholders of Electrolux, and listed on Nasdaq Stockholm.



Read more on page

ALBERTO ZANATA,
PRESIDENT AND CEO:
"We are strong and well positioned for the future"



Read more on page

Markets

Our commercial activities focus on three geographical regions - Europe, Americas, and Asia Pacific & Middle East and Africa (APAC & MEA).



Read more on page

Our offering - the OnE

OnE is our global product and service offering, with both single and full solutions and services across Food, Beverage and Laundry - under one brand - allowing customers to manage their operations through connectivity and a digital ecosystem.



Read more on page

Food & Beverage

A wide range of professional food service and beverage solutions.



Read more on page

Laundry

A wide range of equipment for professional laundry businesses.



Read more on page

Sustainability

Sustainability is a key part of our strategy, culture, and day-to-day operations. Our climate ambition is to become climate neutral within our industrial operations by 2030



This is Electrolux Professional

Electrolux Professional is one of the leading global providers of professional food, beverage and laundry solutions, serving a wide range of customers globally, from restaurants and hotels to healthcare, educational and other service facilities.

2020 in brief

Net sales

SEK **7,263**m

Sales in approximately

110
countries

Headquarters in Stockholm,

Sweden

Operating income

SEK **387**m
incl items affecting comparability
of SEK -77m

11

manufacturing units in
seven countries

Approximately

3,500
employees

The year in brief

Ours has been one of the most affected industries due to the pandemic. Read about the impact of the pandemic and how we and our customers have responded on pages 6-7

Q1

- > The extraordinary general meeting of Electrolux approved the distribution of all shares in Electrolux Professional to the shareholders of Electrolux.
- > Prospectus published ahead of the listing of Electrolux Professional.
- > Electrolux Professional's first Investor Day.
- > Supplement prospectus published following the Coronavirus outbreak.
- > First day of trading of Electrolux Professional's shares on March 23, 2020.
- > "hygiene&clean" dishwasher range was launched to meet pandemic-related demand for hygiene.

Q2

- > New Chief Human Resources Officer appointed.
- > "Two Pairs of Eyes" remote contact-less customer service launched.
- > Ideation challenge launched internally.

Q3

- > Structural measures implemented leading to cost savings of SEK 130m.
- > NitroChrome³ High Productivity fry top and new line of ironers launched for Laundry.
- > The Company's Series A shares were delisted from trading on Nasdaq Stockholm.
- > Digital transformation program approved and accelerated.

Q4

- > The new factory project in Rayong, Thailand merging two plants into one is almost complete. To be opened in June 2021.
- > Partnership agreement with École Ducasse-Paris Campus announced.
- > Sustainability commitments launched with the ambition to become climate neutral in the company's operations by 2030.

Selection of product launches 2020



CLASSIC ESPRESSO MACHINE RANGE



SINGLE & DOUBLE RINSE RACKTYPE DISHWASHER



LINE 6000 WASHERS & DRYERS COMPASS PRO CONTROL

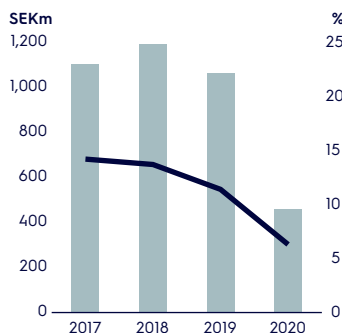
Key figures



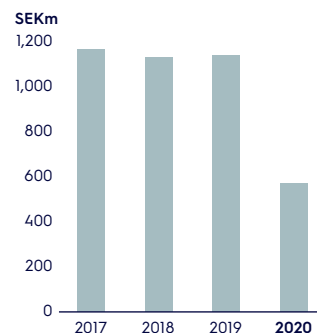
Total net sales



EBITA and EBITA margin



Operating cash flow after investments



Key ratios

SEKm	2020	2019	2018	2017
Net sales	7,263	9,281	8,666	7,723
EBITA	456	1,058	1,188	1,098
EBITA margin, %	6.3	11.4	13.7	14.2
EBITA excl. items affecting comparability ¹	533	1,090	1,188	1,098
Operating income	387	992	1,143	1,060
Operating margin, %	5.3	10.7	13.2	13.7
Income after financial items	363	978	1,134	1,052
Income for the period	278	663	952	786
Earnings per share, SEK ²	0.97	2.31	3.31	2.74
Operating cash flow after investments	570	1,138	1,131	1,167

1) 2019 includes items affecting comparability of SEK -32m, and 2020 includes items affecting comparability of SEK -77m.
2) Basic number of outstanding shares.

CEO comments

Strong and well positioned for the future

2020 was set to be the year when we once again could focus on strengthening and growing the company after the process of separation from Electrolux in 2019 and the listing on Nasdaq Stockholm in March. Instead, the listing occurred at an unprecedented time when the global coronavirus pandemic affected every part of society, with the hospitality industry, where we have many customers, being one of the most heavily impacted industries. This forced us to change our focus in the short term.

Adapting to a new reality

The pandemic has affected us all, in both our professional and personal lives – but difficult times can lead to adaptation and improvement, and that is what we have been able to do during the last year.

Despite all the challenges that came with the pandemic, we managed to avoid both major interruptions in production and customer delivery disturbances. This is no small achievement given that a new plant was also being built in Thailand and investments in the digital transformation of our company were accelerated. At the same time, we were able to ensure a successful transition from office to remote working for almost all office staff during the lock-downs that affected most countries and that forced many to work from home.

It was not only our internal meetings that went digital. Our training (for our people, our customers, and technicians) went online, as did our product launches of new solutions that we had designed specifically to address the challenges our customers were facing.

Electrolux Professional is a leading global provider of food service, beverage, and laundry solutions, uniquely positioned with a strong single brand, serving a wide range of customers globally, from restaurants and hotels to healthcare, education, and other service facilities.

Our position, combined with both short-term and structural cost-saving measures, together with the strong performance of the less-affected Laundry segment, all helped us to remain reasonably profitable in 2020. To build for the future we also decided to continue to invest in the new plant in Thailand and the digitalization of our products and organization.

Long-term favorable underlying trends

Looking beyond the pandemic, several global trends favor the growth of our business. The increase in out-of-home spending, especially in emerging markets, means people are spending more money on dining out and less time on household chores such as cleaning. Many businesses are broadening their offerings and are becoming multi-function assets, for example, coffee shops offering food and laundromats offering coffee and food.

We are also seeing a change in consumer and customer behavior, accelerated by the pandemic.

Sustainability and hygiene are becoming even more important. Customers are more focused on: the total cost of ownership instead of the upfront investment cost; safe use of appliances; and the potential production output. Digitalization is increasing the demand for technologically advanced equipment that enables greater uptime

through preventive remote maintenance. All this supports the operation and fleet control of the appliances, reducing the environmental impact, and enables more frequent changes in menus and ways of serving, such as take-away or in-house eating, which are a must nowadays.

Strategic direction remains valid

Although both sales and profitability declined substantially during 2020 due to the pandemic, for several years we have demonstrated that under normal circumstances we can grow the business with a healthy margin. Between 2013 and 2018 our business grew by approximately 50%, driven by both acquisitions and organic growth. During 2017-2019 profitability doubled to an average EBITA margin of 13%.

During 2019 and 2020 Electrolux Professional was clearly impacted by preparations for the listing and then the pandemic. Despite this, the strategic direction presented a year ago remains valid, although there is more emphasis on cost efficiency now. As such, our business strategy still consists of the four pillars below, built on a foundation of operational excellence to improve sales productivity and cost efficiency within the supply chain;

- Grow the business by developing sustainable, innovative solutions that have a low running cost

- Expand in food service chains, especially in North America, grow in beverage and expand in emerging markets, with selective M&A acting as a further accelerator.
- Boost Customer care (aftermarket) sales by further developing the global service network and competence as a full-service provider.
- Leverage the OnE approach which is our global product and service offering, with both single and full solutions and services across Food & Beverage and Laundry - under one brand - allowing customers to manage their operations through connectivity and a digital ecosystem.

Build sustainability for the future

Sustainability is a key part of our strategy, culture and day-to-day operations. Our sustainability legacy provides a strong foundation for our operations and our sustainable customer offering. Electrolux Professional is a signatory of the UN Global Compact and our sustainability work is based on the United Nations Sustainability Development Goals.

We recognize the importance of taking action to mitigate climate change and we support the ambitions of the Paris Agreement. Consequently, we have an ambitious overarching target to become climate neutral in our own operations by 2030.

At a more operational level, the strategy aims to develop sustainable, more energy-efficient solutions, sustainable operations, and reduce our environmental impact. In terms of social impact, we seek to earn the trust of everyone affected by our operations, and demonstrate commitment to the environment, ethics, and human rights.

Electrolux Professional's sustainability targets center on climate, health & safety, and diversity.

In parallel to the climate neutral target for our own operations, we are determined to continue developing low-resource consuming products so as to reduce the impact from the product-use phase as products consume energy, water, and detergents. This is good for both our customers' running costs as well as for our planet.

It is only by understanding and managing the total impact of our business on people and the planet, that we can



The pandemic has affected all of us, in both our professional and personal lives – but difficult times can lead to adaptation and improvement, and that is what we have been able to do during the last year.

Alberto Zanata, President and CEO

create the conditions to exceed our customers' expectations and remain an attractive employer, thereby delivering long-term value creation.

Right foundation to stand strong

In the near term the pandemic will still affect us, but once the majority of the global population is vaccinated against the coronavirus, I am confident that over time, the business in the hospitality industry will return to pre-corona levels.

Our strategy and our mission will enable us to make our customers' work-life easier, more profitable, and truly sustainable every day. We are proud to have been able to demonstrate resilience during the pandemic, and thanks to the dedication and flexibility of our employees as well as the cost-saving measures

adopted, we have laid the foundation for our future.

If I take a moment to reflect on our company, I see that we have all the right ingredients to remain at the forefront of our industry. We are stable and profitable with a strong balance sheet. Our solutions live up to the tough demands required of high-performing, reliable machinery and include an exceptional Customer care offering. Electrolux Professional is a respected brand. We are working with continuous improvement through innovation and investments. We do all we can to contribute to our customers' success. This is a strong platform for the future.

Alberto Zanata,
President and CEO

Supporting customers through the coronavirus pandemic

Ours has been one of the most affected industries during the pandemic, but thanks to the flexibility and skills of our employees and substantial cost saving measures, we have demonstrated that we have the strength and resilience to overcome the pandemic. For many of our customers, the coronavirus pandemic, with local lockdowns and substantially reduced business opportunities.



ITALY: Donations to hospitals to support local communities

Electrolux Professional donated €100,000 to fund urgent medical supplies and equipment, including ventilators, in two hospitals located close to our two Italian manufacturing sites.



JAPAN: Helping a laundry business remain profitable during the pandemic

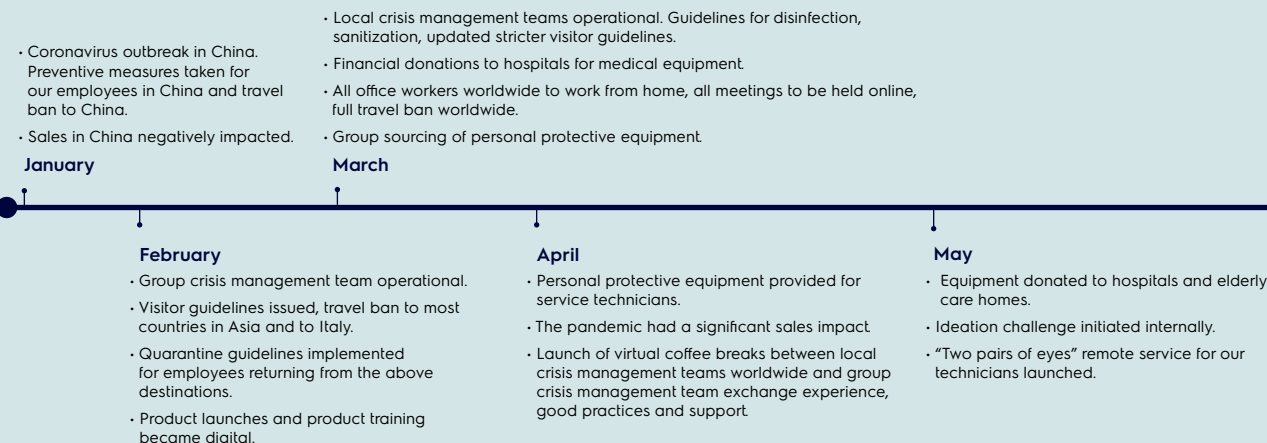
Electrolux Professional customer Meikei Sangyo implemented an advanced hygiene concept and upgraded its Electrolux Professional solutions to offer cleaning services in response to new customers demands. The response was overwhelming leading to increased cleaning capacity and generating growth.

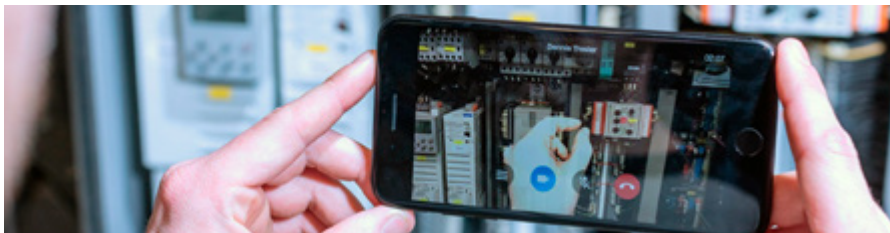


NORWAY: The "Nordic Light" in the pandemic

The Norwegian health authorities adopted new infection control regulations in different industries including the health sector. Ambulance stations suddenly had to change their washing routines and equipment in line with the new standards. Our laundry solutions were selected to equip 18 new ambulance stations.

Covid-19, impact & response month by month





“TWO PAIRS OF EYES”

– **augmented reality service shortens downtimes and increases productivity**
 Despite lockdowns and social distancing, our service technicians were still able to provide remote support to customers thanks to an augmented reality tool called “Two Pairs of Eyes”. The principle is simple. It starts with the technician and customer sharing the same view remotely on their screens. Once in virtual reality mode, the technician is able to provide guidance at a safe distance.



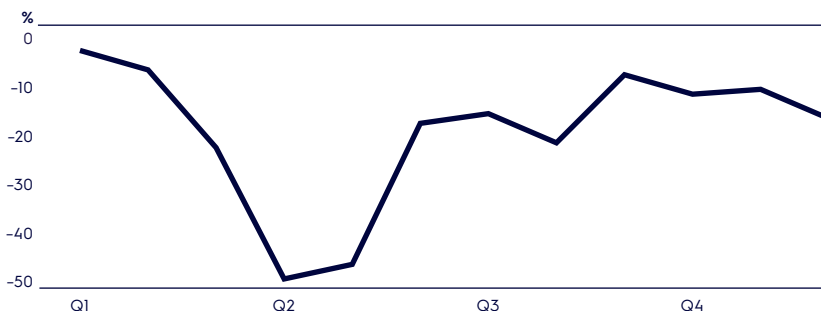
TURKEY: Free breakdown maintenance for hospitals
 Electrolux Professional in Turkey teamed up with its Authorized Service Partner network Essentia, to provide free breakdown maintenance to hotels, hospitals, and healthcare professionals during the pandemic.



“HYGIENE&CLEAN” dishwashers keep customers safe

In 2020, the unprecedented challenges of the global pandemic led to the creation of the first dishwashing range with third-party certified disinfection performance.

Net sales development 2020 compared to 2019



Sales declined substantially during first wave in April-May. During summer sales recovered but recovery slowed down towards end of the year.

- Mapping of country vaccination plans and monitoring of international initiatives for development of virtual vaccine passports to enable travel in the future.
- “Second wave” of the pandemic slowed down the sales recovery of previous months.

September

- De-activation of full group Crisis management team, replaced by smaller working group monitoring the developments of the pandemic.
- Employees start to return to offices part time adapting to a “new normal”.
- Travel ban worldwide still in force – only business-critical travel allowed.
- “hygiene&clean” dishwasher range launched, an adaptation of the green&clean range meeting new hygiene demands.

October

- Serenity cabinet for clothes launched.

November

- Employees encouraged to work from home again due to “second wave” of coronavirus.
- Additional health & safety measures implemented.

December

How we create value

7 underlying trends

- > The post-pandemic new normal
 - > Population growth
 - > Increasing workforce participation
 - > Climate change and resource shortfall
 - > Urbanization
 - > Digitalization
 - > Growing disposable household income
- [Read more on page 17](#) →

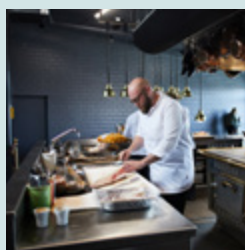
OUR MISSION
 Making our customers' work-life easier, more profitable - and truly sustainable every day

Our resources

- > 3,500 committed employees, [p 46](#) →
- > 11 manufacturing sites, [p 41](#) →
- > More than 3,000 larger customers in 110 countries, [p 30](#) →
- > Long-term relations with stakeholders in our value chain, [p 61](#) →
- > Strong brand - known for innovative, sustainable solutions and the OnE offering [p 24](#) →

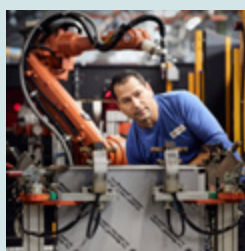
Electrolux Professional – the OnE offering

Our global product and service offering, with both single and full solutions and services across Food & Beverage and Laundry – under one brand – allows customers to manage their operations through connectivity and a digital ecosystem. Our OnE offering also includes management of the entire value chain, from project planning and design to production, installation, and aftermarket service.



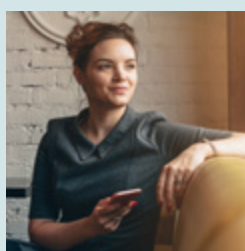
Sustainable solutions

[Read more on page 56](#) →



Sustainable operations

[Read more on page 58](#) →



Ethics & Relationships

[Read more on page 61](#) →



Addressing customer needs

- > Simplification, improved speed and flexibility of customer operations
- > Improved quality of the food, beverage or laundry service
- > Reduced energy consumption and carbon footprint
- > Lower total cost over the lifecycle of the equipment
- > Reliability of the overall equipment system
- > Ergonomic and human-centric design
- > Enhanced hygiene demands

Read more on p 30, 33, 56 →

Distributed value according to GRI



Distributed value
SEK 7,118 m

Shareholders

Electrolux Professional's dividend target corresponds to a pay-out of approximately 30% of the net income for the year.

Read more on p 160 →

Goals and strategies

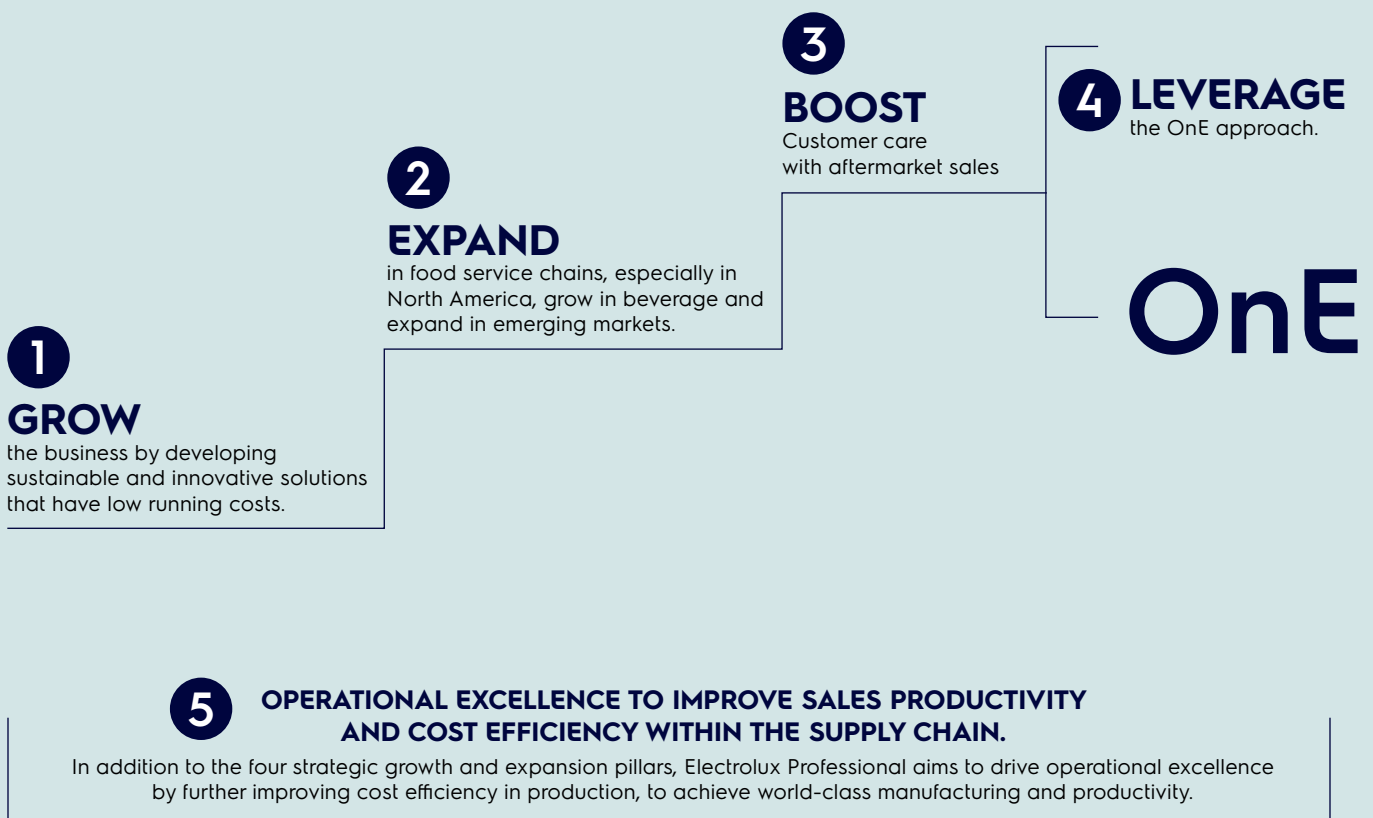


Mission

Making our customers' work-life easier, more profitable - and truly sustainable every day.



Strategy for growth built on a foundation of operational excellence



Strategic goals

Our strategy focuses on four pillars, built on a foundation of operational excellence to improve sales, productivity and cost efficiency in the supply chain.



Grow through innovation

We want to set the pace of industry innovation in sustainability and energy efficiency, underpinned by a connected and digital platform.

We aim to cater to customer needs by continuously developing new and improved products and services, thereby adding value to customers.

Part of Electrolux Professional's innovation strategy is to prioritize appliance digitalization. Our ambition is to address our customers' increased requirements for flexible machines with low running costs.

2020 OUTCOME

Several of the products launched in 2019 and rolled out in 2020, such as Line 6000 washers and Skyline Cook & Chill, have improved our sustainability offering. In addition, new products have been launched during 2020 that will improve profitability. Driven by the pandemic, products were launched to meet increasing needs for hygiene and sanitization. Today, approximately 50% of sales come from products launched in the last three years.



Expand in food service chains

Organic increase of sales to food service chains and potential M&A to support acceleration.

We have well-defined growth priorities, which mainly includes increasing sales to commercial restaurant and food chains - large companies with multiple outlets across several regions - in North America and emerging markets.

In addition, we aim to accelerate growth through selective add-on acquisitions, primarily acquisition targets that clearly align with the company's strategic roadmap.

2020 OUTCOME

The coronavirus pandemic limited the number of roll-outs in new chains, but many tests were conducted that have led to roll-outs in smaller chains, particularly in the US and Asia. However, a larger roll-out of dishwashers to an American chain in China was initiated at the end of 2020. Acquisitions were put on hold before the listing of the company in March. Thereafter, the pandemic made it difficult to carry out acquisitions.



3

Boost Customer care (aftermarket) sales

We will further develop our global service network and competence as a full-service provider while increasing sales of spare parts, accessories, and consumables.

Electrolux Professional operates in a market characterized by the heavy use of machines, which requires us to have a reliable and geographically well-distributed Customer care service. We will support our customers throughout the life of the product via the global sales and service network. Our aim is to increase the share of Customer care sales.

2020 OUTCOME

The coronavirus pandemic initially limited the ability of our people to visit customers, which led to a sharp decline in Customer care sales. Therefore, the share of Customer care sales was unchanged during the year. Our service offering has been improved through the launch of consumables such as detergents and "Two Pairs of Eyes" a new remote contact-less customer service. In some markets we have partnered with Parts Town, a leading online supplier of spare parts and consumables, to further improve our offering.



4

Leverage "the OnE approach"

We want to strengthen our global product and service offering, with both single and full solutions and services across Food, Beverage and Laundry - under one brand - allowing customers to manage their operations through connectivity and a digital ecosystem.

The company's broad market presence in different geographies can be further strengthened, both in terms of customer relationships and the service network. Electrolux Professional's ongoing relationships with customers throughout the equipment lifecycle, and our ability to add value in terms of total cost of ownership, also creates a need for repurchases and additional services.

2020 OUTCOME

Electrolux Professional is currently the only global player that offers food, beverage, and laundry equipment under one brand. In 2020, this offering has been further enhanced with activities such as product and service training, emphasizing the uniqueness of the "OnE concept" via the OnE Platform, our digital ecosystem. To drive digital transformation, investments have been initiated in digital platforms to improve customer experience, data-driven sales activities, and operational excellence.



5

Operational excellence

We will improve agility and cost efficiency within production by driving world-class manufacturing best practices and productivity.

We strive to reduce production costs, reduce our industrial footprint, and reinforce supplier excellence through a consolidated supplier base.

2020 OUTCOME

The coronavirus pandemic forced the entire supply chain to rapidly adapt to a new situation. Initially, priority was given to handling the shortage of components and transportation. Thereafter the decline in demand meant that several factories had to adapt to shorter working weeks. The coronavirus accelerated our cost reduction process. At the same time, investment was made in a new factory in Thailand. The factory building was ready in February 2021 and will be fully operational in June 2021.

Financial targets and dividend policy

Electrolux Professional’s goal is to create value for its stakeholders through profitable growth. This will be achieved through operational excellence and investments with growth in innovation, Customer care and chain business that offer higher margins and with focus on our OnE offering.

Net sales growth
Organic annual growth of more than

4%

over time. Complemented by value-accretive acquisitions.

OUTCOME:
2020: -21% Average 2017-2019: 3.1%

Comment on 2020 outcomes

The pandemic had a hugely negative impact on the hospitality industry, thus sales of Food & Beverage declined by 28%, while Laundry was more resilient with a sales decline of 9%.

Profitability
EBITA margin of

15%

OUTCOME:
2020: 6.3% Average 2017-2019: 13.1%

Comment on 2020 outcomes

The pandemic had a hugely negative impact on sales volumes. Short-term and structural cost-saving measures only partially mitigated the sales decline.

Asset efficiency
Operating working capital below

15%

of net sales.

OUTCOME:
2020: 19.9% Average 2017-2019: 15.9%

Comment on 2020 outcomes

The increase in working capital as percent of net sales is due to accounts receivables and inventory decreasing at a lower rate than the decrease in net sales.

Capital structure
Net debt/EBITDA ratio below

2.5x

Higher levels may be temporarily acceptable in the event of acquisitions, provided there is a clear path to deleveraging.

OUTCOME:
2020: 0.8x

Comment on 2020 outcomes

The net debt/EBITDA ratio was 0.8 at the end of 2020 which means that we are better or in line with our target. In total, net debt decreased from SEK 1,025m on December 31, 2019 to SEK 549m as of December 31, 2020.

Dividend policy
Approximately 30% of the annual income of funds legally available for dividend payouts. The timing, declaration, and number of future dividends will depend on the company’s financial situation, earnings, capital requirements, and debt service obligations.

Comment on 2020 outcomes
Due to the ongoing coronavirus pandemic, the Board proposes no dividend to be paid for 2020.

Sustainability strategy and targets

Our climate ambition for 2030

To become climate neutral within our industrial operations by 2030.



Sustainable solutions

Set the pace in the professional food, beverage, and laundry industries, through innovations in sustainability and energy efficiency, underpinned by a connected and digital platform to meet customer needs.

Reduce CO₂ emissions
scope 1 and 2 emissions from our industrial sites

>50%
by 2025 (base year 2015)

OUTCOME 2020:
Scope 1 and 2 emissions in 2020 amounted to 3.1 kton (CO₂e), which is -36%.



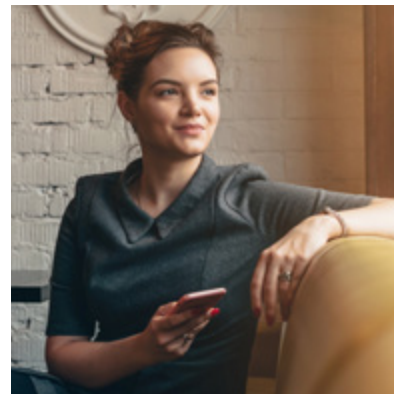
Sustainable operations

Improve sustainability performance within our operations through management and a systematic approach, with an emphasis on reducing our environmental and social impacts every day.

Lost time injury rate (LTIR)
as measured by work-related accidents per 200,000 work hours

<0.3
by 2025

OUTCOME 2020:
In 2020 the lost time injury rate was 1.1.



Ethics and relationships

Maintain strong and sustainable relationships with the stakeholders impacted by our business and demonstrate our commitment through actions and procedures.

Gender diversity
Distribution men/women or women/men

40/60
Distribution across managerial positions by 2030

OUTCOME 2020:
The percentage of women in all managerial positions was 26% in 2020.

The UN Global Goals and the 2030 Agenda for Sustainable Development

We want to contribute to a better society and generate value for our stakeholders. We believe that the 2030 Agenda and the sustainable development goals (SDG) are good indicators of the priorities and challenges that the world is facing. Electrolux Professional has identified six SDG's where we believe we have greater impacts and opportunities to make a difference.

Read about Electrolux Professional's sustainability commitments, our initiatives, GRI index, and performance on pages 50-63 [→](#) and 153-159 [→](#)





Our industry

Global trends	17
Global professional equipment market	18
Key growth drivers	20

Global external trends affecting our industry

Favorable structural growth drivers in Electrolux Professional's end-markets are expected to drive long-term sustainable growth opportunities in the company's target markets. We believe the following factors will be key drivers of growth in the global food, beverage, and laundry equipment industries:

The post-pandemic new normal

- Health and hygiene are top of mind for consumers everywhere.
- Greater flexibility is required within the hotel and restaurant sector.
- Drive-throughs, take-away, home-deliveries and outdoor serving call for new digital tools.
- More user-friendly equipment, machines that are easier to clean, hygienic surfaces, and new materials will be requested.

Population growth

A growing population leads to an increased number of potential end-customers, demand for out-of-home food and beverage consumption, and other application areas for professional equipment.

Increasing workforce participation

The increase in workforce participation by women and by a widening of the working-age span leads to increased disposable household income, while available time for household chores, such as cooking and cleaning, has decreased.

Climate change and resource shortages

Climate change and a shortage of water, energy, and other resources creates a need for sustainability and energy efficiency in all parts of society.

Urbanization

Increased urbanization drives demand for out-of-home consumption, especially out-of-home dining. Urbanization also increases the proportion of white-collar jobs, which pushes more people to require external food, beverage, and laundry services to save time and space. In addition, urbanization leads to increased traffic in public places, such as shopping centers and train stations, resulting in increased demand for fast-food and beverages.

Digitalization

The global digitalization trend is affecting the way we work and interact, and changes the eco-system of our customers' business. An increased demand for connected solutions, process optimization, and efficiency will be driven by new technologies, demanding future investments, strategic focus, and knowledge.

Growing disposable household income

A higher disposable income allows more people to spend more money on leisure activities such as out-of-home dining, and less time on household chores, creating an increased demand for out of home, professional services.



Global professional equipment industry

Electrolux Professional operates in the global professional equipment industry, offering food service, beverage and laundry products and solutions to a wide range of customers, including companies in the global hospitality industry as well as other businesses and institutions.

The coronavirus pandemic has had a significant, negative impact on the total market during 2020. While market data statistics for 2020 are not yet available, our preliminary estimation is that the global market for food declined by 25%, for beverages by 35%, and for laundry by 20%.

In 2019¹, the food and beverage segment accounted for approximately USD 25.6bn (SEK 235bn²) and the professional laundry segment accounted for USD 2.6bn (SEK 24bn²) of the global market.

The industry is largely characterized by

- Favorable general end-market trends with multiple catalysts for structural growth.
- Product performance having material impact on customer productivity.
- Requirement for reliable and technologically advanced products.
- Significant benefit from local presence and collaboration with customers.
- Ongoing Customer care and support through the equipment lifecycle.

Major factors for success include

- Strong innovation capabilities.
- Reliability and product quality.
- Product design.
- A well-developed distribution and service network.
- Brand recognition.
- Customer relationships as key differentiating factor.

Total cost of ownership

Total cost of ownership is an additional factor that drives competition. This is because the initial equipment cost represents only a fraction of the total cost of ownership during the lifetime of the equipment; the majority of the costs are running costs for water, electricity, and chemicals, maintenance costs, ergonomics, and health and safety considerations.

Long-standing relationships

Food, beverage, and laundry equipment providers generally maintain long-standing relationships with key

customers and distributors in order to increase wallet share and overall growth. Close customer relationships are particularly important for chains in the food and beverage businesses.

Competitive landscape

Electrolux Professional is one of the leading global players in terms of sales with a complete offering for both the food and beverage sector and the global laundry equipment market. There are some large players in these markets but we also compete with a number of local players and companies focused on individual product lines.

Globally, the seven largest professional food and beverage equipment companies, including Electrolux Professional, represent approximately 50% of the market in terms of sales. In the laundry market the three largest companies, including Electrolux Professional, represent approximately 50% of the market in terms of sales.

1) Global market size based on total sales (including Customer care services).

2) Calculated based on a USD/SEK exchange rate of 9.2.

Market and competition

END CUSTOMERS

- Restaurants and chains
- Hotels, bars, and cafés
- Roasters and ingredient producers
- Education, leisure and sports
- Public institutions
- Business, transport, industry, and facility managers
- Coin and Apartment House Laundries
- Care facilities and hospitals
- Retail and convenience stores

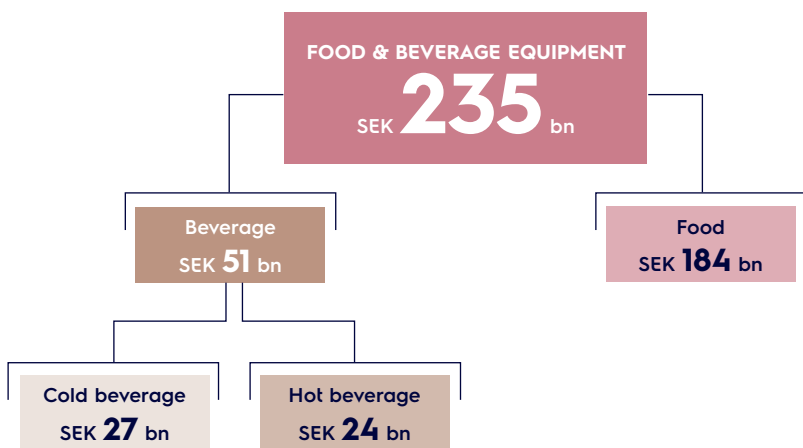
PRODUCTS

- **Food service applications:** cooking, refrigeration, dishwashing, and dynamic food preparation
- **Beverage equipment** for coffee, espresso, hot, cold and frozen beverages, and soft drink dispensing equipment
- **Laundry products:** washers, tumble dryers, drying cabinets, and ironers
- **Specialty accessories and consumables**

KEY MARKET PLAYERS

- | | |
|----------------------------|----------------|
| Food & Beverage | Laundry |
| • Ali Group | • Alliance |
| • Hoshizaki | • Girbau |
| • ITW | • Jensen |
| • Marmon Group | • Kannegiesser |
| • Middleby | • Miele Pro |
| • Rational | |
| • Welbilt | |

Food & Beverage equipment market 2019*



Global Food & Beverage market by region



Laundry equipment market 2019*



Global Laundry market by region



* 2019 market data is shown here, since 2020 data not yet available



Key growth drivers

Professional food business

In recent years, the market has been characterized by an increasing demand for more versatile food preparation equipment that can prepare a larger variety of meals. This is mainly due to a reduction in kitchen space and an increase in menu variety. Many restaurant owners are looking to reduce the number of pieces of equipment used for daily operations, requiring versatile machines.

Change in consumer food habits

Restaurant owners have gradually increased the variety of menus in response to a change in consumer food habits. These mainly consist of a shift to healthier eating habits, greater focus on product sources and quality, and higher consumer curiosity, in line with the growing impact of social media on out-of-home dining.

As a result, restaurant owners currently require more versatile food preparation equipment

Total cost of ownership

There is a greater focus on the total cost of ownership as a purchase decision. The cost mainly includes energy and maintenance costs, as well as labor costs for operating the equipment. As a result, there is a demand for more energy-efficient and easy-to-operate machines.

Technological advancements thus aim to ensure that equipment operates at low running costs. In addition, due to the importance of appliances to the customers' daily operations, a strong service and Customer care and support offering is essential.

Connectivity

Product automation and connectivity will be able to help customers optimize their workforce and reduce labor costs, thus reducing total cost of ownership.

Increased digitalization and connectivity of equipment has the potential to increase customer retention and create a positive environment for the Customer care business.



Key growth drivers

Professional beverage equipment

Many of the trends in the food equipment industry also apply to professional beverage equipment. This is particularly the case for appliance footprint reduction and the increasing demand for more cost-efficient equipment.

New and innovative beverage trends emerging

In many regions, customers are moving towards healthier beverage options. In addition, new and innovative products are emerging, such as cold brew and other specialty coffee types, as well as infused waters. Particularly in mature markets, such as Europe and North America, customer preferences are tending to shift toward customized flavored beverages. These changes in customer behavior mean a demand for more versatile equipment in order to cater to diverse customer tastes.

High growth expectations

Compared to the food equipment industry, the beverage industry is subject to higher historical and expected growth rates. The projected growth out-performance mainly stems from the before-mentioned trends as well as a greater impact of seasonal trends, stronger product diversification, and smaller average equipment size, creating more space for multiple machines that are operated simultaneously.

Within the beverage equipment sector, the market for espresso equipment has the most attractive medium-term growth outlook, while the market for non-frozen dispensers represents the largest sub-segment in the industry.



Key growth drivers

Laundry solutions

Hygiene process validation, sustainability, and energy efficiency are some of the key trends affecting the professional laundry equipment market. Appliance operators are increasingly focused on the total cost of ownership of equipment, for instance better water consumption and energy efficiency, which lower ongoing operating costs.

A combination of the desire to fulfill environmental standards and regulations as well as reduce operating costs is creating a replacement demand. Customer care is becoming more important and a key competitive factor in the industry.

Innovation and connectivity

Growing demand for innovative and connected equipment has also affected the laundry market. Customers want to monitor the process and manage their equipment in a way that reduces their labor costs, as machines become easier to use.

As more technologically-advanced equipment with substantial customer benefits is introduced, the next major equipment replacement cycle is expected to be brought forward in time. As a result of lower ownership costs, customers are expected to demonstrate more price flexibility for upfront equipment costs. Due to the pandemic several care groups decided to reinsource their laundry.

Opportunity for increased equipment rentals

While new business models such as functional sales or equipment rentals are already established in other industries, they have only recently gained traction in the professional laundry equipment market. In Europe in particular, the demand for equipment rental is rapidly accelerating, especially from smaller businesses. As a result, a number of laundry equipment providers are adjusting their business models.

The professional laundry equipment industry plays a key role in fighting against virus and bacteria contamination. Consequently, this business has been less affected by the coronavirus pandemic.



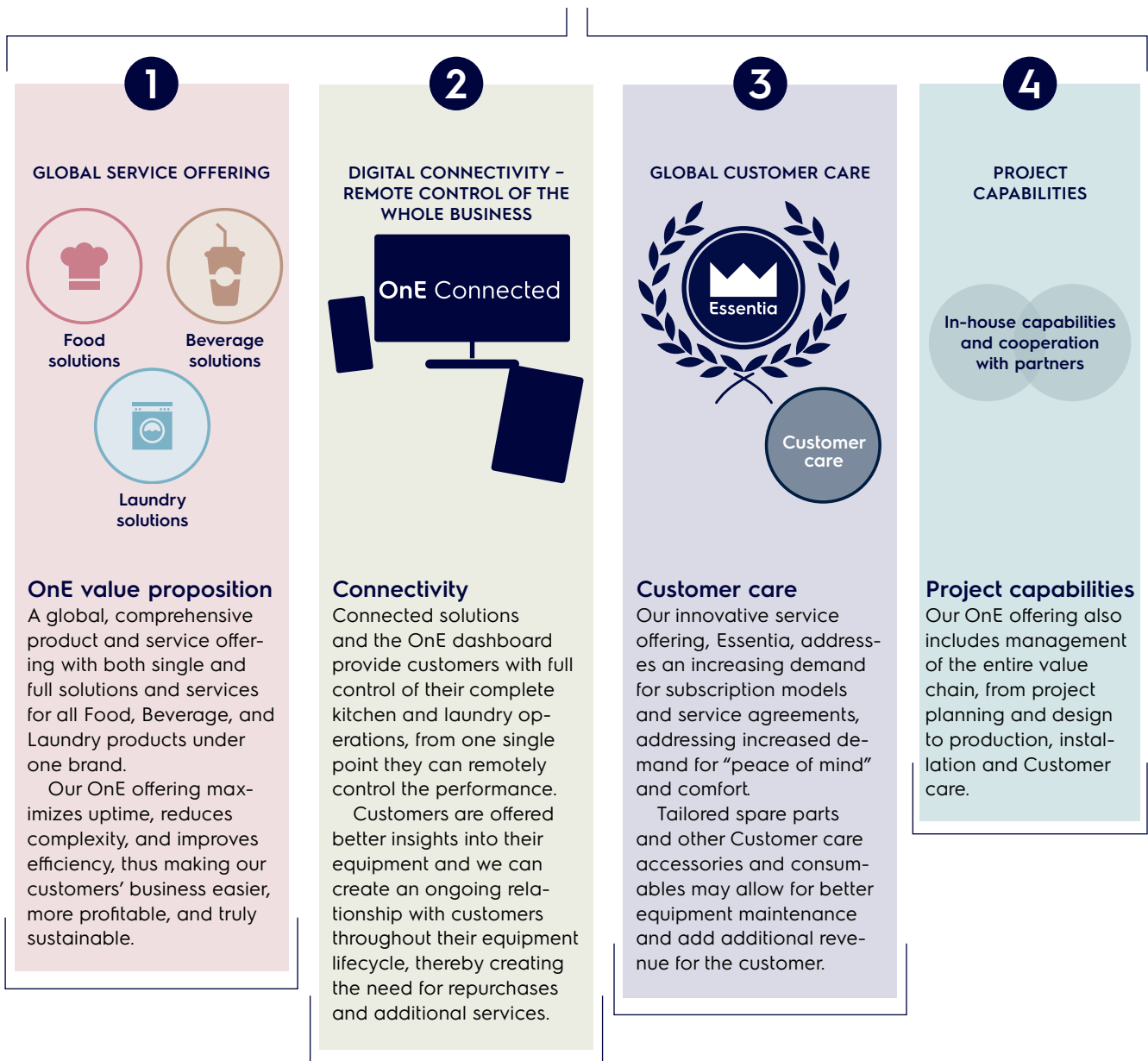
Our business

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The OnE

OnE is Electrolux Professional’s global product and service offering, with both single and full solutions and services across Food, Beverage and Laundry – under one brand – allowing customers to manage their operations through connectivity and a digital ecosystem. OnE also includes management of the entire value chain, from project planning and design to production, installation, Customer care and service.

The OnE approach



Paris, France - Food & beverage partnership

Official partner to new flagship École Ducasse Paris Campus



In November 2020 Electrolux Professional entered into a four-year partnership agreement with École Ducasse, a prestigious new culinary and pastry arts school in Paris. The school was founded by multi-Michelin-starred chef Alain Ducasse with whom Electrolux Professional has a well-established relationship.

The starting point of the École Ducasse cooperation was the opening of a new flagship campus in Paris end of 2020, fully equipped with state-of-the-art Electrolux Professional solutions. The partnership is a great opportunity for Electrolux Professional to demonstrate our ability as a full solution provider with a high-performing and premium kitchen offering, and an exclusive opportunity to promote our OnE concept desirability that unlocks major future business potential.

Located in the Parisian suburbs, the purpose-built 5,000 square-meter campus is set to become the global standard for training in culinary and pastry arts. Electrolux Professional is truly providing the OnE concept at École Ducasse. All campus kitchens are equipped with a spectrum of solutions from refrigeration units to cooking stations, ovens and mobile counters.



École Ducasse

Established in 1999, École Ducasse has become internationally renowned for teaching culinary and pastry arts via its network of schools both in France and other countries.



Milano, Italy - Food chains

Full speed on the connectivity highway with Autogrill

When Autogrill in Italy decided to renovate its iconic flagship store on the Milano-Laghi motorway, they wanted connected products in their kitchen, all from the same solution provider. The choice was Electrolux Professional's connected food service solutions.

Autogrill's kitchen now has 26 Electrolux Professional connected products: 15 refrigerated counters and cabinets,

5 dishwashers, 2 SkyLine ovens, and in the center 4 SpeeDelights. This is the OnE connected product in action - creating the fully-connected kitchen.

Connectivity gives us the possibility to enhance our consultancy role with customers, combining the right product families and creating the kitchen of the future in which digitalization plays a crucial role.

Food & Beverage

Food & Beverage operates in the global professional equipment industry, offering food service and beverage equipment and solutions to a wide range of customers, such as hotels, restaurants, retail points, schools and hospitals.

According to our estimates, the food service and beverage segment experienced a compound annual growth rate of around 3–4% from 2014 to 2019 before the coronavirus pandemic, with growth in beverage being slightly stronger than food service.

Growth is affected by the increase in food safety, environmental and food waste requirements, a focus on healthy products and menus, the drive for automation and workforce optimization, product innovation, and the rising importance of data management and digitalization.

Our sales of food and beverage equipment largely depend on the level of our customers' capital expenditure for new equipment, as well as expenditure related to appliance maintenance, refurbishment, and overhaul.

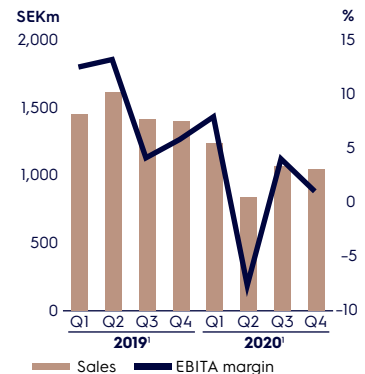
2020 Performance

In 2020 Food & Beverage sales was SEK 4,198m (5,895), a decline of 28.8% compared to the same period last year. Sales were heavily affected by the coronavirus pandemic.

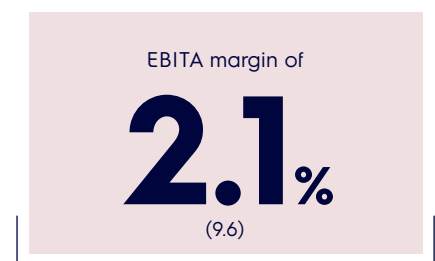
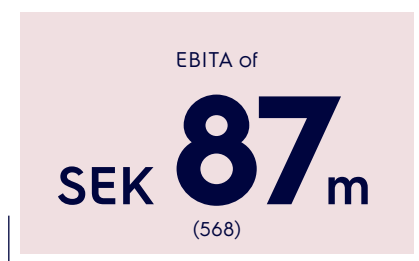
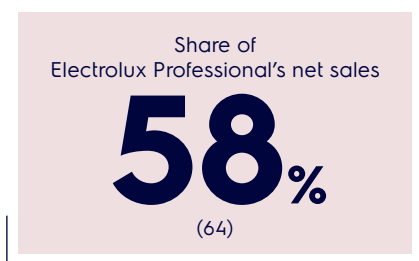
Operating income excluding amortization of intangible assets (EBITA) amounted to SEK 87m (568), corresponding to an EBITA margin of 2.1% (9.6). EBITA declined due to lower volumes. Operating income amounted to SEK 35m (522), corresponding to an operating margin of 0.8% (9.0).



Sales and EBITA margin










1) The second quarter 2019 includes items affecting comparability of SEK +31m, the third quarter 2019 includes items affecting comparability of SEK -98m and the third quarter 2020 includes items affecting comparability of SEK -55m.



Products for food service & beverage

The segment's key food service applications are cooking, refrigeration, dishwashing, and dynamic food preparation. Our key products include ovens, blast chillers, cooking ranges, refrigerated cabinets and counters, freezers, cutters, mixers, dishwashing equipment, as well as specialty accessories and consumables.

The segment's key beverage applications consist of equipment for coffee, espresso, hot, cold and frozen beverages, and soft drink dispensing equipment. Our key products include, coffee machines for espresso, coffee brewing and grinders, hot beverage dispensers, cold beverage and juice dispensers, frozen drink and soft-serve products.

	Category	Product	Product example
Food	Dynamic food preparations	<ul style="list-style-type: none"> • Slicers & food processors • Vegetable washers • Spin dryers • Planetary mixers • Vacuum packers & sealers • Multi-purpose peeling machines 	
	Cooking	<ul style="list-style-type: none"> • Fryers • Boiling & braising pans • Grills & griddles • Ventilation equipment • Modular cooking range • Fry tops • Combi ovens • Convection ovens • Made2Measure cooking suites 	
	Refrigeration	<ul style="list-style-type: none"> • Refrigerated cabinets • Refrigerated counters • Saladettes • Cold rooms • Blast chillers 	
	Dishwashing	<ul style="list-style-type: none"> • Commercial dishwashers & accessories • Waste management systems • Handling systems 	
	Stainless steel fabrication	<ul style="list-style-type: none"> • Cabinets and cupboards • Worktables and shelves 	
	Beverage	Hot	<ul style="list-style-type: none"> • Coffee grinders • Coffee brewers • Espresso machines • Coffee urns • Hot beverage dispensers
Cold		<ul style="list-style-type: none"> • Cold beverage dispensers • Cold juice dispensers • Beer dispensing systems 	
Frozen		<ul style="list-style-type: none"> • Frozen granita dispensers • Frozen ice cream dispensers 	
Soft		<ul style="list-style-type: none"> • Soft serve • Soft ice cream dispensers 	

Laundry

Laundry offers equipment designed to meet a diverse array of professional users, from self-service and the hospitality industry, to health providers and commercial laundries. Our customers include hospital and hotel laundries, multi-housing laundries and laundrettes.

The Laundry segment divides its target market into two main areas; the first is comprised of customers that generate business with professional laundry equipment, and the second is customers that use the product as part of their broader service offering.

Revenues are largely dependent on the customers' spending power for new equipment, as well as on maintenance, refurbishment, and overhaul.

Markets and market growth

We estimate that the total professional laundry equipment market amounted to approximately USD 2.6bn in 2019. In recent years, before the coronavirus pandemic, the global professional laundry equipment market experienced

2-3% annual growth, and this is expected to continue over the medium term.

Market growth is mainly being driven by an increasing focus on product sustainability and efficiency, labeling and certification requirements, and requirements for appliance innovation and connectivity. While these trends are evident globally, the importance of each varies from region to region.

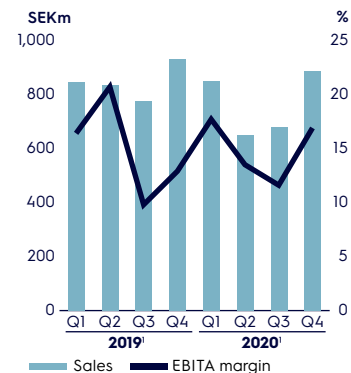
2020 performance

Laundry sales was SEK 3,065m (3,386), a decline of 9.5% compared to the same period last year. Organically sales decreased by 8.7% and currencies had a negative effect of -0.9%. Sales declined due to the impact of the coronavirus pandemic.

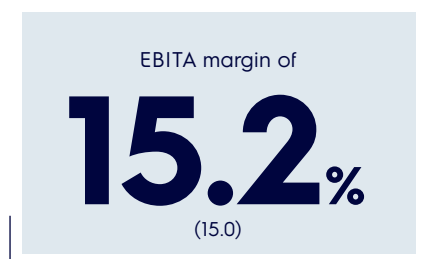
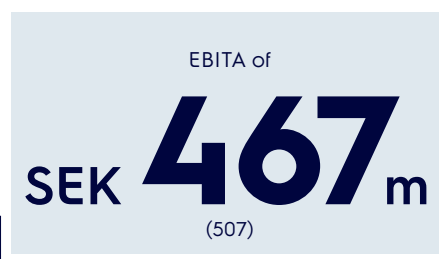
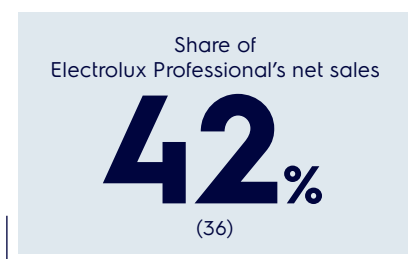
Operating income excluding amortization of intangible assets (EBITA) amounted to SEK 467m (507), corresponding to an EBITA margin of 15.2% (15.0). Lower product cost and higher sales of new products contributed to the improved EBITA margin. Operating income amounted to SEK 452m (488), corresponding to an operating margin of 14.7% (14.4).



Sales and EBITA margin






1) The second quarter 2019 includes items affecting comparability of SEK +59m, the third quarter 2019 includes items affecting comparability of SEK -24m and the third quarter 2020 includes items affecting comparability of SEK -22m.



Products for laundry

The segment's key laundry applications include washing, drying, and ironing. Our key products include washers, tumble dryers, drying cabinets, ironers, and related specialty accessories and consumables.

	Category	Product	Product example
Laundry	Washing	<ul style="list-style-type: none"> • Front load washers • Side load washers • Efficient dosing systems • Barrier washers • Semi-professional washers 	
	Drying	<ul style="list-style-type: none"> • Tumble dryers • Drying cabinets • Semi-professional dryers 	
	Ironing	<ul style="list-style-type: none"> • Ironers • Industrial ironers • Finishing machines 	

Cambridge and London, UK – Laundry

New customer – Oxwash, the eco-friendly UK Laundry business



A powerful combination of sustainable energy and water savings, Electrolux Professional's connectivity offering, and best-in-class cleaning solutions, clinched the deal with Oxwash, a young, innovative, collect-and-deliver laundry company based in the UK.

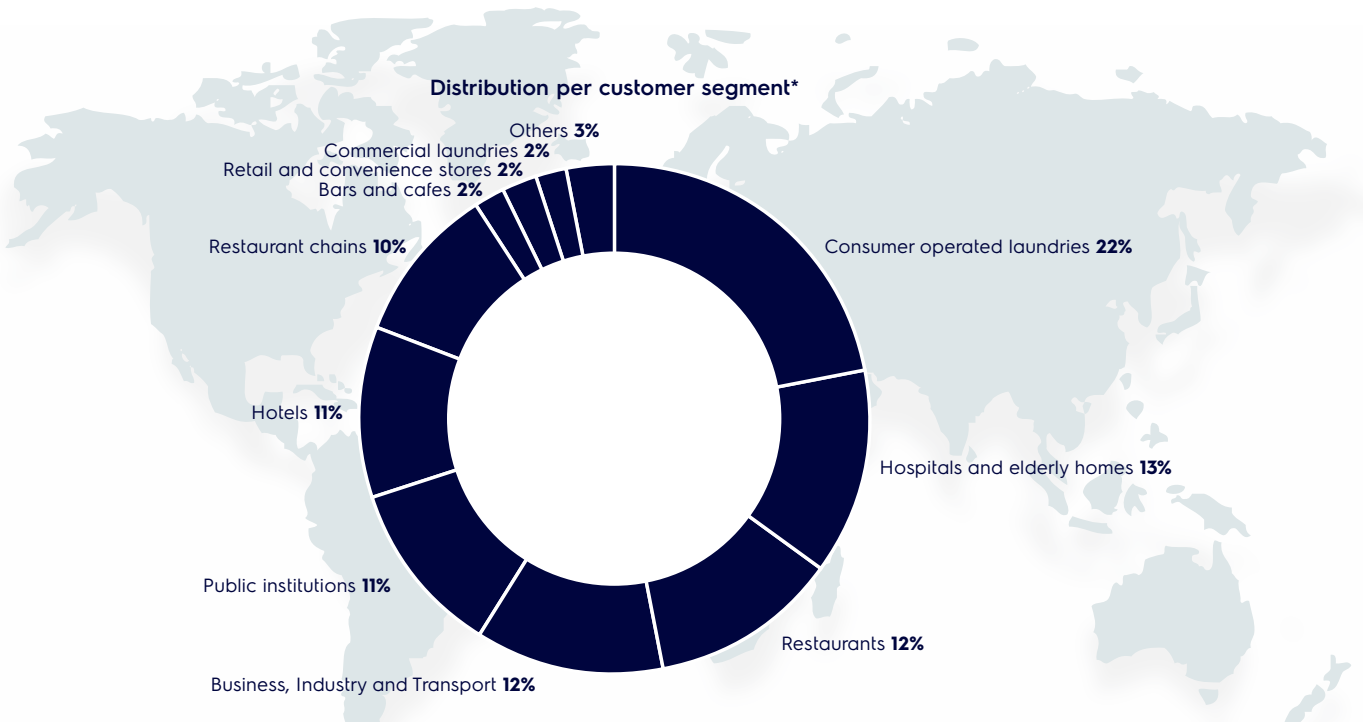
One of the main reasons for the deal for Oxwash, was Electrolux Professional's OnE connectivity offering, with the potential to provide real operating raw data that can be used to develop optimized process flows, something they have been looking for in the professional laundry market.

Oxwash was also interested in true sustainability gains, in terms of monitoring appliances and optimizing energy consumption. This young, award-winning company uses a fleet of electric cargo bikes for its pick-up and delivery business model, and is truly passionate about the planet. One of the distinguishing statements in their marketing is: "We believe laundry and dry cleaning shouldn't cost the earth".

In autumn 2020, two of their laundries, in Cambridge and London, were re-equipped with a full Line 6000 and Lagoon set-up, plus Lagoon detergents and chemicals.

Customers

Electrolux Professional’s end-customer base consists of large multinational, regional chain and independent restaurants, catering providers, leisure and accommodation facilities, health-care facilities, customer-operated laundries, schools and universities, as well as small businesses and large industrial customers.



* Figures are partially estimates since Electrolux Professional do not always have information about the end customer.



Addressing customer needs

- > Simplification, improved speed and flexibility of overall operations
- > Improved quality of the food, beverage and laundry service
- > Reduced energy consumption and carbon footprint
- > Lower total cost throughout the lifecycle of the equipment
- > Reliability of the equipment system
- > Ergonomic and human centric design
- > Enhanced hygiene demands



Even though we generally do not enter into long-term contracts with our customers, large food-service chains usually authorize specific appliance manufacturers as their “preferred vendors” for specific equipment. Further, many quick-service restaurant chains launch or refurbish a larger number of branches, or frequently change their menus, requiring significant investments in new equipment over a relatively short period of time.

Customers regularly require appliance upgrades. These allow them to

increase productivity and food safety, reduce labor costs, and respond to hygiene, sustainability, and energy efficiency trends. These upgrades usually require customized equipment as customers additionally endeavor to differentiate their offerings and services.

Individual needs and innovation

Individualization and equipment innovation are primary purchase decision factors for the customer, making product innovation essential, and one of

the key differentiators and competitive advantages of Electrolux Professional.

Electrolux Professional’s substantial investments in research and development drive the production of innovative equipment and ensure the company is well positioned to serve its global customer base. **Read more about R&D on page 45** [▶](#)

Customer segment	Examples of customers
Restaurants & Chains	Subway, Yum, Pret à Manger, Autogrill, Panda Express, Cracker Barrel
Hotels	Marriott, Hilton, Mandarin Oriental, Accor, Hyatt, Rezidor
Bars, Cafés, Roasters & Ingredient producers	Nestlé, Carlsberg, Illy, Cafés Richard
Education, Leisure & Sport	Manchester City, Indiana Pacers, Union Berlin Football Club
Retail & Convenience stores	Walmart, OXXO, 7-Eleven, Eataly, ICA, COOP
Care facilities	Korian, Orpea, DomusVi, Peking Medical Hospital
Business, Transport, Industry & Facility managers	Sodexo, Elior, LSG Sky chefs, Carnival, Costa Cruises
Public institutions	Fraport, Italian Navy, British Army, Swiss Army
Apartment Building Laundries, Launderettes	Tide (Procter&Gamble)
Caterers	Sodexo, Compass, LSG Sky chef

Digital transformation

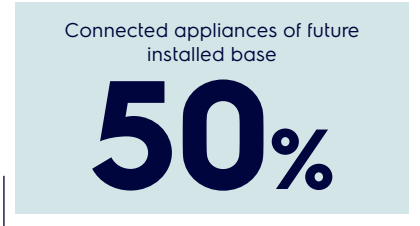
For many years, Electrolux Professional has embraced digital technologies to enhance business efficiency including both new ways of working and the development of product connectivity.

E-commerce is rapidly developing, becoming the most important sales channel, further accelerated by the pandemic. At the same time, traditional dealerships are changing and direct relationships are becoming more important. In addition, process optimization and efficiency will be driven by

new technologies. Also, the employee experience will be evolved through digital collaboration and improved digital skills.

Our vision is that 65% of all sales will take place online in 2024, which is also why our digital transformation is imperative. We also aim to have 50% of all products connected. Already today, the majority of the products we sell are connectable, but that does not always mean they are connected, at least not yet.

Electrolux Professional – digital vision 2024



The digital transformation plan is delivered within four strategic areas:

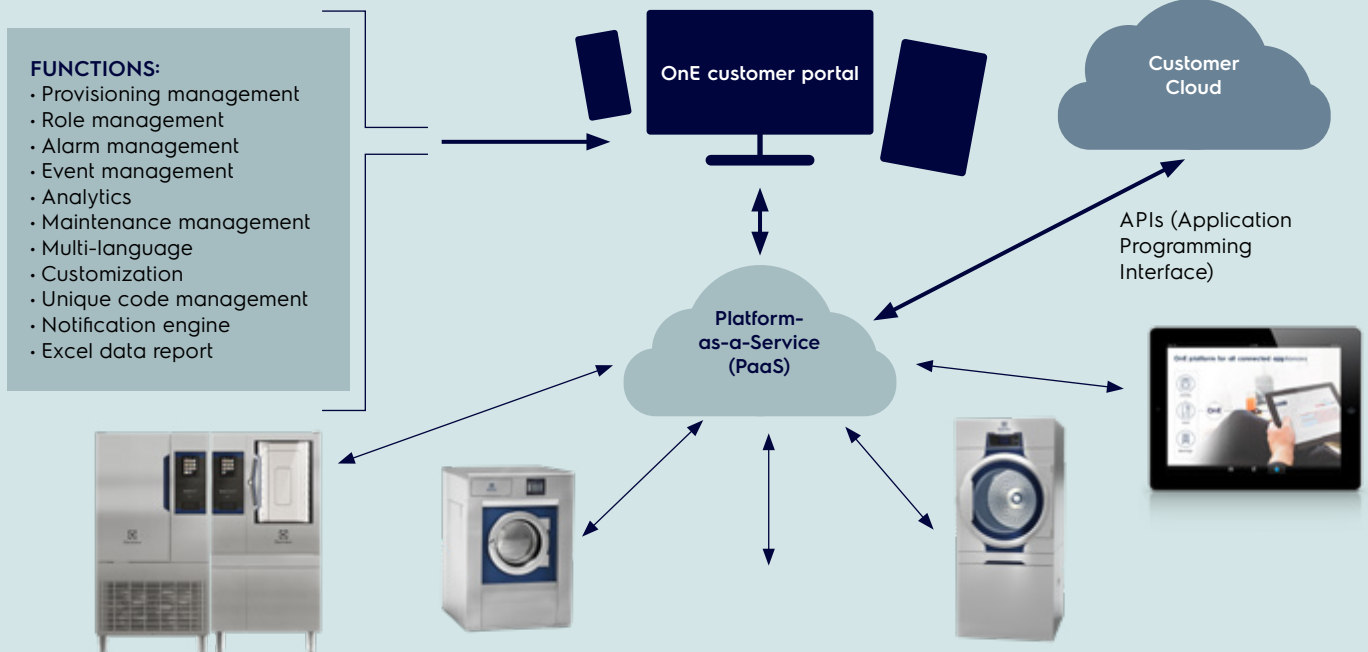
1. The OnE platform

The OnE platform will provide our company and customers with one single platform, for e-commerce, Customer care, IoT, and the performance and maintenance of appliances. The OnE platform will be our e-commerce, sales support, and service platform as well the platform for our community for sharing insights and updates.

2. OnE Connected

We want our OnE platform to be the one-stop-shop for our customers. By using the platform, customers can monitor and steer their connected products, thereby maximizing uptime, improving service and reducing the consumption of energy, water, and consumables.

Connectivity solutions through the OnE customer portal



3. Employee Experience

We need to constantly develop the capabilities of our organization. A digital ambassador community was launched in 2020 to further drive knowledge sharing and learning programs. The everyday digital work-life of our employees is equally important, and we already provide powerful tools to support the transformation and increase digital dexterity within our organization.

4. Automation

The automation of our plants continues with further roll-out of a new management system and supplier portal. This will provide the sites with a common IT system for procurement, planning, and production. In 2020 the first site implementation was completed, and the program will continue until 2025. Other areas will be investigated for further expansion of automation through a test and learn process.



Sales and marketing

Our products are sold through a global network of dealers and distributors. The main differentiating factor of our sales network is its ability to serve customers as a single supplier with a broad portfolio of product categories under one brand. This allows us to present one face to our customers representing multiple product categories. We provide relevant food service, beverage, and laundry equipment expertise and appropriate key account management for larger customers.

Tailored marketing strategy backed by global strength

Electrolux Professional’s marketing efforts are tailored to each geography and distribution channel. Our key objective is to defend and strengthen the company’s competitive positions in established markets, as well as enter and rapidly grow its presence in new geographies and market segments. Promoting and strengthening

the Electrolux Professional brand and reputation through a tailored marketing strategy, complemented by a structured sales process and organization, is key to our success.

Marketing initiatives include marketing automation, performance and brand building via a 360-degree approach and omni-channel execution, collaboration with schools and industry associations, cooperative distributor

merchandising, digital marketing, and marketing at a variety of industry trade shows.

An active sales organization

Our sales organization aims to take active ownership of the market through direct presence or through dealers and distributors. One of the important contributors to our net sales is project business, which entails full solution

product offerings including food, beverage, and laundry equipment at a single site. Project business usually occurs at new-build premises, but can also be relevant when existing business premises are refurbished or as businesses adapt and develop in line with new trends.

In project business, Electrolux Professional is involved from design and specification through installation and commissioning to after-sales service offerings. Project business implies liaising with multiple operational contact points, decision makers, and influencers at the customer to ensure performance, capacity, timeline, and budget targets are met. This is achieved through specialized, local sales companies and partners.

Intellectual property rights

Electrolux Professional’s research and design portfolio includes approximately 585 patents and 70 design rights. The patents are clustered into food, beverage, and laundry. Each category is responsible for its own patent portfolio, including further development and continuous market screening for existing patents. Each patent category encompasses individual as well as family registrations.

Brands

In addition to our core Electrolux Professional brand, we do acquisitions of specialty brands to gain access to specific markets. These are locally managed brands, which have high brand awareness and legacy amongst the customers in their markets. The












table below illustrates these “specialty brands”, as separated from the “master brand”, Electrolux Professional.

Licensee of the “Electrolux” component of Electrolux Professional

Electrolux Professional’s main brand name is used globally. Electrolux Professional is a licensee of intellectual property, such as the “Electrolux” component of the Electrolux Professional brand and trademark as well as the Zanussi brand and trademark.

Further, Electrolux Professional operates through several additional brands for selected products and markets, which are referred to as specialty brands and include Wascomat, Grindmaster, and others.

Brand overview

CATEGORY	BRAND	BRAND TYPE
All categories, Full solution		Masterbrand
Cooking, Dishwashing, Refrigeration		Specialty brand, food
High-end Cooking		Specialty brand Luxury, food
Food Preparation		Specialty brand, food
Dishwashing		Specialty brand, food
Refrigeration		Specialty brand, food
Refrigeration		Specialty brand, food
Drip Coffee, Powder Instant Coffee		Specialty brand, beverage
Espresso, Bean-to-Cup		Specialty brand, beverage
Cold Beverage, Slush Ice, Ice Cream		Specialty brand, beverage
Laundry		Specialty brand, laundry

Essentia, the heart of Customer care



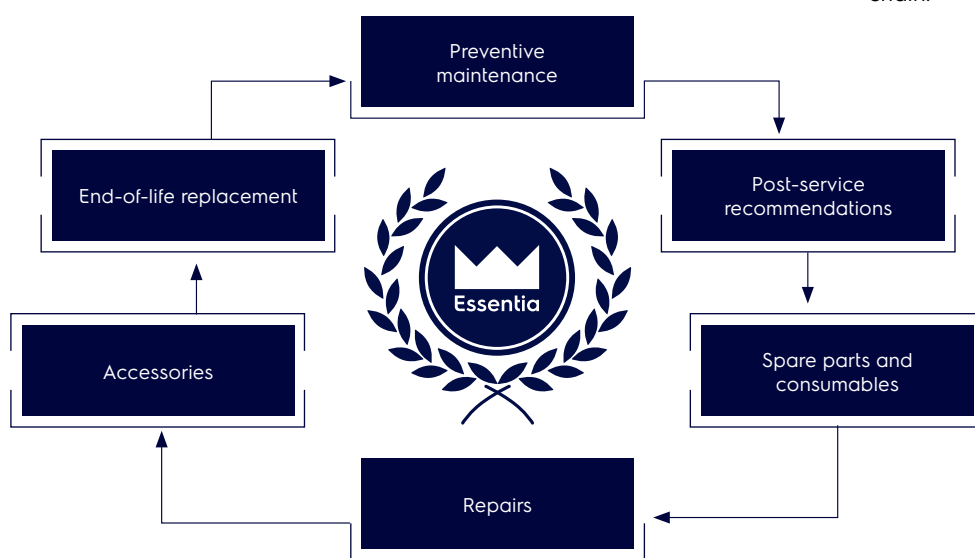
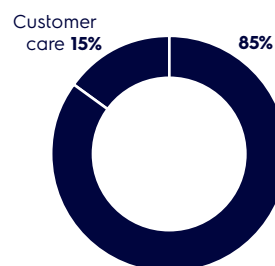
To maintain the highest customer experience throughout the ownership phase of the Electrolux Professional equipment, Customer care supports our customers with installations and maintenance. Electrolux Professional offers Customer care in over 110 countries via 2,200 service partners. In some countries we have our own, direct service technicians.

The Customer care team uses a service product called Essentia, covering support for installation, repair and maintenance.

In addition, performance enhancing accessories and consumables (chemicals and detergents) are developed and sold.

The Essentia service offering is built on the basis that the Original Equipment Manufacturer is best suited to understand and handle the service processes. Therefore, the assessment and training of service partners is an integral part of Essentia to ensure quality in execution and service performance throughout the entire support chain.

Share of net sales 2020



Service Network

2,200 authorized service partners providing a unique service network to make our customers' work-life easier.

Service Agreements

Choice of flexible, tailor-made packages, based on the customer's business needs, offering a variety of maintenance and support services.

Original Accessories & Consumables

Quick dispatch of original accessories and consumables, rigorously tested by Electrolux Professional experts to ensure durability and performance of customer equipment together with user safety.

Singapore - Laundry & Essentia

Unique service deal with Singapore prisons sealed during lockdown

In March 2020, a five-year contract was signed with the Singapore Government, in the midst of the pandemic and with the entire country in lockdown.

In cooperation with our long-term partner in Singapore, the opportunity arose as the prison service wanted to revamp its laundry areas, with a preference for a "one brand and one vendor" approach. It was the perfect match for Professional's laundry solution with our Essentia Customer care offer. With a phase-one order of Line 6000 washers and dryers to replace the existing 4000 series machines, this "OnE" agreement

covers laundry service maintenance for sets of washers and dryers for 25 laundry facilities, in five locations in Singapore.

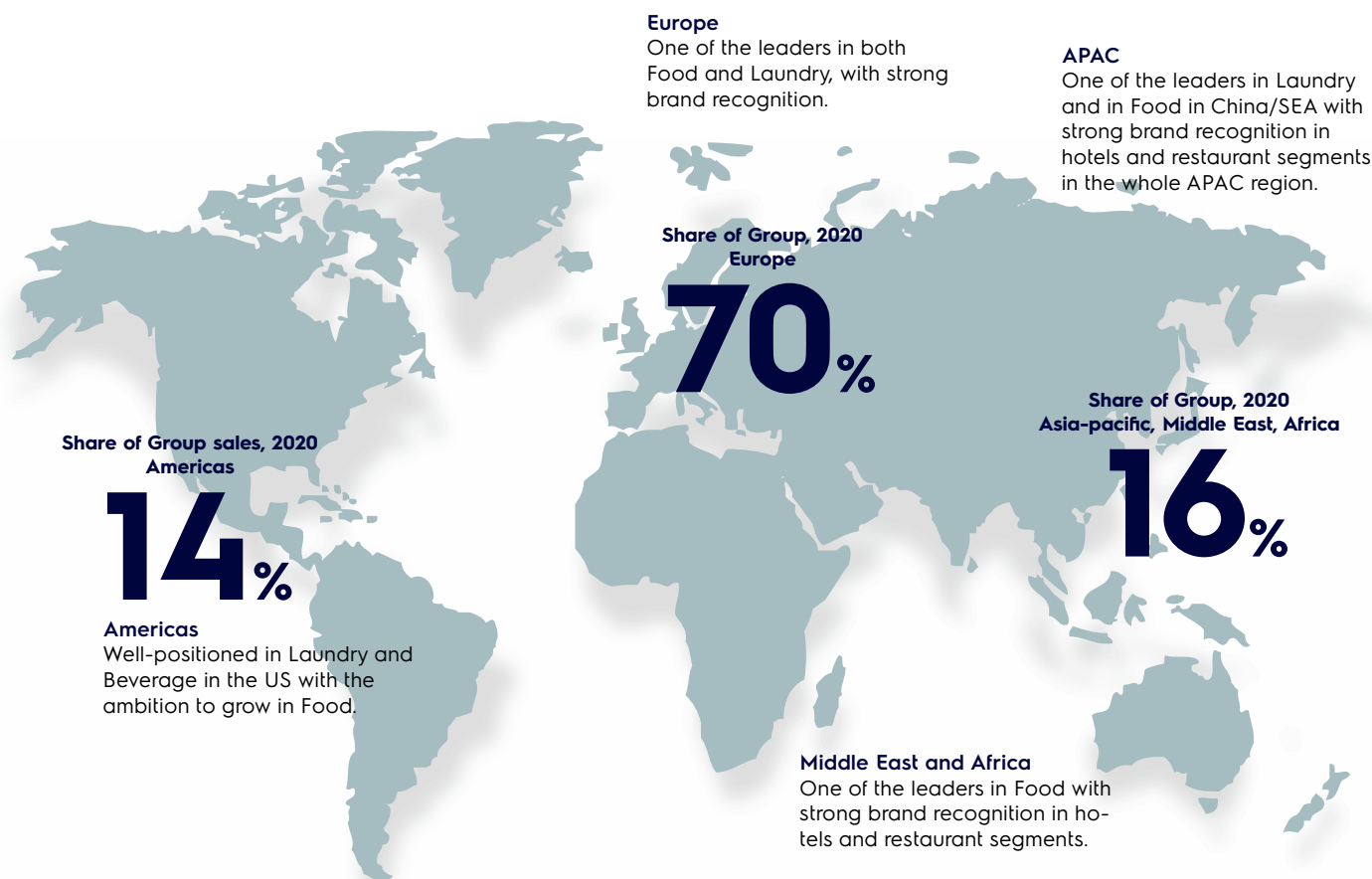
For the next five years, all replacement equipment sales will be Electrolux Professional solutions. The laundry solution and service deal set a precedent for working with our partners to drive customer loyalty and secure spare parts, as well as replacement equipment sales going forward.



Our markets

Well-positioned in attractive markets

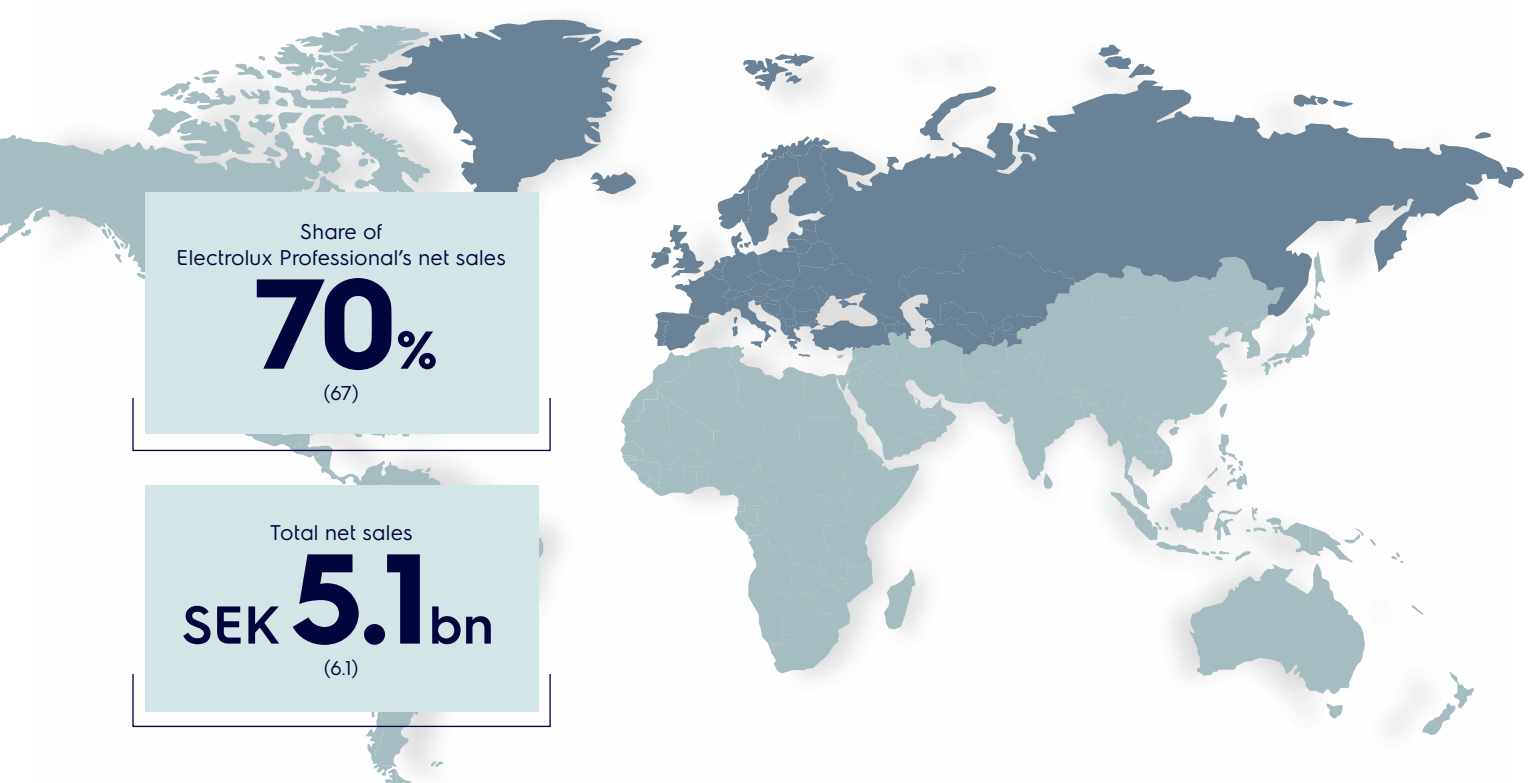
Electrolux Professional’s commercial activities focus on three main geographical regions – Europe, Americas and APAC & MEA.



Electrolux Professional’s local presence in relevant global markets offers a flexible and efficient set-up from both a manufacturing and commercial perspective. We operate with an agile supply chain and lean manufacturing cost footprint, which enables us to operate efficiently throughout different business cycles.

Our products are sold either through distributors and dealers, or directly to customers, depending on specific regional dynamics.





Europe region

In Europe, Electrolux Professional's largest regions are Southern Europe with Italy and France, and Northern Europe led by Sweden. In Central Europe, we have a significant presence in Germany and Switzerland.

Approximately two thirds of our sales are in Food & Beverage and one third is in Laundry. Food & Beverage sales are particularly significant in Southern Europe where we have a historical solid position due to consistent organic growth under the Electrolux Professional brand, in addition to other well-known historical brands such as Zanussi and the recent coffee & beverage sector acquisitions of UNIC in France and SPM in Italy.

In Northern Europe we are one of the leaders in the laundry sector with our most significant sales in Sweden.

Our business priority is to leverage on our solid market presence in Europe, to continue to grow both in the markets where we are well positioned, and in the markets where we see additional opportunities for growth, such as in the UK and Germany.

In 2020, in spite of the unpredictable pandemic situation, the company has been able to sustain a high level of sales in the region, in particular in elderly care homes and hospitals and in apartment house laundries looking to improve hygiene.

Organization

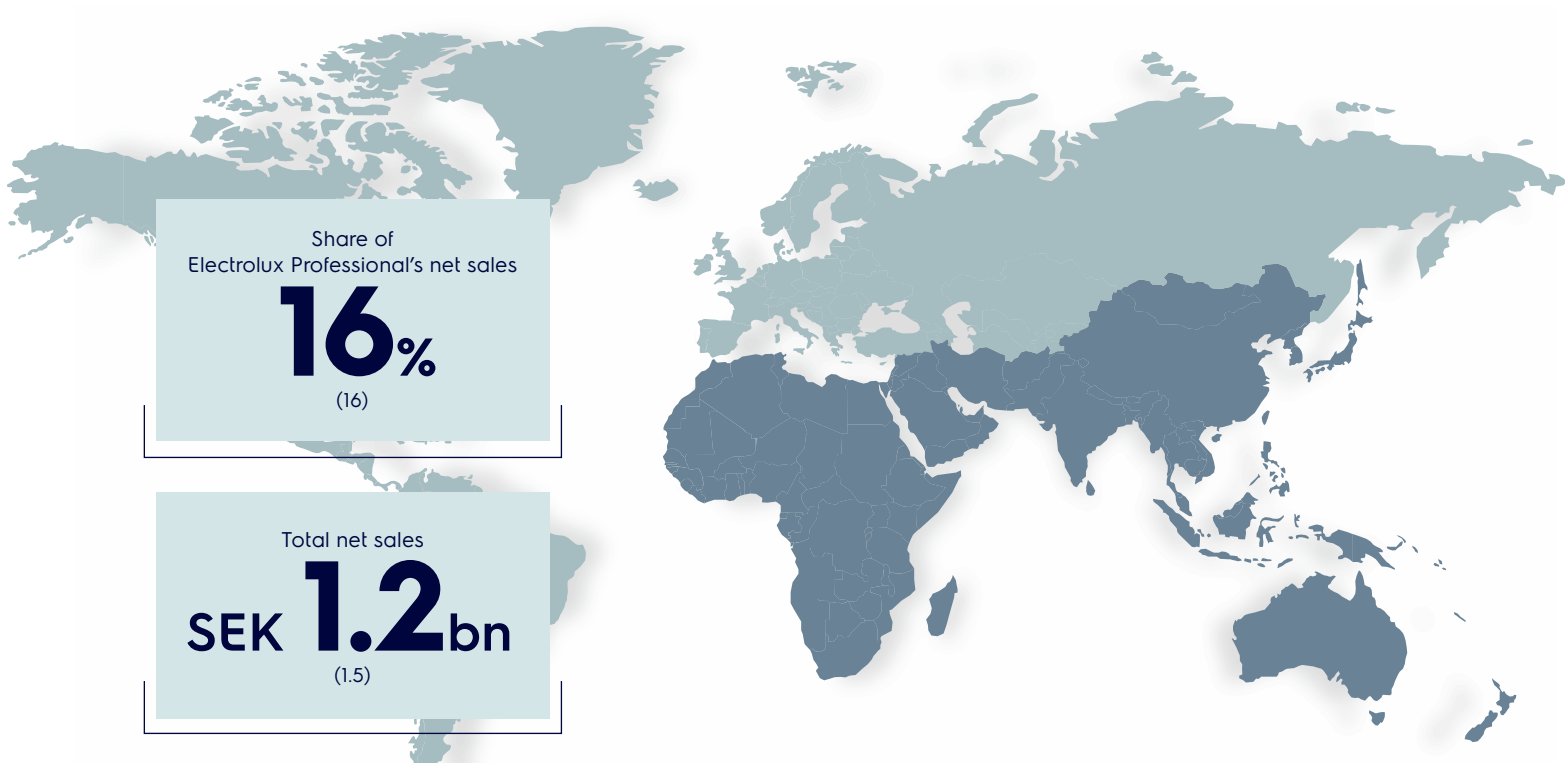
In Europe, Electrolux Professional has approximately 840 employees in its commercial organization, divided into 24 entities throughout the continent. The largest countries are Italy, France, Sweden, and Germany. 80% of sales are handled via distributors and agents. 20% of sales is served by our own sales organizations, mainly via key accounts and large projects.

Customers

The customer base includes hotel chains such as Accor and Marriott, management service providers such as Sodexo, Compass and SSP, highway, train and airport restaurants such as Autogrill and Lagardère, roasters and beverage distributors such as Lavazza, Segafredo, Café Richard, Unilever, and Nestlé. We also have many customers in the region in elderly care homes, multi-housing, and facilities management.

Total net sales





Asia-Pacific & Middle East and Africa Region

In terms of sales, Japan and Korea together are the largest countries in the region. Greater China, South East Asia and Middle East & Africa are all equal in sales value. Oceania is somewhat smaller. Sales of Food & Beverage are at the same level as Laundry. However, Japan and Korea have substantially larger sales of Laundry, and Greater China and Middle East & Africa have substantially larger sales in Food & Beverage.

For Food, our strength is in the high-end project environment. This means we are involved in larger installations in hotels and restaurants, and projects play a more important role in this region compared to Europe or the Americas. In Beverage, sales in the region is focusing on the QSR and Convenience Store segments - building on a strong historical reference in cold beverage in South East Asia.

Our Laundry equipment sales come from an equal mix of laundrettes, hotels and recreation, and elderly care homes and hospitals.

In 2020, the region was the first part of the world to be impacted by the coronavirus pandemic, which led to a

substantial decline in sales. China was the first country to be affected, but it has recovered during the year, while other regions such as South East Asia, have been more affected during the second half of the year.

Organization

In the APMEA region, Electrolux Professional has approximately 260 employees in its commercial organization covering sales and marketing, Customer care, order processing, and administration. The region is divided into 12 entities throughout the continent.

During 2019 and the beginning of 2020 the focus across the region was on building a separate, standalone

organization, as part of the separation from Electrolux.

The majority of sales are handled via an indirect distribution network, supplemented by some of our own sales activities when needed.

Customers

Examples of customers include international hotel groups such as Accor, Marriott, Hilton, and Four Seasons, restaurants covering independent fine dining, multi-unit chains, QSR outlets and retail convenience stores such as HaiDiLao, Guzman y Gomez, KFC, McDonalds, and 7Eleven, plus government and private healthcare facilities and consumer-operated laundries.

Total net sales





Americas region

The United States together with Mexico and Canada account for the majority of sales in the Americas region. Food & Beverage sales, with Beverage having the largest share, is larger than Laundry sales.

The focus within food and beverage in the region has traditionally been on fine dining, country clubs, projects and schools, along with major chains. During the 2020 Coronavirus pandemic, the region has seen a greater focus on food retail, quick-serve, and e-commerce customers.

Our Laundry business in North America has traditionally been heavily weighted towards laundromats, with good growth also in the other segments. During the 2020 coronavirus pandemic, the laundry market slowed down significantly both due to fewer people using laundromats as well as delays in the construction industry, leading to new-build projects being postponed.

Organization

In the Americas, Electrolux Professional has approximately 80 employees in its commercial organization, located mainly in Louisville for back office and management. Sales and Customer care organizations are local, to be close to our customers.

In 2020 the Americas region has undergone a major transformation with the separation from Electrolux. The regional offices and activities were relocated to Louisville, followed by a consolidation of the Sales and Customer service teams into one organization covering all Food & Beverage brands.

The Food & Beverage business is served by a network of dealers. The chain market is served both via distributors and our own sales force. Laundry distribution in North America is

handled mainly through one distributor, Laundrylux, a company which we have a long relationship with. In South America, the major countries are covered through a local distributor network.

Customers

The customer base in the Americas is diverse, from small independent owners to large chains. Examples of customers include Cracker Barrel, Subway, Meijer, Panera, Frey Farms, Panda, Jimmy Johns, Racetrac, Coca Cola, Chick-Fil-A, and Chipotle.

Total net sales



Our production



Electrolux Professional's production units operate through 11 manufacturing sites, with Rayong in Thailand, Ljungby in Sweden, and Vallenoncello in Italy, being the global manufacturing bases. All units are organized mainly by product category to ensure proximity and agility to serve customers. The manufacturing sites are committed to a systematic approach for a responsible use of resources, occupational health and safety, and environmental management.

Our factories are specialized by product categories, with food and laundry plants producing the majority of the appliances on order, while for the beverage plants there is a mix between make-to-order and make-to-stock goods.

Operational excellence

In recent years, there has been great focus on the agility of the supply chain, resulting in a shortening of the standard manufacturing lead time to three days from production to ready-to-deliver, for a significant portion of the products. Our ability to adapt the production capacity and structure of the plants to customer demand, and establish network abilities between the sites, is key to maintaining control and generating structural cost synergies.

Our network is built on common standards and methods, based on a world-class manufacturing framework. Through this framework, we retain the tools and the logic from choosing the right priorities to creating tangible and measurable results with focus on sustainability, customer satisfaction and cost reduction.

Optimized footprint

We use a holistic approach to assess and optimize our footprint based on six key pillars:

- Business requirements
- Financial optimization
- Asset efficiency
- Risk and resilience
- Managerial aspects
- External aspects

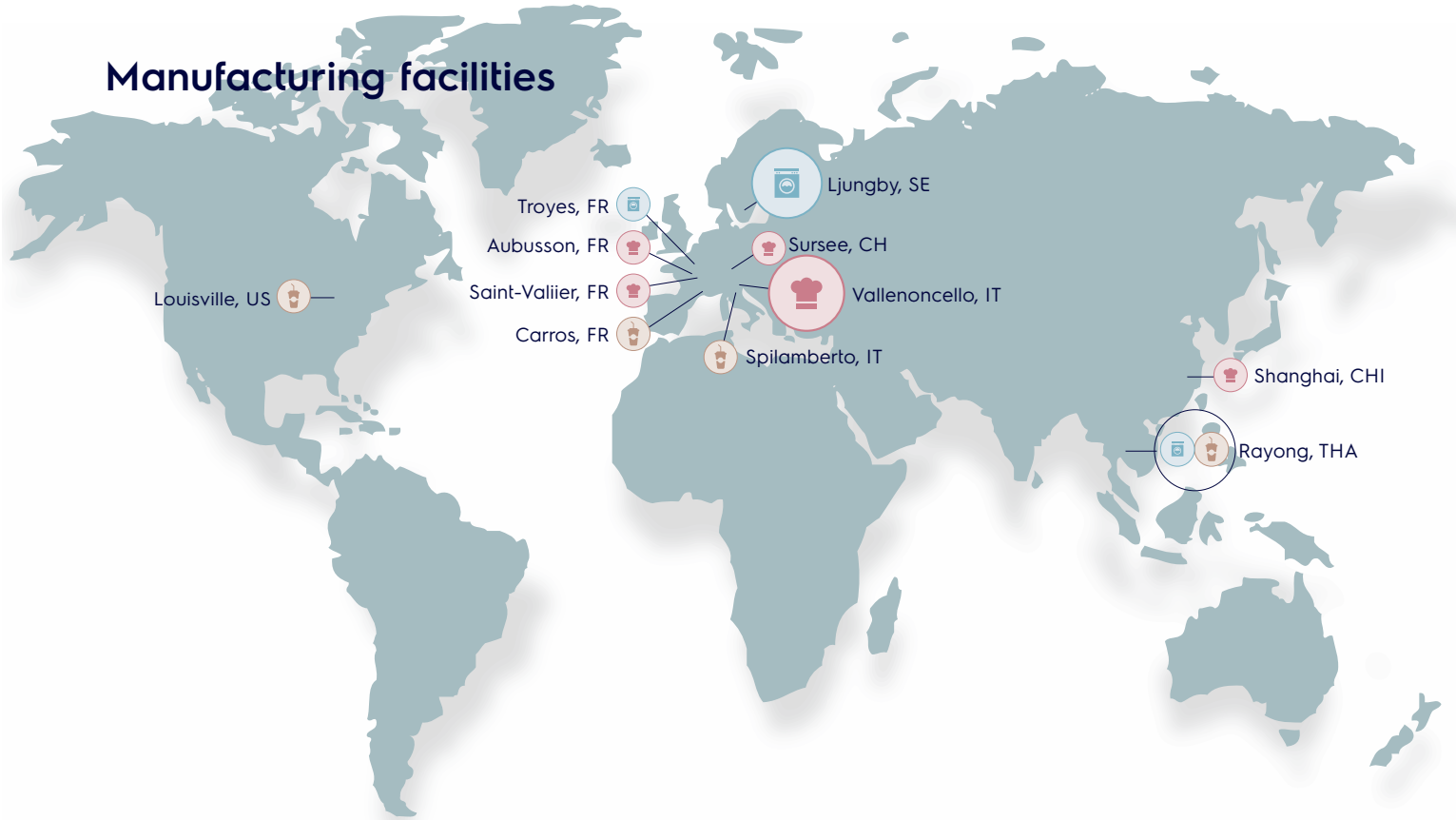
We continuously evaluate our manufacturing footprint to ensure all manufacturing processes meet the highest possible efficiency, flexibility and performance standards.













Modular production

Standardization and modularization are key factors for achieving the highest level of customization at the lowest cost and use of resources.

Based on the experience from the production of laundry solutions, we have structured an innovative method to design new product platforms that also significantly reduces complexity for food and beverage products. The modularization model is based on product design creating a new set-up for the supply chain, which improves efficiency.

Manufacturing facilities



Location	Primary product category	Products produced
Vallenoncello, Italy	Food solutions 	<ul style="list-style-type: none"> Refrigeration: counters, cabinets, blast chillers, roll-ins, saladettes Oven range Modular cooking: grills, fry tops, braising pans, fryers, pasta cookers, pans, neutral tops, solid tops, burners, open bases, induction, hobs Dishwashers: hood types, rack types, under counters, glass washers
Ljungby, Sweden	Laundry 	<ul style="list-style-type: none"> Washers Dryers
Rayong, Thailand	Beverage Laundry  	<ul style="list-style-type: none"> Coffee brewers Cold beverage and juice dispensers Washers Dryers: single, stacked
Louisville, United States	Beverage 	<ul style="list-style-type: none"> Coffee brewers Coffee grinders Hot/frozen beverage dispensers
Carros, France	Beverage 	<ul style="list-style-type: none"> Espresso coffee machines
Troyes, France	Laundry 	<ul style="list-style-type: none"> Washers, ironers
Aubusson, France	Food solutions 	<ul style="list-style-type: none"> Dynamic preparation: planetary mixers, cutters, peelers, vegetable cutters, display cooking
Saint Vallier, France	Food solutions 	<ul style="list-style-type: none"> Made to measure stoves
Sursee, Switzerland	Food solutions 	<ul style="list-style-type: none"> Modular cooking: grills, fry tops, braising pans, fryers, pasta cookers, pans, neutral tops, solid tops, burners, open bases, induction, hobs High capacity cooking: tilting boiling and braising pans Made to measure stoves
Spilamberto, Italy	Beverage 	<ul style="list-style-type: none"> Hot and frozen beverage dispensers Soft ice cream dispensers
Shanghai, China	Food solutions 	<ul style="list-style-type: none"> Dishwashers: hood types, rack types, under counters, flight types

The new “One Rayong” plant in Thailand



Symbolic “Master Key” handover event in the new Rayong plant in March, 2021.

In 2021 we will move two existing plants in Thailand into one new facility in Rayong. The new plant is purpose designed to optimize costs and create a state-of-the-art working environment in line with the highest sustainability standards.

The new cutting-edge, 18,000 square-meter factory in Rayong will bring both the Electrolux Professional and Crathco production facilities under one roof.

The new factory building was finalized in February 2021 and will be fully operational in June 2021.

Climate-neutral operations by 2030

Sustainability is a key part of our overall strategy and day-to-day operations. We want our solutions and operations to contribute to a more sustainable society. Our ambition is to become climate neutral in our industrial operations by 2030.

All our manufacturing sites are progressing with their sustainability efforts. This includes a systematic approach for a responsible use of resources, occupational health and safety, and environmental management, leveraging a consolidated set of standard

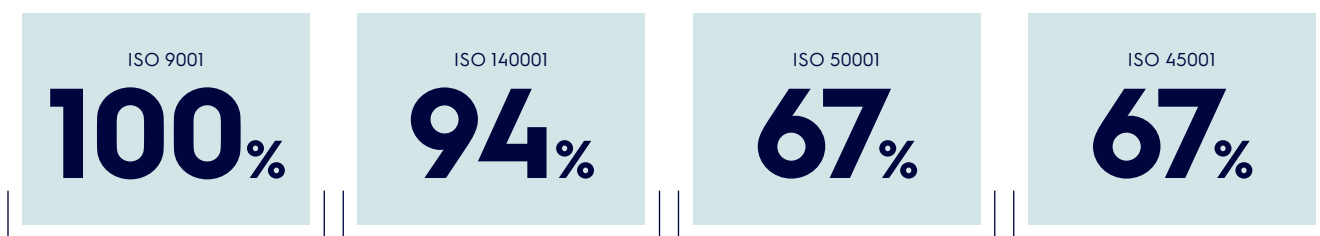
tools and methods and also promoting the highest possible engagement from our employees.

One important future priority is to reduce our impact from waste within our manufacturing. **Read more in the Sustainability report on pages 49–63 and 153–159** [→](#)

ISO certified plants

Our target for all of our logistics, manufacturing, and R&D operations to be third-party certified according to ISO 9001 and ISO 14001. Some sites are also ISO 50001 and ISO 45001 certified.

ISO certification – share of production volume covered by third-party certification





Logistics

The aim of the logistics organization is to serve customers with the right products and parts, on time, at the lowest possible cost. This is delivered through effective and prompt customer order management, an efficient global planning organization, as well as comprehensive management of the global distribution network, including efficient management of finished goods and spare part inventories.

The outbound infrastructure is organized into four logistics hubs that currently serve 110 countries.

The two main global logistics hubs, representing more than half of all products, are based in Europe, one in Italy for Food & Beverage and one in Sweden for Laundry. One regional hub is based in Singapore to cover the APAC region, while a second regional hub located in Louisville in the US serves the market in North America.

A consolidation of former local warehouses into new central hubs has been the best way to improve product availability with a minimum of inventory levels as the target.

New, innovative solutions and digital support have recently been deployed in order to improve warehouse processes, ensuring state-of-the-art performance for service level, costs, and resources.



Purchasing

We purchase a wide range, and large volumes, of raw materials and components from external suppliers. We closely monitor the quality and reliability of these suppliers. In total, Electrolux Professional contracts around 3,300 suppliers.

Purchased materials represent about 60% of our product cost. Steel, both austenitic and carbon steel, and mechanical components are traditionally the largest commodities, while electronics has increased substantially in recent years.

Mitigating risks

In order to mitigate potential negative impacts due to price fluctuations and to secure availability, we negotiate annual prices in contracts with the main producers for the most important raw material, such as steel. A vast majority of our purchases are direct materials such as mechanical, chemical, and electrical components.

Electrolux Professional is strategically focused on sourcing raw materials from several suppliers in order to minimize supplier risk and its dependency on certain suppliers. At the same time, there are cost saving opportunities from the planned consolidation of our relatively large supplier base which has increased due to recent acquisitions.

Suppliers are selected based on a set of predefined criteria. The selection process for new suppliers is governed

by a sourcing board. The ongoing evaluation of suppliers is monitored through performance indicators and audits.

Purchasing approach

Our purchasing approach is a balance between effectiveness, quality, and agility of deliveries, and the capability to reduce cost. This is a core activity involving suppliers, R&D, and Industrial Operations. We evaluate our preferred suppliers not only on their capability to deliver today, but also on their ability to be partners in the journey of continuous innovation.

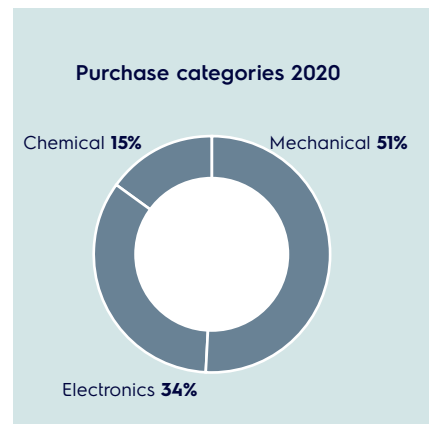
The digitalization of our purchasing processes is a key enabler for increasing efficiency and speed.

Purchasing 2020

In 2020, expenditure on direct materials and products totaled approximately SEK 2.4 bn, which amounts to approximately 60% of total purchasing. In 2020, the direct materials purchased were primarily mechanical materials such as steel, aluminum, and cast iron, amounting to approximately 60% of total direct material expenditure.

Purchasing organization

In 2020, Electrolux Professional's purchasing function was structured into a "glocal" organization. Our buyers are now as close as possible to the suppliers. Proximity was key during the coronavirus crisis, for example in China, since we were able to provide all of our plants with the necessary components. We have long-term relationships and contracts with most of our suppliers.



Research and development

One of Electrolux Professional’s key competitive advantages is our focus on developing new sustainable and innovative products that seek to cater to customers’ needs and increase customer productivity and efficiency.



Customer interaction – value adding process

Our customers are actively involved in our product development strategies and participate in the development process to help Electrolux Professional create new market-focused products. In addition to the active involvement of customers, we endeavor to stay ahead of the curve and access the latest technologies by diversifying our technology pool. Further, we collaborate with strategic partners to support in-house research and development activities and ensure technological differentiation.

Significant resources invested in R&D

Approximately 50% of our sales come from products launched in the last three years. Electrolux Professional invests significant resources into its global R&D activities. During 2017–2020 the company’s R&D expenditure totaled approximately to an average of 4.2% of net sales per year during the period.

Current trends

We focus our R&D efforts on addressing several current market trends including:

- digitalization of appliances
- appliance connectivity

- appliance agility
- minimizing environmental impact
- more energy-efficient and resource-efficient solutions.

Environmental impact

Product design influences or determines the environmental impact of the product in a number of ways throughout the product lifecycle. This includes materials used, production and distribution, product use, and end of life.

As our main environmental impact occurs during the product-use phase (energy, water, detergents), low-consuming and energy-efficient products become key. During 2020, many projects went into production, creating products that significantly reduce energy consumption compared to previous products. We are also replacing any refrigerant gases considered harmful to the environment, in all cold and beverage products.

Organization

The R&D organization is specialized according to products and strategic priorities, aiming for less mechanical and more electronic and digitally enabled appliance content. Our Competence centers are located in France, Italy, Sweden, Thailand and the United States.



SkyLine Combi Ovens

In 2020, the new SkyLine Combi Ovens and Blast Chillers by Electrolux Professional was awarded the prestigious GOOD DESIGN® AWARD, the Best of Market Award for Energy Efficiency, the 4-Star ErgoCert certification and the design award “Red dot 2020”. The new range ovens and chill blaster is designed to deliver outstanding performance with reduced running costs and enhanced ergonomics and intuitive usability.



The Research Hub by Electrolux Professional is a technology enabling agent, bringing together universities, industry and external research centers. Within Electrolux Professional’s Global R&D, we aim to develop projects with a low Technology Readiness Level.



Our people

Our mission is to make our customers' work-life easier, more profitable - and truly sustainable every day. We do this by acting sustainable, creating better experiences for customers and employees, and always striving to improve. This can only be accomplished through our greatest asset - our people.

A talented workforce is essential for the execution of the company strategy. We strive to attract and develop committed, curious, passionate, and dedicated employees from diverse backgrounds in terms of nationality, gender, age, experience, and education.

We are dedicated to being a responsible employer for our entire workforce. To uphold this standard, we have the following guiding principles:

1
Treat each other with dignity and respect, value diversity and inclusiveness. Zero discrimination and harassment.

We recognize and respect diversity and cultural differences, since it is paramount to our business success that we have a wide and diverse perspective on matters. All employees will be treated according to their abilities and qualifications in any employment decisions, including hiring, promotion, compensation, training, layoffs and termination. As part of our commitment to having a diverse and inclusive workplace, we have zero tolerance for harassment and bullying. All employees must treat each another with respect, dignity, and common courtesy. Our ethics framework has been designed to provide guidance to our employees in applying the Electrolux Professional group's Code of Conduct

2
Provide employees with a sustainable working environment which includes safe and healthy workplaces.

Knowing that our employees are the single most important factor in achieving long-term success, we are committed to continuously developing a work environment that enables sustainable performance where all employees can deliver their best.

Our commitment to health and safety goes beyond ensuring compliance with rules and legislation. The Group Workplace Directive describes the minimum requirements for environmental and working conditions for all employees. **Read more about our health and safety framework in the Sustainability section on page 59** →

3
Attract, retain, and develop employees.

The right people in the right job means recruiting top talent and developing capabilities for the future. We work actively with Talent Management to ensure we continuously develop and grow our employees. The process also enables us to develop internal successors for future vacancies. We strive to recruit internally to enable growth of our people.

The Induction Program aims at providing the new employees with the support they need to enhance and guarantee an efficient introduction to settle in rapidly, engage with the organization, and quickly get used to their new role.

The annual Performance Management process enables each employee to perform at their best, develop further, and be recognized.

We believe that for learning to stick and complement our growth, we need a smart combination of education (10%), exposure (20%), and experience (70%), the 70-20-10 learning approach. Choices of learning and development actions should be grounded by needs, in line with both business priorities and individual career aspirations.

4
Provide competitive compensation.

The purpose of the Electrolux Professional Total Rewards Programs is to attract the right people with a competitive rewards package.

5
Operate in an open and fair manner.

To operate in an open and fair manner is central in our culture and crucial to the success of the business.

In 2019 the Employee Engagement Survey (EES) provided important insights for the organization. 2019 was a year of change for the company and our employees, with the separation from Electrolux, together with new acquisitions and challenging external business environments. The survey participation rate was 88% and 73% of the 3,022 employees that participated were either satisfied or very satisfied. This was a 3% points drop in satisfaction compared to 2018. The next survey will be conducted in 2021.

Different procedures have been established for reporting concerns about possible breaches of the Code of Conduct and ethical misconduct. These include the possibility to report concerns online via a whistleblower web platform - "EthicsPoint".

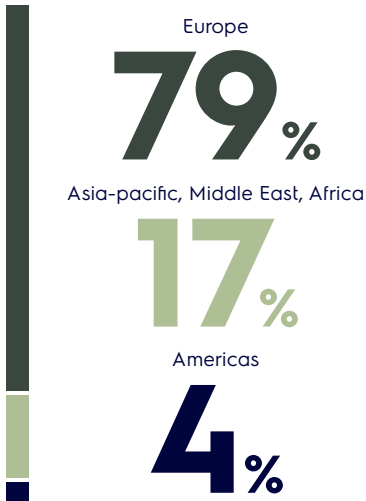
Reports may be submitted anonymously if permitted by local law. Every employee is expected to take their obligation to follow these procedures seriously.

Employees

On December 31, 2020 Electrolux Professional had 3,515 employees in 34 countries. We have eleven manufacturing facilities in seven countries. The R&D center for Food is located in Pordenone, Italy, for Beverage in Louisville, US, and for Laundry in Ljungby, Sweden. The biggest countries in terms of number of employees are Italy and Sweden. The Electrolux Professional headquarters are located in Stockholm, Sweden.



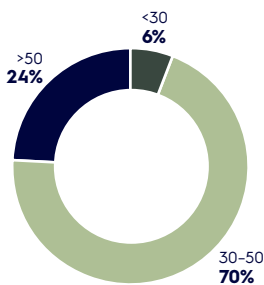
Employees by region



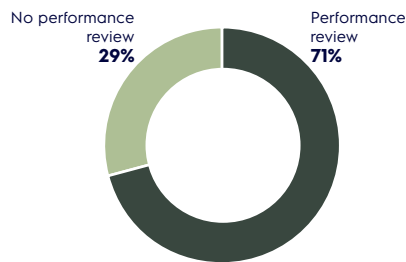
Employees by region

	2020	2019	2018
Global	3,515	3,624	3,555
Europe	2,780	2,845	2,742
APAC & MEA	596	615	641
Americas	139	164	172

Age distribution employees



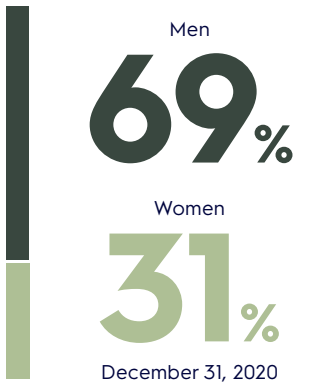
Employees having performance review



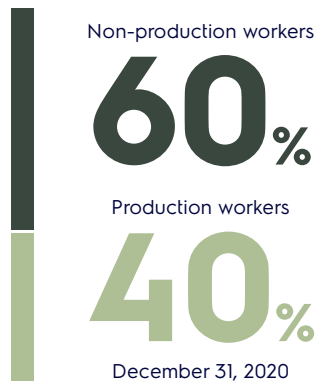
Employees participated in Code of Conduct trainings 2020

905
employees

Gender distribution



Worker distribution



Sustainability is a key part of our strategy, culture, and day-to-day operations. We want our solutions and operations, today and tomorrow, to support a more sustainable world, and we use the UN's Sustainable Development Goals (SDGs) as our compass for contributing to a better society.

Sustainability report

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Sustainability governance and GRI index is presented in pages 153-159

Mission

Make our customers' work-life easier, more profitable, and truly sustainable every day.

This means we strive to improve sustainability in our customers' value chains. At the same time, we focus on reducing impacts within our own value chain, keeping stakeholders in mind and acting responsibly. We want to earn trust, through sustainable actions and practices, to be the "OnE Sustainable Partner".

Our sustainability commitment

We act according to our ethical principles.

We constantly strive for improvement throughout our value chain.

We act fairly and commit to the trust we are given by our stakeholders.

Strategic framework and materiality

We want to contribute to a better society and generate value for our stakeholders. We believe that the Agenda 2030 and the UN's Sustainable Development Goals (SDG's) are good indicators of the priorities and

challenges that the world is facing. Electrolux Professional has identified six SDGs where we believe we have greater impacts and opportunities to make a difference.

We further believe that commit-

ment to, and application of, standardized frameworks such as the UN Global Compact, ILO Convention and ISO standards simplifies understanding and fulfillment of stakeholder expectations.

SDGs as our compass

- Climate action
- Responsible consumption and production
- Decent work and economic growth
- Gender equality
- Affordable and clean energy
- Clean water and sanitation

Value generation for stakeholders

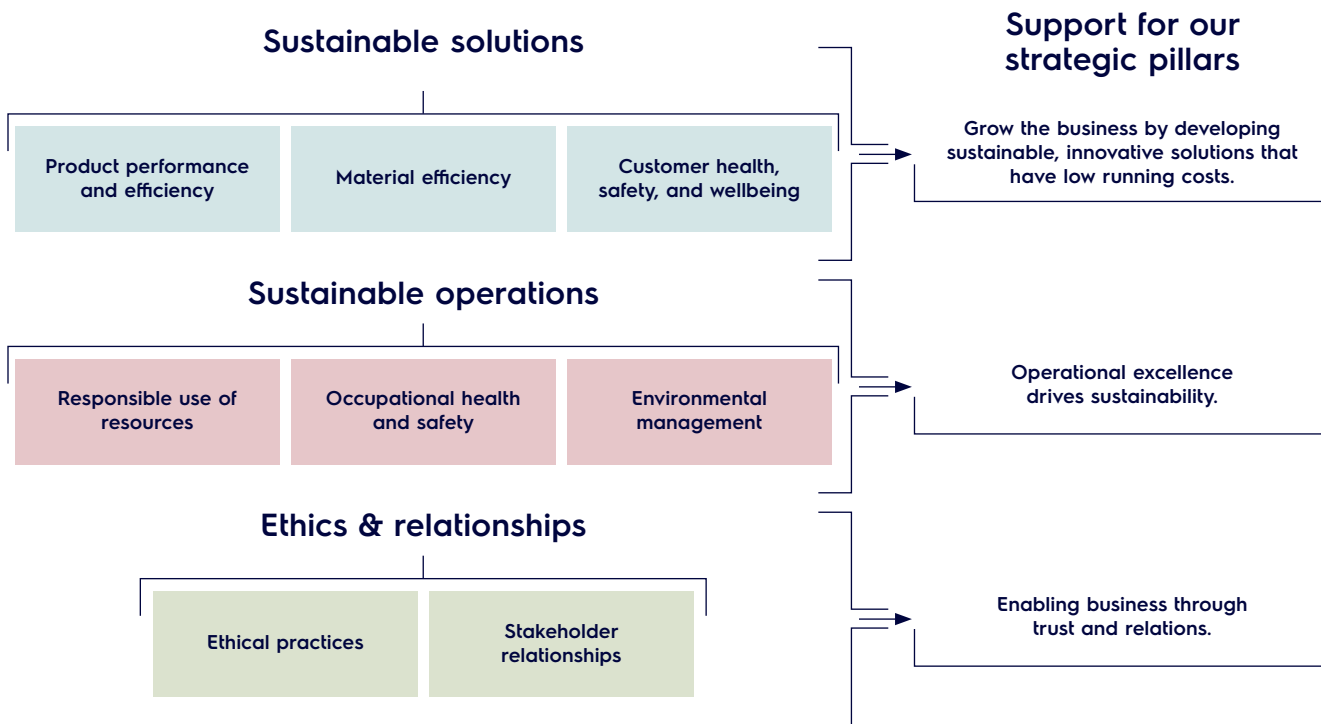
- Product and employee branding
- Value generation for customers
- Reduced or mitigated risks
- Reduced costs through efficient use of resources
- Availability of ESG investments and green investments
- Economic values, generated and distributed





OnE sustainable partner

Our Sustainability framework “OnE Sustainable Partner” integrates our material topics. The materiality assessment is based on the magnitude of the social, environmental and economical impacts and value generation for our stakeholders. **Read more about our material topics on pages 56–63** [↗](#)





Targets and 2020 achievements

Our climate ambition for 2030

To become climate neutral within our industrial operations by 2030.*

Climate

We believe that we can make the biggest impact in our value chain by developing energy-efficient products and working with energy-efficiency in our operations. We also aim to actively support the switch to increase our use of renewable energy sources.

Occupational health and safety

Knowing that our employees are the single most important factor in achieving long-term success, Electrolux Professional is committed to continuously developing a work environment that protects our employees from work-related injuries or diseases.

Gender diversity

Electrolux Professional values diversity and inclusion and has zero tolerance for discrimination and harassment. We aim to increase the share of female leaders within all levels of the company.

Our climate target for 2025

Reduce CO₂ emissions
scope 1 and 2 emissions from our industrial sites

>50%
by 2025 (base year 2015)

OUTCOME 2020: Scope 1 and 2 emissions in 2020 amounted to 3.1 kton (CO₂e), which is -36%.

Our health and safety target for 2025

Lost time injury rate (LTIR)
work-related accidents per 200,000 work hours

<0.3
by 2025

OUTCOME 2020: In 2020 the lost time injury rate was 1.1.

Our gender diversity target for 2030

Gender diversity
Distribution men/women or women/men

40/60
distribution across managerial positions by 2030

OUTCOME 2020: The percentage of women in all managerial positions was 26% in 2020

* As measured by scope 1 and 2 emissions.

Sustainable Development Goals

The SDG's is our compass to contribute to a better society. Electrolux Professional has identified six SDGs where we believe we have greater impacts and opportunities to make a difference.



SDG 13 & 7 Climate action & clean and affordable energy

We believe that we can make a difference throughout our value chain by developing energy-efficient products and working with energy efficiency in our operations.

Our main actions

- Energy-efficient and low-consuming products
- Identify alternatives to HFC (Hydro-fluorocarbon) gases
- Use material and resources in an efficient way
- Drive energy-efficiency initiatives in plants (EPS internal system)
- ISO 50001 certificates in our three largest plants
- Active support to switch to renewable electricity
- Avoid investments in fossil fuel applications



SDG 8 – Decent work and economic growth

Knowing that our employees are the single most important factor in achieving long-term success, we are committed to continuously developing a work environment that enables sustainable performance where all employees can deliver at their best

Our main actions

- Program for Occupational Health and Safety
- User ergonomics and product safety integrated in product development, including third-party certifications
- Drive employee engagement
- Zero tolerance for slavery, trafficking, and child labor
- Respect for labor rights (ILO conventions)
- Code of Conduct training
- Supplier assessments and procurement practices
- ISO 45001 certificates in our three largest plants



SDG 12 – Responsible consumption and production

To reduce the environmental footprint related to our products and operations, a major focus is to develop and offer sustainable products to our customers.

Our main actions

- Environmental management in operations (EPS) including third-party ISO 14001 certifications (legal compliance, chemical management, effluents, emissions, and waste management)
- Environmental performance in operations (water, energy, scrap etc.)
- Efficient use of materials
- Sustainability reporting
- Sustainable innovations and product efficiency
- Respect for labor and human rights
- Drive energy-efficiency initiatives in plants
- Support for the Electrolux Food Foundation



SDG 6 – Clean water and sanitation

As a number of our products consume water, Electrolux Professional can make a difference by developing and offering water-efficient products.

Our main actions

- Develop and offer more water-efficient/low-consuming products
- Water risk assessments in our own operations
- Water efficiency in our own operations, with a special focus in water risk countries
- Management of water discharge to control quality and destination



SDG 5 – Gender equality

Electrolux Professional values diversity and inclusion and discourages discrimination and harassment

Our main actions

- Anti-discrimination policies
- Actively promote diversity and inclusion

Other relevant SDG's



SDG 3 – Health and wellbeing

SDG 11 – Sustainable cities and communities

SDG 16 – Peace, Justice and Strong Institutions

SDG 17 – Partnerships for the goals

The Climate challenge

Electrolux Professional recognizes the importance of actions regarding climate change mitigation. We support the ambitions of the Paris Agreement. Our ambition is to become climate neutral in our industrial operations by 2030 (as measured by scope 1 and 2 emissions). We have developed a scope 1 and 2 emission target aimed at reducing emissions by 50% by 2025 (including contribution from acquisitions made 2015–2019).

Waste and energy

Our main way to achieve this target is to improve on energy efficiency, increase our share of renewable energy, and substitute HFC gases as product refrigerants. During the year, the company has integrated a waste management approach in its strategic framework. During the coming years we will sharpen our focus on reducing impacts from waste disposal.

Electrolux Professional manufacturing has 12 manufacturing sites in 7 countries. Every year, our production facilities are assessed for risk from a natural disaster perspective within the framework of the Group’s injury prevention risk program. The risk exposures that are evaluated are, among others, storms, hailstorms, tornadoes and floods.

Product performance and efficiency

Our main climate impact occurs as our products consume energy. For many years, Electrolux Professional has had a clear strategy to develop and offer energy-efficient and low-consuming products.

Over time, growth in emerging markets might contribute to increased emissions from product use, if not compensated by energy efficiency and decarbonization. Product development and innovation is a key enabler for reducing the climate impact from product use. Energy reduction activities are integrated into the company’s development plan and product road map.

The company has defined energy reduction targets connected to the main projects in its project portfolio. Low availability of energy labeling directives for professional products makes comparability and calculation of climate impact more complex.

Electrolux Professional demands a higher degree of energy labeling standardization for its products. In 2018 the company completed an investment in the laboratory in Ljungby to prepare for upcoming energy testing requirements. We will investigate how we can better describe our contribution to climate change mitigation from product use.

Use of materials

Electrolux Professional’s products are used frequently as shared resources (e.g. apartment building laundries and coin ops) or in a professional business environment. The company has therefore a strong tradition of developing

durable and reliable products supported by a strong service network for maintenance and repair. As the majority of materials used are related to steel or other metal parts, a large portion of the products can be recycled (normally between 85%–95%). The company recognizes the importance of using materials more efficiently and has therefore integrated material efficiency in its strategic framework.

Some of the company’s products use HFC gases as refrigerants. The company’s approach is to substitute these HFC gases with alternatives with lower GWP. During the year the company has completed several projects to substitute HFC gases as refrigerants for products. The process of substitution will continue over the coming years.

Disclosure on climate-related topics

Electrolux Professional acknowledges an increased interest for transparency in regard to climate-related impacts. Importantly, we are seeing an interest from investors regarding disclosures according to TCFD and the new EU Taxonomy regulation. Electrolux Professional will continue to work towards better describing climate-related impacts, risks, opportunities, and business impacts.







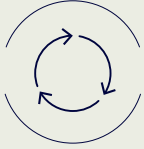
Our climate ambition for 2030

To become climate neutral within our industrial operations.



Our value chain

Electrolux Professional has assessed its impacts, risks, and opportunities within the value chain. The value chain perspective helps us to identify the impacts our business has on people and the planet, and where these occur. **For more details regarding our approach see pages 50–51** [↗](#)

	IMPACTS	RISKS	OPPORTUNITIES	APPROACH
Product development 	<ul style="list-style-type: none"> Product use (energy, water, detergent use) Material use Customer health, safety, and wellbeing 	<ul style="list-style-type: none"> Not meeting customer sustainability expectations Product safety 	<ul style="list-style-type: none"> Reduce impact from material use Reduce impact from energy and waste use Reduce impacts from HFC gases 	<ul style="list-style-type: none"> Stakeholder dialog & materiality analysis Efficient use of materials (including restricted materials) Develop efficient and low consuming products User health & safety certification & testing Substitution of HFC gases
Sourcing 	<ul style="list-style-type: none"> Use of natural resources Emissions to air, water and soil Waste Provide jobs and income 	<ul style="list-style-type: none"> Labor, human rights, and environmental compliance at suppliers in emerging markets Restricted materials Corruption 	<ul style="list-style-type: none"> Have a positive impact on our suppliers' sustainability performance Substances with an impact on people and environment 	<ul style="list-style-type: none"> Supplier Workplace Standard Supplier due diligence (including signing of our Supplier Workplace standard) Supplier audits Material efficiency
Operations 	<ul style="list-style-type: none"> Provide jobs and income Employee health and wellbeing Impact environment through resource use, waste, and emissions 	<ul style="list-style-type: none"> Serious accidents 	<ul style="list-style-type: none"> Reduce CO₂ footprint in operations Improve occupational health and safety 	<ul style="list-style-type: none"> Efficient use of resources and environmental management integrated in our production system Health and safety pillar integrated within our production system
Transport 	<ul style="list-style-type: none"> Emissions from transportation 	<ul style="list-style-type: none"> Labor conditions 	<ul style="list-style-type: none"> Reduce impact from transportation 	<ul style="list-style-type: none"> Efficient logistics process Encourage more sustainable transportation through supplier dialog, memberships and others
Sales 	<ul style="list-style-type: none"> Promotion of sustainable solutions 	<ul style="list-style-type: none"> Corruption Not meeting customer sustainability expectations 	<ul style="list-style-type: none"> Promotion and sales of sustainable solutions 	<ul style="list-style-type: none"> Anti-corruption policy and Code of Conduct training Promotion of sustainable solutions Focus on the products life-cycle cost
Product use 	<ul style="list-style-type: none"> User health and safety Consumption of energy, water, and detergents 	<ul style="list-style-type: none"> Product safety 	<ul style="list-style-type: none"> Product efficiency User ergonomics Long life spans 	<ul style="list-style-type: none"> Product performance and efficiency User health and safety (certification & testing) Efficient use of materials
End of life 	<ul style="list-style-type: none"> Landfill & emissions 	<ul style="list-style-type: none"> Use of hazardous or toxic substances Products not recycled to the extent possible 	<ul style="list-style-type: none"> Increased share of material recovery 	<ul style="list-style-type: none"> Restricted material list Efficient use of materials

Sustainable solutions

We serve a wide range of customers globally, from restaurants, hotels and laundrettes to healthcare and service facilities. Our solutions consume energy, water, and detergents and impact the users as well as the consumer of the service they provide.

We want to set the pace within the professional food, laundry, and beverage industry through innovation in sustainability and energy efficiency, with connected and digital platforms that meet customer needs.

Product design influences or determines numerous environment and

social impacts throughout the value chain. The choices made will have impacts on materials use, manufacturing, distribution, product use, and end of life.

As our main environmental impacts occur during the product-use phase, integration of sustainability into product

development is essential to reduce our overall impact.

We have identified three priority areas within sustainable solutions:

1 Product performance and efficiency

Efficient and low-consuming products

Our main environmental impact occurs during the product-use phase. As products operate, they consume resources such as energy, water, and detergents. As a result, we are determined to develop and offer low-consuming products, which is positive for our customers' running costs as well as the environment. We use technology and innovation to address the customer demand for resource-efficient products to minimize energy, water, and detergent consumption.

2 Efficient use of material

The main portion of our material use is related to steel and other metals. As the materials and waste generated have a negative impact on the environment, a more efficient use is required to reduce our impacts. An efficient approach means that we use materials for as long as possible, work towards closing material loops, and reduce waste.

Electrolux Professional products are used frequently, by either professional businesses or user-operated within the sharing economy. By designing durable and long-lasting products, material efficiency can be increased. Electrolux Professional is investing in lifetime testing and quality assurance to verify that our products meet durability and reliability requirements.

Service and maintenance

During the product lifetime we offer a wide range of spare parts, services, and customer support that can help to prolong the product lifespan. Maintenance and service can also help to ensure that efficiency and performance is maintained during the product lifetime.

End-of-life management and recovery

Electrolux Professional has developed a restricted material list (RML) to facilitate use of non-hazardous and non-toxic substances in our materials and components.

All components and materials used are RoHS compliant, meaning they do not contain any toxic substance

prohibited under, or, if permissible, do not exceed certain levels set out in the RoHS Directive (2011/65/EU). Electrolux Professional also meets the requirements of WEEE, the Waste Electrical and Electronic Equipment Directive (2012/19/EU).

As most of our products are designed for easy disassembly, include restrictions on hazardous and toxic materials, and mainly contain recyclable materials, a large proportion of our products can be transferred into new material loops.

3 Customer health and safety focus

Safety

Safety is critically important to Electrolux Professional customers as the use of our products frequently involves a mixture of water, hot surfaces, moving parts, and electricity. We aim to ensure customer safety and reduce risks by focusing on product safety starting from the product development phase, passing through a controlled production process, and providing a professional maintenance service. In order to improve the safety level of our appliances, we also use

third-party laboratories to review products from a safety standpoint.

Appliances are designed considering ergonomic principles around human functionality and according to the user's natural workflow, to achieve maximum efficiency with minimum effort. Electrolux Professional has also started to perform third-party ergonomic certifications on certain products (ERGOCERT).

Food safety and hygiene

Our businesses include professional laundry or food service operations in hospitality business and within community businesses such as elderly care homes or hospitals. As people in these environments can be more vulnerable, hygiene and food safety are critically important. We offer solutions for control and monitoring.

In 2020, the global pandemic led to the creation of the first dishwashing range with third-party certified disinfection performance.

Focus on developing innovative and sustainable solutions

"hygiene&clean" Rack Type Dishwasher

- Water, energy and detergent savings with the lowest running cost in the industry.
- Using just one of glass of water per rack, hygiene&clean's innovative rinse module uses less water, less electricity and less detergents.
- Durable and robust design, for long lifetime usage - tested for 2,310,000 cycles.
- Heat pump technology for low climate impacts - using refrigerant with low climate impact (GWP=1).
- Saves 50% energy with Natural Ventless heat pump solution.



Line 6000 Heat Pump Dryers

- Adaptive fan control adjusts the fan speed automatically to save energy and reduce drying time providing an even drying result.
- Heat pump dryers enables over 60% savings compared to similar models using conventional heating technologies, without compromising drying time or productivity.
- Great ergonomic design for a human centered approach.



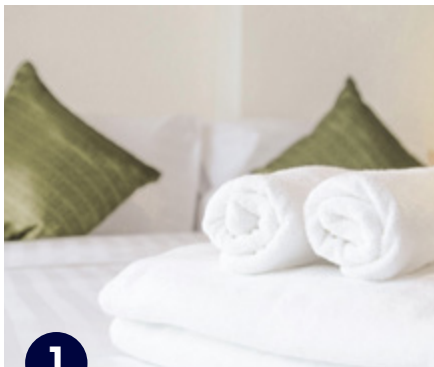
SkyLine Combi Oven

- Savings on water, energy and chemicals consumption translate into a higher profitability.
- Water wastage reduction thanks to smart use of the Lambda sensor, generating steam only when necessary and taking advantage of the humidity generated by the food.
- Energy consumption reduction through enhanced chamber isolation, triple-glazed door and optimized cavity design.
- Optimized energy usage through interaction between high-precision control system and 26 different sensors.
- First oven ever to receive independent 4-star ergonomic certification (ERGOCERT).



Sustainable operations

Electrolux Professional has a global presence and applies the same high standards and principles of conduct globally: respect, diversity, integrity, ethics, safety, and environmental protection. We aim to improve sustainability performance within our operations through management and a systematic approach, emphasizing reducing our environmental and social impacts every day.



1

Environmental management

We place great emphasis on reducing the environmental impact of our business activities. Our environmental management focuses on reducing impacts from resource use and emissions and waste.

The material topics within our operations are integrated into our production system (EPS). EPS provides a method for minimizing all kinds of waste and losses in our processes. Using fewer resources is good for the environment and for the long-term profitability of the company.

Our Group environmental commitment is outlined in our Code of Conduct, Group Work Policy, and Environmental Policy.

The workplace directive stipulates minimum requirements on topics such as legal compliance, waste, and chemicals.

ISO 14001 certifications

Our target is that all of our logistics, manufacturing and R&D operations should be third-party certified according to ISO 9001 and ISO 14001. Our three largest manufacturing sites, covering around 2/3 of our production, are also ISO 50001 certified.

The sites report result and progress to the Group's central functions. Adherence to our central policies is controlled through internal and external audits. **See the ISO table in the Manufacturing section on page 43** →



2

Efficient use of resources

Energy

Electrolux Professional places a strong emphasis on reducing energy consumption in our operations. We are constantly monitoring our performance and have developed reduction targets. Our improvement plan is based on continuous improvement activities, projects, and investments in energy-efficient equipment. We are also active supporters of the switch to renewable energy.

Water

We assess our water risks according to the WWF's water risk filter. According to the water risk assessment, we do not have high water risks related to our operations. We are taking protective measures to reduce our water footprint from our operations.

Materials

Electrolux Professional has adopted a restricted materials list to restrict toxic and hazardous substances, in our products and processes. Our plants also work to reduce material losses by improving the scrap rate and utilizing materials efficiently.



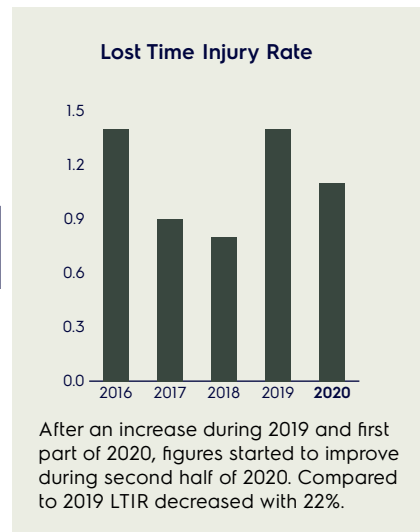
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Occupational health and safety

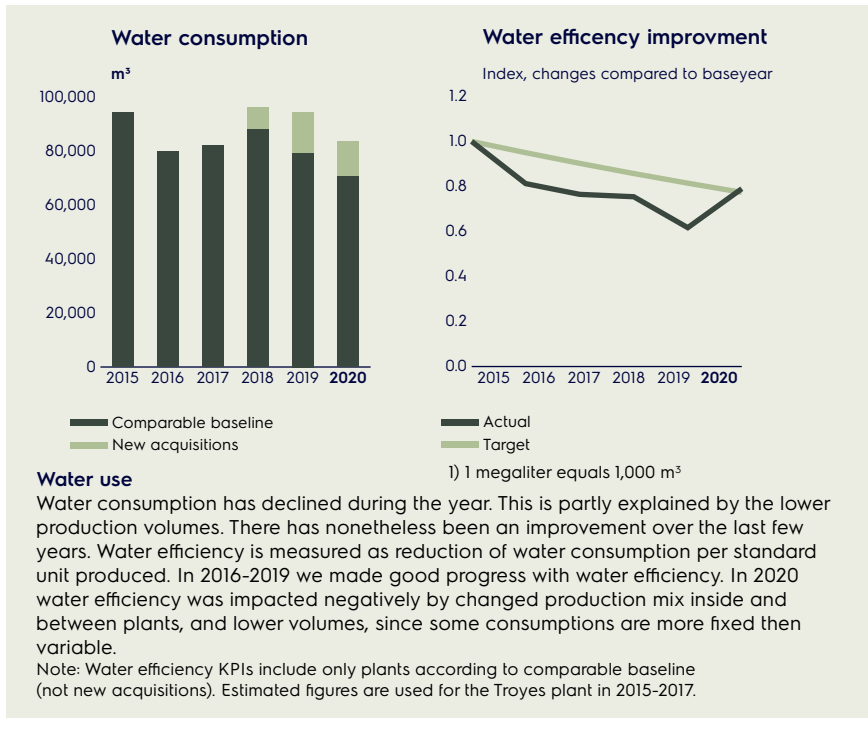
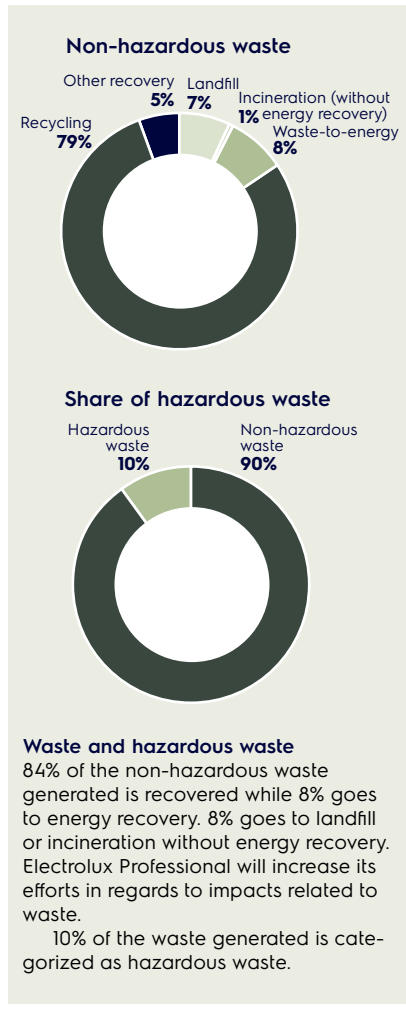
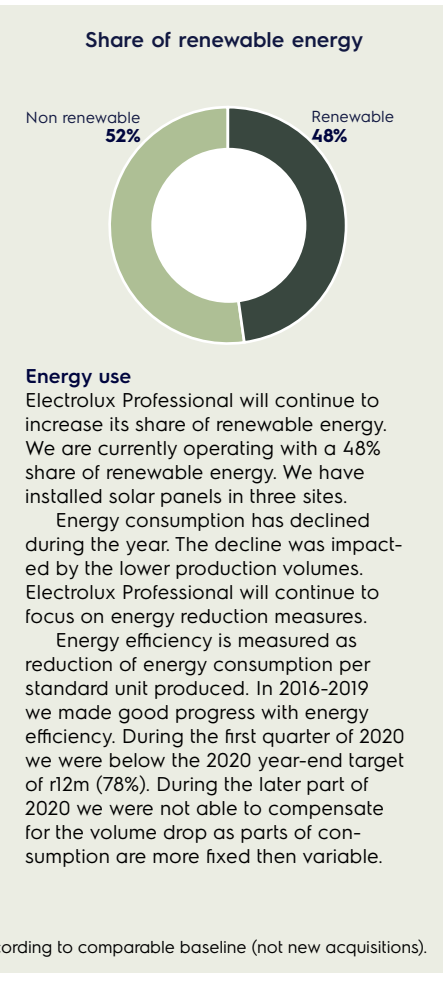
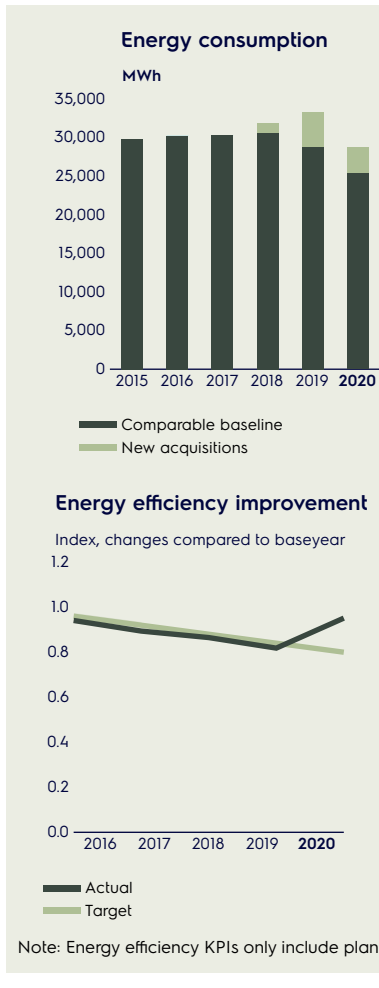
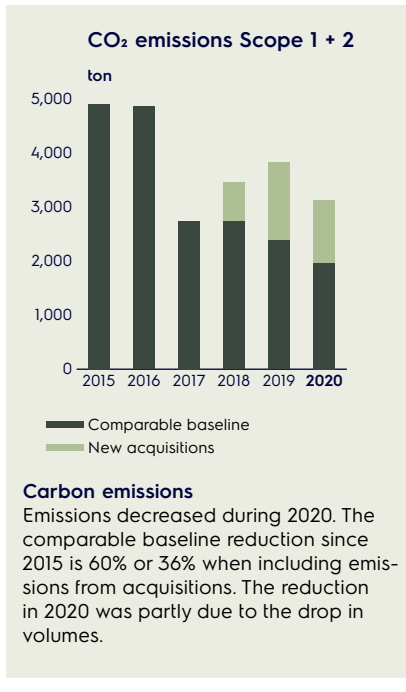
We prioritize the wellbeing of all employees by providing a safe and healthy work environment. We work with a 'zero accident' mindset, putting safety at the top of the agenda.

Our Group health and safety pillar is outlined within our Code of Conduct and Group Work Policy, and detailed requirements are described in our Group Workplace Directive. Our industrial operations pose higher risks, and we have adopted a dedicated Health & Safety pillar to maintain a safe work environment to protect our employees.

Our three largest plants are third-party certified according to ISO 45001. Electrolux Professional also collaborates with International SOS to protect our people during business travel.



Environmental KPIs



Ethics and relationships

A good, sustainable relationship with the stakeholders that are impacted by our business is key to the delivery of our strategy. We demonstrate our commitment, and seek their trust, through a number of actions and procedures. Electrolux Professional has signed the UN Global Compact and commits to its 10 principles regarding human rights, labor, anti-corruption, and the environment.

Code of Conduct

The Electrolux Professional Code of Conduct is fundamental to the way we act. It serves as an introduction to our most important policies and principles and guides our way of doing business. Code of Conduct training is mandatory for all employees. During the year around 900 employees participated in Code of conduct training, which includes anti-corruption and human right topics.

The Code of Conduct addresses the following:

- Respect for people and basic rights
- Freedom of association
- Discrimination
- Zero tolerance for harassment, child labor, forced labor, corruption, bribery
- Workplace wellbeing and safety
- Fair and legal business
- Quality and safety of our products
- Business integrity
- Avoidance of political involvement
- Confidentiality of information and protection of personal data
- Respect for the environment

Executive Management has further adopted policies concerning the environment, workplace, and anti-corruption. Policies for people, workplace, anti-corruption, the environment, and tax fall within the scope of the Code of Conduct. They are all based on fundamental international treaties such as the International Bill of Human Rights, the conventions of the International Labor Organization and the OECD Guidelines for Multinational Enterprises.

Human rights statement

We are a signatory of the UN Global Compact, we support the OECD Guidelines for Multinational Enterprises and we apply the UN Guiding Principles on Business & Human Rights in our work to identify and remediate any negative impact on people that is a direct or indirect result of our operations.

We do not tolerate child labor, forced labor, discrimination, harassment, or abuse. We are committed to decent working hours and compensation, freedom of association, and collective bargaining.

The health and safety of our employees is a top priority and we work continuously to identify, manage, and mitigate any risks of accidents and illness. We aim to have an open and transparent dialog to engage with employees directly and, when applicable, their representatives. This includes the freedom of association and the right to bargain collectively.

Anti-corruption, bribery, and unethical business

Electrolux Professional does not tolerate corruption, bribery, or unethical business practices in any form. All operational units and suppliers, and their employees, must refrain from offering, giving, demanding, or receiving bribes or any other improper benefits.

Tax policy

Electrolux Professional has developed a Tax Policy that outlines how to deal with tax-related matters. The goal is to always pay the correct amount of tax in the correct country, and to be fair and resolve differences in opinions with local tax authorities and other governmental organizations in a constructive and positive manner.

Governance and training

A Code of Conduct steering group has been established to meet regularly to follow up on the effectiveness of the program. Code of Conduct training is conducted both on-line and in live training sessions that are mandatory for all employees.

Reporting of misconduct

Misconduct and violation of the Code of Conduct or Group Policies can be reported anonymously on-line via the whistleblower web platform, or directly to a suitable person or function within the company.

Our stakeholders

Electrolux Professional recognizes the trust we are given by our stakeholders. Impact analyses and strategic assessments, together with stakeholder expectations, serve as the basis for our sustainability work. We monitor overall trends in society and collaborate with external partners to better contribute to improvements.



STAKEHOLDER	FORM OF DIALOG	IMPORTANT TOPICS	GENERATED VALUE
Customers and users	<ul style="list-style-type: none"> • Ongoing dialog to collect requirements. This dialog takes place during customer visits, RFQ's, fairs etc. We also do more systematic studies and measure the Net Promotor Score (NPS) 	<ul style="list-style-type: none"> • Quality • Energy consumption and carbon footprint • Cost over the product life-cycle • Reliability of the overall equipment system • Ergonomics, safety, and human-centric design 	<ul style="list-style-type: none"> • Easier work-life, profitability, and low consumption. <p>See more on pages 30-35 →</p>
Employees	<ul style="list-style-type: none"> • Ongoing dialog with employees and unions through management • Systematic dialog within our people performance process • Employee engagement surveys 	<ul style="list-style-type: none"> • Health & safety • Diversity and inclusion • People development 	<ul style="list-style-type: none"> • Competitive compensation, sustainable working environment, learning & development <p>See more on pages 9, 46-48 →</p>
Investors and owners	<ul style="list-style-type: none"> • We communicate through direct meetings, questions, and ESG surveys, capital market days and the annual general meeting where a dialog can take place. Some of our investors also have representatives on the Board of Directors 	<ul style="list-style-type: none"> • Ethical business practices • Diversity and inclusion • Health & safety • Climate actions • Supply chain management 	<ul style="list-style-type: none"> • Reduced risks and long-term value generation. <p>See more on pages 9, 160-163 →</p>
Suppliers	<ul style="list-style-type: none"> • Dialog with suppliers is mainly conducted through supplier meetings, negotiations, and discussions • Gather information about the suppliers during the RFQ phase • Signing of our supplier workplace standard 	<ul style="list-style-type: none"> • Labor conditions • Health & safety • Environmental management 	<ul style="list-style-type: none"> • Jobs, mutual benefits and reduced risks. <p>See more on pages 9, 44, 63 →</p>
Society and local communities	<ul style="list-style-type: none"> • Contacts with local communities regarding local environmental requirements • Contacts to monitor the public opinion and changes in legislation 	<ul style="list-style-type: none"> • Environmental impacts • Social impacts • Contribution to local community 	<ul style="list-style-type: none"> • Taxes and reduced carbon footprint <p>See more on pages 9, 53-54 →</p>
Academia and NGO's	<ul style="list-style-type: none"> • Participate in networks, meetings and co-operations 	<ul style="list-style-type: none"> • Sustainable innovation • Strategic partnerships • Mutual benefits 	<ul style="list-style-type: none"> • Mutual benefits and development of opportunities. <p>See more on pages 45, 63 →</p>

Sustainability governance and management, the GRI index, and performance are described on pages 153-159 →

Supplier expectations

Sustainability risks within the supply chain

Electrolux Professional manages sustainability risks within its supply chain by stipulating demands related to quality, product safety, chemical compliance, social responsibility, and the environment. We expect our suppliers to adhere to the principles in our Code of Conduct and Supplier Workplace Standard, which similarly apply to our own operations. These policies are aligned with requirements in frameworks such as the International Labor Organization’s (ILO) core conventions and the OECD guidelines for multinational enterprises.

Social and environmental due diligence of new suppliers

Social and environmental requirements of our suppliers are integrated in our Supplier Workplace Standard. Electrolux Professional has established a risk-based due diligence process for introduction of new suppliers. The risk levels are based on supplier location and turnover. Based on defined risk levels, defined due diligence activities are put in place.

Monitoring of existing supplier base

Electrolux Professional audits its existing supplier base. Part of the Electrolux

social and environmental audits was supported by a group function, while Electrolux Professional conducted quality audits. During 2020 Electrolux Professional has introduced Environmental and Health & Safety sections in addition to its quality sections. In 2021 Electrolux Professional intends to train the audit team in regards to human rights and labor conditions. The intention is to build further capability to identify and mitigate risks. In addition, Electrolux Professional intends to contract a third-party supplier that can support with deeper assessments when needed (based on risk and intelligence).

84

supplier audits conducted in 2020

84/84

audits included quality

72/84

audits included environment and health & safety

Since 2020 Electrolux Professional has been a signatory to the UN Global Compact corporate responsibility initiative and its principles on human rights, labor, the environment and anti-corruption.

WE SUPPORT



Electrolux Food Foundation

Electrolux Professional supports the Electrolux Food Foundation, an independent, non-profit organization that supports initiatives to inspire more sustainable food choices among consumers and professionals, and to support people in need in the communities around us.

Since food is a major battleground in the fight against climate change, the foundation’s focus is well aligned with the Electrolux Professional sustainability commitment



Electrolux Food Foundation



Corporate governance

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 the Electrolux Professional Group is controlled and operated. The Group's external auditors have reviewed this report and their opinion has been included in the Auditor's Report.

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Chairman's comments

An intense first year as a listed company

The start of the year was dominated by the finalization of the separation from AB Electrolux and the listing of Electrolux Professional on Nasdaq Stockholm on March 23.

The overarching strategic rationale for the spin-off was to create better conditions for strong future value creation in the company. It allows undivided attention on developing concepts and business models for professional customers under Electrolux Professional's own dedicated management team and Board of Directors.

At almost the same time as the March listing, the pandemic started to impact us all, and the Food & Beverage Service businesses in the hospitality sector were struck particularly hard. Thanks to our experienced management team, dedicated employees, and swift actions, the company has been able to mitigate the impact of the pandemic as far as it reasonably can. Additional cost reductions and efficiency improvements were implemented while innovation continued. The impact of the pandemic on the Laundry business was less severe.

During the beginning of the year the work of the Board was focused on setting the strategic priorities and financial targets, as well as the release of the prospectus and establishing all the necessary policies needed as a listed company. The pandemic quickly shifted the Board's focus to the activities needed to mitigate the sharp decline in sales in March. Throughout the year, the Board has worked closely with the CEO and the Executive Management to make sure all necessary measures were taken to safeguard the health and safety of our employees as well as the profitability of the company.

As the year progressed, the Board increased its focus on key business growth areas and profit drivers. Other vital aspects of the business such as Talent Management, Cyber Security, and Sustainability were also addressed.

Most of the Board meetings were held completely or partially online. However, we managed to visit the two largest plants during the year. In February we visited the food equipment plant in Vallenoncello and in August we visited the laundry equipment plant in Ljungby.

During the summer, the shares of series A were delisted from trading on Nasdaq Stockholm against a background of insufficient liquidity resulting in dysfunctional pricing. As a consequence, the Board facilitated a process that allowed any holders of A shares that so wished to easily convert their shares to B shares.

Finally, I would like to express my gratitude to Electrolux Professional's CEO, Executive Management, and employees for their many great contributions during a very challenging year. I would also like to thank my colleagues on the Board of Directors for their dedication and for delving into the DNA of the company and future value creation opportunities.

Kai Wörn
Chairman of the Board



“The overarching strategic rationale for the spin-off was to create better conditions for strong future value creation in the company.”

Kai Wörn, Chairman

Corporate governance report

Good corporate governance is about ensuring that Electrolux Professional is managed as responsibly and efficiently as possible to meet our obligations as a public company, and also to create value for shareholders in an efficient, responsible, and sustainable manner. Corporate governance determines how rights and responsibilities are distributed among a company’s various bodies in accordance with internal processes and the laws and regulations in effect.

External and internal rules

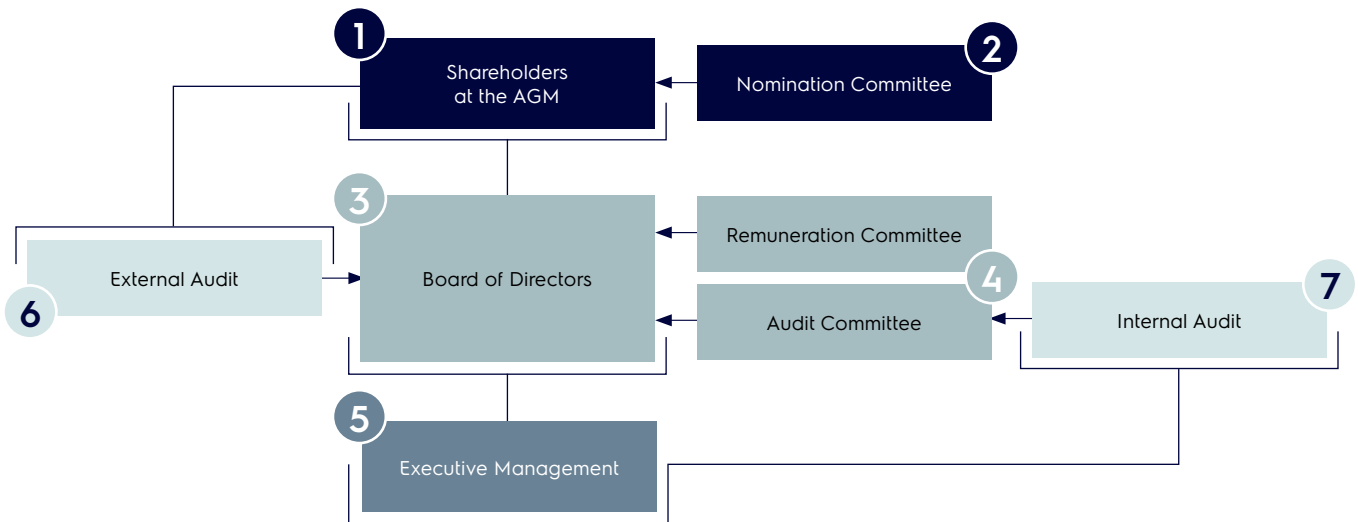
The governance of Electrolux Professional is defined by external and internal rules. The external rules are

the Swedish Companies Act, Nasdaq Stockholm’s Rule Book for Issuers and the Swedish Code of Corporate Governance (the “Code”), as well as other relevant Swedish and foreign laws and regulations. The Code is available at www.corporategovernanceboard.se and describes good practices in the stock market. The internal rules consist of the Articles of Association, The Rules of Procedure of the Board of Directors, the Electrolux Professional Code of Conduct, policies for information, finance, credit, internal control, risk management, anti-corruption and other group policies.

Application of the Code

Electrolux Professional applies the Code with no deviations. Electrolux Professional did not report any deviations from the Code in 2020. There have been no infringements by Electrolux Professional of applicable stock exchange rules and no breach of good practice on the securities market reported by the Disciplinary Committee of Nasdaq Stockholm or the Swedish Securities Council in 2020. This corporate governance report has been drawn up as part of Electrolux Professional’s application of the Code.

Corporate governance structure



Distribution and listing of Electrolux Professional

The extraordinary general meeting of AB Electrolux held on February 21, 2020 decided to distribute all shares in Electrolux Professional to the shareholders of AB Electrolux. The first day of trading in Electrolux Professional's shares was on March 23, 2020. In total, 287,397,450 shares in Electrolux Professional were distributed, 8,192,539 of which were Class A shares and 279,204,911 were Class B shares.

Shares

According to Electrolux Professional's Articles of association, the share capital shall not be less than SEK 20,000,000 and not be more than SEK 80,000,000, divided into not less than 200,000,000 shares and not more than 800,000,000 shares.

The Electrolux Professional registered share capital is SEK 28,739,745, represented by 287,397,450 shares of which (as of December 31, 2020) 8,120,527 are Class A shares and 279,276,923 shares are Class B shares, each with a quota value of SEK 0.1. Each Electrolux Professional Class A share entitles the holder to one vote and each Electrolux Professional Class B share entitles the holder to a tenth of a vote at the General Meeting.

The Class A and Class B shares of Electrolux Professional were listed on Nasdaq Stockholm on March 23, 2020 and traded on the Large Cap list.

Delisting of the Class A shares

In August 2020, the Board of Directors of Electrolux Professional applied for delisting of the company's Class A shares following contacts with Nasdaq Stockholm due to insufficient liquidity in the series A shares resulting in dysfunctional pricing. Nasdaq Stockholm's listing committee decided on August 20, 2020 to approve Electrolux Professional's application for delisting of the company's Class A shares to trading on Nasdaq Stockholm. The last day of trading of the Class A-shares was September 4, 2020. Holders of Electrolux Professional Class A shares have the right to require that Class A shares are converted to Class B shares. During 2020, 72,012 Class A shares have been converted to Class B shares.

1 Shareholders

The number of registered shareholders at December 31, 2020 was 50,227. On December 31, 2020, Investor AB was the largest shareholder, with a holding corresponding to 32.4% of the votes and 20.5% of the share capital in the company. **For more information about the shares and shareholders, see page 160.**

Dividend Policy

Electrolux Professional's target is for the dividend to correspond to at approximately 30% of the income for the period. Due to the ongoing pandemic, the Board proposes to pay no dividend for 2020.

General Meeting of shareholders

Pursuant to the Swedish Companies Act, the General Meeting is the supreme decision-making body in a Swedish limited liability company, and shareholders exercise their voting rights at such meetings. In 2020, The Annual General Meeting (AGM) was held prior to the distribution of Electrolux Professional shares to the shareholders of AB Electrolux and consequently Electrolux Professional has not held an AGM as a listed company in 2020.

The AGM of Electrolux Professional will be held annually before the end of June. In addition to the AGM, Extraordinary General Meetings (EGM) can be convened when required. The General Meetings of Electrolux Professional will be held in the municipality of Stockholm, where the company's registered office is located. The date and place of the AGM is communicated on the external web no later than the publication of the quarterly report for the third quarter.

At the AGM, shareholders of Electrolux Professional resolve on several matters, including confirmation of income statements and balance sheets, the disposition of the company's profit or loss, discharge of liability for the members of the Board and the CEO, composition of the Nomination Committee, election of members of the Board (including the Chairman of the Board) and auditor, remuneration to the members of the Board and auditor, as well as guidelines for remuneration to the CEO and other senior executives.

The shareholders of Electrolux Professional also resolve on other matters that are important to the company, for example any changes to the Articles of association, at the General Meeting.

Shareholders who wish to have a matter dealt with must submit a written request to the Board to that effect. The request must have been received by Electrolux Professional no later than seven weeks prior to the General Meeting.

Right to attend General Meeting

All shareholders who are directly recorded in the share register maintained by Euroclear Sweden five weekdays prior to the General Meeting, and who have notified the company of their intention to participate, are entitled to attend the General Meeting and vote for the number of shares they hold.

Shareholders whose shares are nominee registered through a bank or other nominee must request that their shares are temporarily registered in their own names in the register of shareholders maintained by Euroclear Sweden, in order to be entitled to participate in the General Meeting.

The next AGM will be held on April 28, 2021. Due to the coronavirus pandemic, the Board of Directors has decided that the AGM shall be conducted without the physical presence of shareholders, representatives or third parties and that the shareholders before the meeting shall be able to exercise their voting rights only by voting in advance, so-called postal voting. However, the shareholders will be able to ask questions in writing ahead of the meeting.

2 Nomination Committee

At the Extraordinary General Meeting held on December 5, 2019, the current instruction for the Nomination Committee was adopted to apply until further notice.

The Nomination Committee shall comprise five members. The members should be one representative of each of the four largest shareholders, in terms of voting rights that wish to participate in the Committee, together with the Chairman of the Electrolux Professional Board. The composition of the Nomination Committee shall be based on shareholder statistics

from Euroclear Sweden as of the last banking day in August in the year prior to the AGM and on other reliable shareholder information which is provided at such time. The names of the representatives and the names of the shareholders they represent shall be announced as soon as they have been appointed.

If the shareholder structure changes during the term of office of the Nomination Committee, the composition of the Nomination Committee may be adjusted accordingly. Changes in the composition of the Nomination Committee shall be published as soon as any such changes have been made.

The Nomination Committee's task includes preparing a proposal to the next AGM regarding:

- The Chair of the AGM
- The number of Board members
- The nominees for election to the Board
- The Chair of the Board
- Remuneration for Board members including work on Board committees
- Auditors and auditor's fees
- Amendments to instructions for the Nomination Committee

The Company's Audit Committee shall assist the Nomination Committee in preparing proposals for auditors, and the Nomination Committee's proposal shall include the Audit Committee's recommendation on the election of auditors. The Nomination Committee's proposals are publicly announced no later than on the date of notification of the AGM. Shareholders may submit proposals for nominees to the Nomination Committee.

The election of the present Board took place at an AGM prior to the listing of Electrolux Professional. The Board was elected applying rule 4.1 of the Code as its diversity policy. The aim was to appoint a Board that is diverse in terms of age, gender, experience, educational background, and nationality. Three of the seven Board members are women.

Nomination Committee ahead of 2021 AGM

The first Nomination Committee appointed in Electrolux Professional as a listed company is the Nomination Committee for the 2021 AGM and is based on the ownership structure as of

August 31, 2020, and was announced in a press release on September 17, 2020.

The Nomination Committee members are:

- Petra Hedengran, Investor AB, Chairman
- Joachim Spetz, Swedbank Robur Funds
- Jesper Wilgodt, Alecta
- Peter Guve, AMF Försäkring och Fonder
- Kai Wärn, Chairman of Electrolux Professional

The Chairman of the Board conducts a yearly evaluation of the Board by way of a survey to the Board members and subsequent discussions to assess the Board's composition, qualification, efficiency, and work procedures. The conclusions are presented to the Nomination Committee. On this basis 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 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 Electrolux Professional's management, and that at least two (from such majority) are also independent of Electrolux Professional'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.

The Nomination Committee's proposals were announced in connection with the notice convening the AGM 2021.

3 Board of Directors

The Board of Directors has the overall responsibility for Electrolux Professional's organization and administration. The duties of the Board of Directors are set forth in the Swedish Companies Act, the Company's Articles of Association and the Code. In addition, the work of the Board of Directors is governed by the Rules of Procedure of the Board of Directors, adopted annually by the Board. The instructions for the Board of Directors govern, among other things, the division of work and responsibility between the Board of Directors, its Chairman and the CEO, and specify financial reporting procedures for the CEO. The Board of Directors also adopts instructions for the Board committees.

Composition and Independence of the Board of Directors

According to Electrolux Professional's Articles of Association, the Board of Directors shall be comprised of no less than three and no more than nine members, with no more than three deputy members, elected by the shareholders at the AGM. In addition and by law, employee organizations are entitled to appoint employee representatives. The Board of Directors currently comprises seven members elected by the 2020 AGM for a term of office extending until the close of the 2021 AGM, with no deputies, as well as two ordinary members and one deputy appointed by Swedish employee organizations.

The AGM elects the Chairman of the Board. Directly after the AGM, the Board holds a meeting for formal constitution at which the members of the committees of the Board are elected. The Chairman of the Board of Electrolux Professional is Kai Wärn. All current members of the Board are non-executive members.

According to the Code, a majority of the Board members appointed by the General Meeting must be independent in relation to the Company and its Executive Management Team. No more than one Board member elected by the General Meeting may be a member of the Executive Management Team of the company or a subsidiary. At least two of the Board members that are independent in relation to the company and the Executive Management Team must also be independent in relation to

Board of Directors 2020 – AGM 2021

Name	Position	Board member in Electrolux Professional since	Independent in relation to the company and the Executive Management Team	Independent in relation to the company's major shareholders	Audit Committee	Remuneration Committee	Shareholding ¹
Kai Wärn ²	Chairman	2019	Yes	Yes	-	Chairman	104,000
Katharine Clark	Member	2020	Yes	Yes	-	-	-
Lorna Donatone	Member	2019	Yes	Yes	Member	-	-
Hans Ola Meyer	Member	2019	Yes	Yes	Chairman	-	9,000
Daniel Nodhäll	Member	2019	Yes	No	Member	Member	20,000
Martine Snels	Member	2019	Yes	Yes	-	Member	-
Carsten Voigtländer	Member	2019	Yes	Yes	-	-	-
Ulf Karlsson	Member*	1998	-	-	-	-	-
Joachim Nord	Member*	2019	-	-	-	-	110
Per Magnusson	Deputy*	1995	-	-	-	-	-

* Employee representative.

1) Own holdings and holdings of related persons and affiliated companies. The Board members' respective shareholding in Electrolux Professional as per February 28, 2021.

2) Kai Wärn also has 778,816 call options issued by Investor AB entitling the right to purchase Electrolux Professional B-shares

the major shareholders of the company. A major shareholder, according to the Code, is a shareholder that directly or indirectly controls 10% or more of the shares or votes in the company. The independence is to be assessed by the Nomination Committee.

The Board is considered to be in compliance with relevant requirements for independence. All Directors apart from Daniel Nodhäll are considered to be independent. Daniel Nodhäll is considered to be independent in relation to the company and the Executive Management Team, but not in relation to major shareholders of Electrolux Professional.

Management of the company's affairs

The Board of Directors is responsible for the organization of Electrolux Professional and the management of the company's affairs. The Board of Directors' tasks include adopting strategies, targets, business plans, budgets, interim reports, year-end financial statements, and policies. The Board of Directors is also required to monitor the company's financial performance and ensure that the company has good internal controls, including formalized routines to ensure that approved principles for financial reporting and internal controls are applied, and that financial reports are produced in accordance with legislation, applicable accounting standards, and other requirements for listed companies. Furthermore, the

Board of Directors decides on major investments and changes in the organization and operations of the Group. The Board of Directors is responsible for regularly evaluating the work of the CEO.

Moreover, the Board of Directors is to ensure that there is a satisfactory process for monitoring the company's compliance with laws and other regulations relevant to operations, as well as the application of internal guidelines, and to evaluate the operations on the basis of the objectives and policies set by the Board of Directors.

The Board of Directors is also tasked with identifying how sustainability issues impact risks to, and business opportunities for, the company and defining appropriate guidelines to govern the company's conduct in society with the aim of ensuring its long-term value creation capability. **Read more about the governance model of our sustainability focus on page 154.**

The Chairman of the Board of Directors leads and organizes the work of the Board, ensures that the Board fulfils its tasks, and ensures that the Board's decisions are implemented. The Chairman of the Board of Directors shall, together with the CEO, monitor the company's performance and prepare and chair Board meetings. The Chairman is also responsible for ensuring that the Board members evaluate their work each year and continuously receive the information necessary to effectively perform their tasks. The

Chairman represents the company in relation to its shareholders.

The Group's external auditors report to the Board as necessary, but at least once a year. A minimum of one such meeting is held without the presence of the President or any other member of Group Management. The external auditors also attend the meetings of the Audit Committee. The Audit Committee reports to the Board after each of its meetings. Minutes are taken at all meetings and are made available to all Board members and to the auditors.

Board meetings in 2020

In 2020, the Board held 15 meetings of which ten were held either as physical meetings, web meetings, or a combination of the two. Five meetings were held per capsulam.

All scheduled Board meetings during the year followed an agenda, which, together with the documentation for each item on the agenda, was sent to Board members in advance of the meetings. Meetings usually last for half a day or one entire day in order to allow time for presentations and discussions. Electrolux Professional's Head of Legal serves as the secretary at the Board meetings. Each scheduled Board meeting includes a review of the Group's results and financial position, as well as the outlook for the forthcoming quarters, as presented by the CEO. The meetings also deal with investments, credit limits, and other matters that are to be submitted to the Board

under the Rules of Procedure or the company's policies. The Board decides on all investments exceeding SEK 25m and receives reports on all investments exceeding SEK 10m. Finally, at most scheduled Board meetings a business function or strategic item is presented and reviewed.

The Board's work was heavily impacted by the fact that the company was listed during the year, as well as the Coronavirus pandemic. As a consequence, international Board members were largely unable to travel to several of the Board meetings and instead attended via online conferencing. The Board meetings per capsulam dealt with decisions related to the separation and listing of Electrolux Professional, the delisting of the Class A share, and other decisions that could not wait until the next scheduled board meeting.

The key focus areas for the Board during the year have been:

- The distribution and listing of Electrolux Professional

- The development of Electrolux Professional's organization and strategy as an independent group
- Addressing, monitoring and adapting operations due to the effects of the Coronavirus pandemic
- Streamlining measures to improve efficiency in the organization

Evaluation of the Board of Directors

The Board evaluates its work annually with regard to working procedures and the working climate, as well as regarding the focus of the Board work. This evaluation also focuses on access to, and requirements of, special competence in the Board. The evaluation is a tool for the development of the Board work and also serves as input for the Nomination Committee's work.

Each year, the evaluation of the Board is initiated and led by the Chairman of the Board. Evaluation tools include questionnaires and discussions. In 2020, Board members responded to written questionnaires. The evaluations

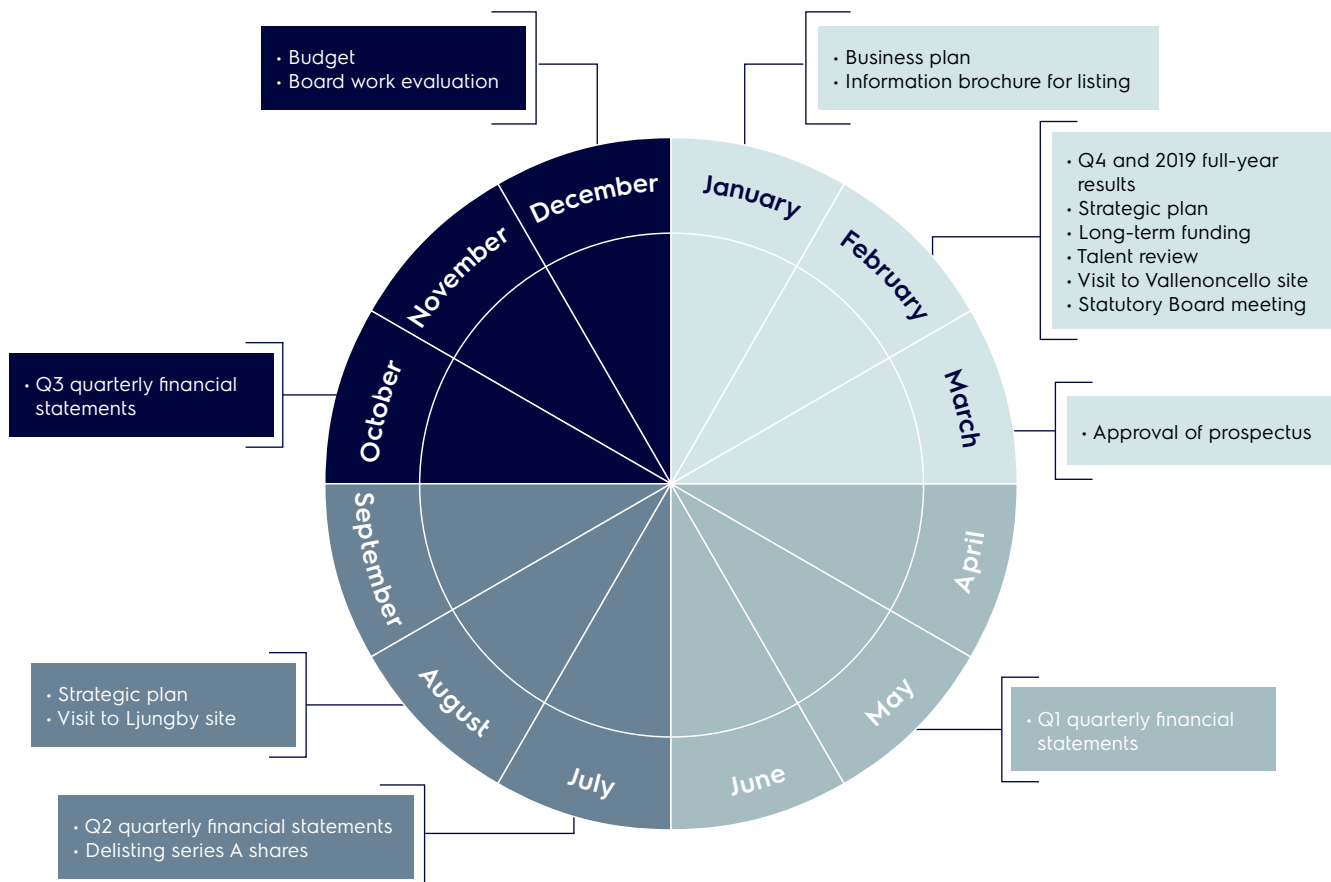
were discussed at a Board meeting. The result of the evaluations was presented to the Nomination Committee.

Fees for Board Members

The AGM determines the compensation for the Board of Directors for a period of one year until the next AGM. The compensation is distributed between the Chairman, other members of the Board and remuneration for committee work.

The AGM 2020 resolved that the board fees for the period up until the next AGM should be SEK 1,500,000 to the Chairman of the Board of Directors and SEK 500,000 to each other Board member (not employed by the company) elected by the AGM. In addition, it was resolved that a fee of SEK 150,000 shall be paid to the Chairman of the Audit Committee and a fee of SEK 100,000 to each of the other committee members, while a fee of SEK 100,000 shall be paid to the Chairman of the Remuneration Committee and SEK 75,000 to each of the other committee members.

The work of the Board in 2020



It was further resolved that fees shall be paid retroactively for the period from the election of each Board member until the 2020 AGM, with a prorated amount of the Board and committee fees stated above based on the time each Board member had been part of the Board and the respective committee.

The compensation paid in 2020, in the table below, refers to retroactive compensation until the AGM in 2020 and three fourths of the compensation authorized by the AGM in 2020, see also note 26.

4 Board committees

According to the Swedish Companies Act and the Code, the Board of Directors shall institute an audit committee and a remuneration committee. The majority of each Committee's members are independent in relation to the company and its executive management. For the Audit Committee, at least one of the members who is independent in relation to the company and its executive management team is also to be independent in relation to the company's major shareholders.

The major tasks of these committees are preparatory and advisory, but the Board may delegate decision-making powers on specific issues to the committees. The issues considered at committee meetings shall be recorded in minutes of the meetings and continuously reported to the Board of Directors. The members and Chairmen of the committees are appointed at the statutory Board meeting following election of Board members. The Board has also determined that issues may be referred to ad hoc committees dealing with specific matters.

Audit Committee

The main tasks of the Audit Committee are to oversee the process of Electrolux Professional's financial reporting, internal control and internal auditing in order to secure the quality of the Group's external reporting. The Audit Committee is also tasked with supporting the Nomination Committee with proposals when electing external auditors.

The Audit Committee consists of the following three Board members: Hans Ola Meyer (Chairman), Lorna Donatone and Daniel Nodhäll. The external auditors report to the Committee at each ordinary meeting. The CEO, CFO, Head of Group internal audit and Head of Legal have participated in all the audit committee meetings in 2020.

During 2020 the Audit Committee held six meetings. All audit committee members attended all the meetings.

Remuneration Committee

One of the Remuneration Committee's primary tasks is to propose guidelines for the remuneration of the members of the Executive Management Team. The Committee also proposes changes in remuneration of the President, for resolution by the Board, and reviews and resolves on changes in remuneration of other members of the Executive Management Team on proposal by the CEO.

The Remuneration committee consists of the following three Board members: Kai Wärn (Chairman), Daniel Nodhäll, and Martine Snels. The Chief Human Resources Officer participated in the meetings and was responsible for the meeting preparations.

During 2020 the Remuneration Committee held five meetings which were attended by all the remuneration committee members.

5 Executive Management Team

The Executive Management Team currently includes the CEO and nine other members. The CEO is appointed by, and receives instructions from, the Board of Directors. The CEO, in turn, appoints other members of the Executive Management Team and is responsible for the ongoing management of the Group in accordance with the Board's guidelines and instructions.

The Executive Management Team holds monthly meetings (shorter meetings via web and longer meetings lasting two or three days or in person) to review the previous month's results, to update forecasts and plans, and to discuss strategic issues. During 2020 two of the anticipated longer meetings were replaced by web meetings.

The key focus areas for the Executive Management Team during 2020 were:

- The preparation and execution of the separation and stock listing of Electrolux Professional
- The development and implementation of the strategic plan for Electrolux Professional as a listed group
- Addressing, monitoring, and adapting the operations due to the effects of the Coronavirus pandemic
- Cost-saving measures to improve efficiency in the organization
- Investments in digital transformation

Most, but not all, Executive Management meetings are also attended by the Head of Legal, CIO, Vice President Global Marketing, Vice President Customer Care and Chief Technology Officer. Together with the Executive

Remuneration of Board of Directors

	Total remuneration 2020, '000 SEK ¹	Board meeting attendance	Remuneration Committee attendance	Audit Committee attendance	Independence ²
Kai Wärn	1,875	15/15	5/5		Yes
Katharine Clark	416	15/15			Yes
Lorna Donatone	641	15/15		6/6	Yes
Hans Ola Meyer	758	15/15		6/6	Yes
Daniel Nodhäll	772	15/15	5/5	6/6	No
Martine Snels	575	15/15	5/5		Yes
Carsten Voigtländer	500	13/15			Yes

1) Includes remuneration for 2019 and the share of the remuneration decided at the 2020 AGM paid put during 2020
 2) or further information about the independence assessment, see page 69

Management team they form the Extended Executive Management Team.

Electrolux Professional has established procedures and internal bodies ("boards") for the preparation and execution of key activities and processes, such as the Insider and Disclosure Committee, the Finance Governance Board, the Code of Conduct Steering Group, the Audit Board, the Enterprise Risk Management Board, and the Sourcing Board.

Pia Hovland was appointed Chief Human Resources Officer (CHRO) on October 1, 2020, replacing Marie-Thérèse Chaabane.

financial statements for the Electrolux Professional Group, and the administration of Electrolux Professional AB. The auditors also conduct a review of the interim report for the second quarter. The audit is conducted in accordance with the Swedish Companies Act, International Standards on Auditing (ISA), and generally accepted auditing standards in Sweden. Audits of local statutory financial statements for legal entities outside of Sweden are performed as required by law or applicable regulations in each country, including issuance of audit opinions for the various legal entities.

Group Internal Audit assignments are to be conducted according to a risk-based plan developed annually and approved by the Audit Committee. The audit plan is derived from an independent risk assessment conducted by Group Internal Audit to identify and evaluate risks associated with the execution of the Company's strategy, operations, and processes. The audits are to be executed using a methodology for evaluating the design and implementation of internal controls to ensure that risks are adequately addressed, and processes operate efficiently. Opportunities for improving the effectiveness in the governance, internal control, and risk management processes identified in the internal audits are reported to management for action. A summary of audit results is to be provided to the Audit Committee, as is the status of management's implementation of agreed actions to address findings identified in the audits. The Head of Group Internal Audit reports administratively to the CEO and functionally to the Audit Committee.

6 Auditors

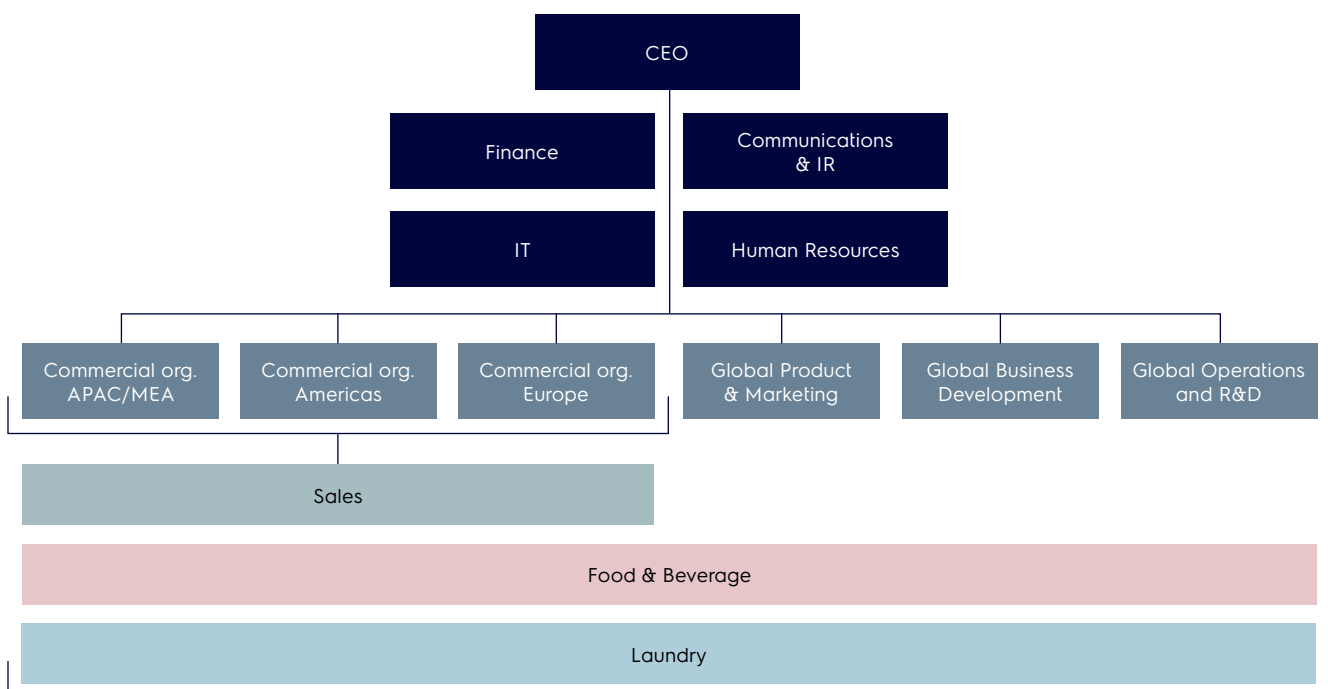
The 2020 AGM re-elected Deloitte AB for the period up and including the 2021 AGM. Jan Berntsson, authorized public accountant and a member of FAR (the professional institute for authorized public accountants in Sweden), is the auditor-in-charge.

Deloitte provides an audit opinion regarding Electrolux Professional AB, the financial statements of the majority of its subsidiaries, the consolidated

7 Internal Audit

The Group Internal Audit function provides independent, objective assurance designed to add value and improve Electrolux Professional's operations. Group Internal Audit assists Electrolux Professional in accomplishing its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of the organization's governance, internal control, and risk management processes.

Our organization



Internal control over financial reporting

Electrolux Professional uses the COSO framework (Committee of Sponsoring Organizations of the Treadway Commission) as a basis for internal control over financial reporting. The processes for internal control, risk assessment, control activities, information and communication, and monitoring regarding the financial reporting are designed to ensure reliable overall financial reporting and external financial statements in accordance with IFRS, applicable laws and regulations and other requirements. This process involves the Board of Directors, the Audit Committee, the Executive Management Team and all employees.

Control Environment

The Board has overall responsibility for establishing an effective system of internal control. The Audit Committee regularly reviews and evaluates the adequacy of the internal control framework. It monitors control deficiencies identified within the Group's internal control environment and oversees implementation of action plans if applicable. The CEO and the Executive Management Team have the ultimate responsibility for internal controls within their areas of responsibility.

All entities within the Group must maintain adequate internal controls. As a minimum requirement, control activities should address key risks identified within the Group. Limits of responsibilities and authorities are given

in the Delegation of Authority Policy, manuals, policies and procedures and codes, including the Code of Conduct, the Group Workplace Policy, and the Group Anti-Corruption Policy, as well as in policies for information, finance and in the finance manual. Together with laws and external regulations, these internal guidelines form the control environment and all Electrolux Professional employees are held accountable for compliance.

Risk assessment

Risk assessment is the assessment of risks in the various processes and data points that feed into the Company's financial reports. This includes identifying risks of not fulfilling the fundamental criterias, i.e., completeness, valuation, existence and occurrence, right and obligations and presentation and disclosure of significant accounts in the financial reporting for the Group, as well as risk of loss or misappropriation of assets and potential fraud.

Control activities

Control activities aim to mitigate the risks identified and ensure accurate and reliable financial reporting as well as process efficiency. Control activities include ongoing evaluations, self-assessments, and internal audit to ascertain whether the components of internal control are present and functioning.

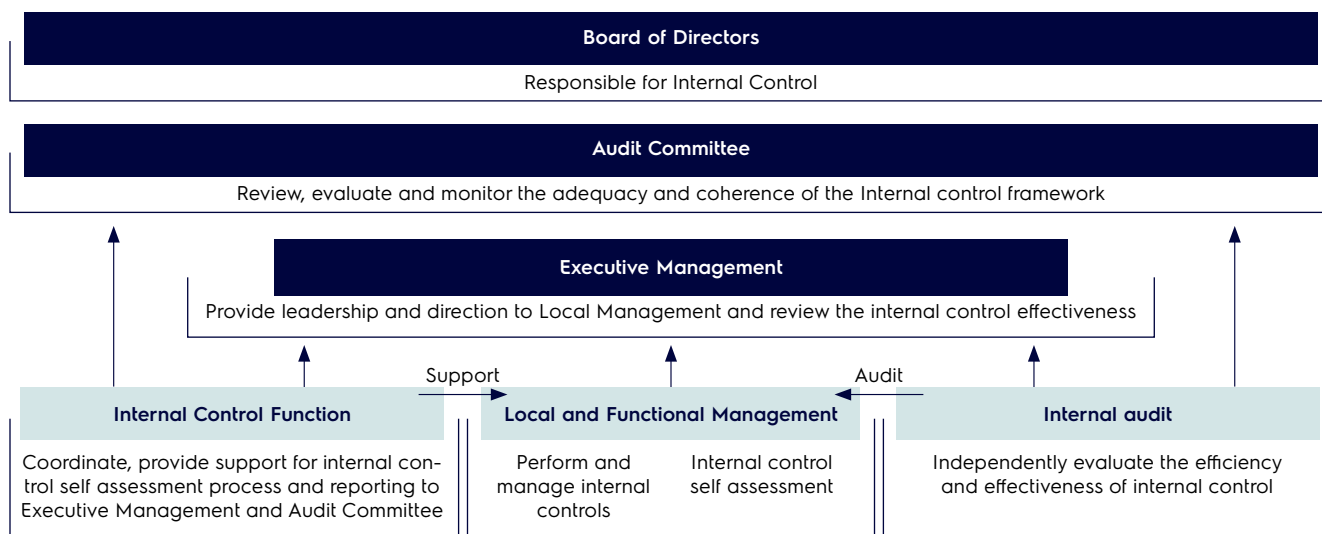
Information and communication

Information and communication within the Group regarding risks and controls helps to ensure that the right business decisions are made. Guidelines for financial reporting are communicated to employees, e.g., by ensuring that manuals and policies are published and accessible through the Group-wide intranet.

Monitoring

Monitoring and testing of control activities is performed periodically to ensure that risks are properly mitigated. The effectiveness of control activities is monitored continuously at three levels: Group, legal unit, and process. Monitoring involves both formal and informal procedures applied by management, process owners, and control operators, including reviews of results in comparison with budgets and plans, analytical procedures and key-performance indicators, and self-assessment results.

Internal audit independently evaluates the design and implementation of controls based on the audit scope and proactively proposes improvement to the control environment. Controls that have failed must be remediated. Management establishes and implements action plans to correct weaknesses. The audit committee reviews, evaluate and monitor the internal control process for financial reporting.



Board of Directors



	KAI WÄRN	KATHARINE CLARK	LORNA DONATONE	HANS OLA MEYER	DANIEL NODHÄLL
Position & elected	<i>Chairman of the Board of Directors and Board member since 2019. Chairman of the Remuneration Committee.</i>	<i>Board member since 2020.</i>	<i>Board member since 2019. Member of the Audit Committee.</i>	<i>Board member since 2019. Chairman of the Audit Committee.</i>	<i>Board member since 2019. Member of the Remuneration Committee and the Audit Committee.</i>
Year of birth	1959	1979	1957	1955	1978
Nationality	Swedish	British	American	Swedish	Swedish
Education	M.Sc. in Mechanical Engineering, KTH Royal Institute of Technology, Stockholm, Sweden.	B.Sc. (Hons) Business Information Systems Management, Bournemouth University, UK. Professional Diploma in Marketing, Chartered Institute of Marketing, UK.	MBA, Texas Christian University, USA. B.Sc. Tulane University, USA.	B.Sc. in Economics and Business Administration from Stockholm School of Economics, Sweden.	M.Sc. in Economics and Business Administration, Stockholm School of Economics, Sweden.
Other board assignments	Board member of Sandvik, Exandio Holding AB and Comparsio AB.	-	Board member of Sbarro, LLC and National Restaurant Association Educational Foundation, USA.	Board member of Upplands Motor Holding AB.	Board member of Husqvarna AB and Saab AB.
Current and previous positions	Previously CEO and President Husqvarna AB, Operations Partner at IK Investment Partners Norden AB, President and CEO of Seco Tools AB, various positions within ABB.	VP Commercial Development, ASSA ABLOY Opening Solutions EMEA.	Various senior positions within the Sodexo Group	Senior Vice President Controlling and Finance at Atlas Copco AB.	Head of Listed Companies at Investor AB.
Independence	Independent in relation to the company and the Executive Management Team as well as the company's major shareholders.	Independent in relation to the company and the Executive Management Team as well as the company's major shareholders.	Independent in relation to the company and the Executive Management Team as well as the company's major shareholders.	Independent in relation to the company and the Executive Management Team as well as the company's major shareholders	Independent in relation to the company and the Executive Management Team, but not in relation to the company's major shareholders.
Shareholding by February 28, 2021	104,000 Class B shares and 778,816 call options issued by Investor AB entitling the right to purchase Electrolux Professional B shares.	-	-	9,000 Class B shares.	20,000 Class B shares.



	MARTINE SNELS	CARSTEN VOIGTLÄNDER	JOACHIM NORD	ULF KARLSSON	PER MAGNUSSON
Position & elected	Board member since 2019. Member of the Remuneration Committee.	Board member since 2019.	Board member since 2019. Employee representative of the Council for Negotiation and Cooperation (PTK).	Board member since 1998. Employee representative of the Swedish Confederation of Trade Unions (LO).	Deputy board member since 1995. Employee representative of the Swedish Confederation of Trade Unions (LO).
Year of birth	1969	1963	1966	1958	1964
Nationality	Belgian	German	Swedish	Swedish	Swedish
Education	M.Sc. Agriculture, industrial engineering, Katholieke Universiteit Leuven campus Geel, Belgium, studies in mathematics, Universiteit Antwerpen, Belgium, Advanced Finance, London Business School, England. Finance for non-financials, Singapore Institute of Management, Singapore. B2B Marketing, Vlerick Business School, Belgium.	Degree in Mechanical Engineering, Technical University of Braunschweig, Germany. Doctoral Degree/Dr.-Ing., Process Engineering, Technical University of Braunschweig, Germany. Advanced Management Programme, INSEAD			
Other board assignments	Independent Non-Executive Director of Resilux. Independent Non Executive Director of Vion Food Group. CEO and owner of L'Advance B.V.	Vice Chairman of the Board of Directors of Saurer Intelligent Technology Ltd. Board member of Arbonia AG and BBC Group AG. Non-Executive Director of INNIO Group and Star Deutschland GmbH. Member of the Foundation Board of Friedhelm Loh Stiftung.			
Current and previous positions	Member of the Executive Board of GEA Group and various positions within FrieslandCampina, including Chief Operating Officer and Executive Director Ingredients	CEO and owner of Voigtlaender Board Advisory. CEO of Vaillant Group.			
Independence	Independent in relation to the company and the Executive Management Team as well as the company's major shareholders.	Independent in relation to the company and the Executive Management Team as well as the company's major shareholders.			
Shareholding by February 28, 2021	-	-	110 Class B shares.	-	-

Executive Management Team



	ALBERTO ZANATA	JACOB BROBERG	CARLO MARIO CARONI	JOHN EVANS	PIA HOVLAND
Position	<i>President and Chief Executive Officer since 2009.</i>	<i>SVP Investor Relations and Corporate Communications since 2019.</i>	<i>COO (Operations & R&D) since 2014 (Operations) and 2019 (R&D) respectively.</i>	<i>SVP & GM Americas since 2011.</i>	<i>Chief Human Resources Officer since October 1, 2020.</i>
Year of birth	1960	1964	1968	1967	1965
Nationality	Italian	Swedish	Italian	American	Swedish
Education	Master's degree in Electronic Engineering with Business Administration, Padua University, Italy.	B.A., Political Science and Economics, Lund University, Sweden.	Master's degree in Mechanical Engineering in Economics and Management, Politecnico di Torino, Italy.	Kings College, Wilkes-Barre, PA, USA.	Bachelor's degree in Computer Science, Stockholm University, Sweden.
Other assignments	-	Board member of Sveriges Kommunikatörer AB.	-	-	-
Previous positions	Head of Professional Products, Executive Vice President within the Electrolux Group	SVP Corporate Communications and Investor Relations, Cloetta AB.	SVP Global Operations within the Professional Products business area of the Electrolux Group.	Head of the Americas within the Professional Products business area of the Electrolux Group.	Various senior HR positions in Britannia Airways, Efnnet Group and Electrolux including SVP HR, Communications & Continuous Improvement at Electrolux Business Area Europe.
Shareholding by February 28, 2021	114,803 Class B shares.	10,000 Class B shares.	10,972 Class B shares.	4,240 Class B shares.	1,882 Class B shares.

**PAOLO SCHIRA****TORSTEN URBAN****DOUGLAS WALKER****FABIO ZARPELLON****PHILIPPE ZAVATTIERO**

	PAOLO SCHIRA	TORSTEN URBAN	DOUGLAS WALKER	FABIO ZARPELLON	PHILIPPE ZAVATTIERO
Position	<i>SVP Business Development since 2019.</i>	<i>SVP Product and Marketing since 2019.</i>	<i>SVP & GM APAC & MEA since 2014.</i>	<i>CFO since 2009.</i>	<i>SVP & GM Europe since 2013.</i>
Year of birth	1975	1970	1960	1967	1961
Nationality	Italian	German	British	Italian	French
Education	Master's Degree, Engineering, University of Trieste, Italy.	Business Management with a focus on marketing, VWA Munich, Germany.	Polymer Technology, Plastics and Polymer Engineering Technology, University of North London, England.	Degree, Business Administration, Ca' Foscari University of Venice, Italy.	Master's degree in Engineering, National Institute Polytechnique of Grenoble, France. Master's degree ESSEC Business School Paris, France.
Other assignments	-			President, La Vela srl.	Board member of Institut Paul Bocuse, France.
Previous positions	Various senior positions within the Professional Products business area of the Electrolux Group, including SVP Business Development and Vice President Business Unit Laundry.	Various senior positions within the Professional Products business area of the Electrolux Group, including SVP Product and Marketing and SVP Business Unit Food Service.	Various senior positions within the Professional Products business area of the Electrolux Group, including SVP Commercial APAC and Head of Region UK.	CFO of Professional Products within the Electrolux Group.	SVP of the commercial organization Europe within the Professional Products business area of the Electrolux Group.
Shareholding by February 28, 2021	7,331 Class B shares.	5,214 Class B shares.	4,385 Class B shares.	5,944 Class B shares.	8,084 Class B shares.

Electrolux Professional remuneration report 2020

Introduction

This report describes how the guidelines for executive remuneration of Electrolux Professional AB, adopted by the annual general meeting 2020, were implemented in 2020. The report also provides information on remuneration to the President and CEO. The report has been prepared in accordance with the Swedish Companies Act and the Rules on Remuneration of the Board and Executive Management and on Incentive Programs issued by the Swedish Corporate Governance Board.

Further information on executive remuneration is available in note 26 (Employees and personnel costs) on pages 141-142 in the annual report 2020. Information on the work of the remuneration committee in 2020 is set out in the corporate governance report available on pages 66-79 in the annual report 2020.

Remuneration of the Board of Directors is not covered by this report. Such remuneration is resolved annually by the annual general meeting and disclosed in note 26 on page 140 in the annual report 2020.

Key Developments in 2020

The President and CEO summarizes the company's overall performance in his statement on pages 4-5 in the annual report 2020.

The Group's remuneration guidelines: scope, purpose and deviations

A prerequisite for the successful implementation of the Group's business strategy and safeguarding of its long-term interests, including its sustainability, is that the Group can recruit and retain qualified personnel. To this end, the Group must offer competitive remuneration in relation to the country or region of employment of each Executive Management member. The Group's remuneration guidelines enable the company to offer executives a competitive total remuneration. Under the remuneration guidelines, executive remuneration shall be on market terms and may consist of the following components: fixed cash compensation, variable compensation, pension benefits and other benefits.

Variable compensation consists of both short-term and long-term cash incentives. No share related LTI program has been adopted at present.

The guidelines are found in the administration report on pages 91-93 in the annual report 2020. During 2020, the Group has complied with the applicable remuneration guidelines adopted by the annual general meeting. No deviations from the guidelines have been decided and no derogations from the procedure for implementation of the guidelines have been made.

The auditor's report regarding the Group's compliance with the guidelines is available on www.electroluxprofessional.com/corporate. No remuneration has been reclaimed.

Variable short-term cash compensation

The short-term variable compensation for the President and CEO is based on fixed financial targets on Group level. It is earned over a period of one year (2020) and can give a maximum of 100% of the annual base salary (as presented in table 2(a)).

Variable long-term cash compensation

The Group implemented a long-term cash-based incentive program 2020 (LTI2020) for senior executives and key employees, comprising 23 participants. Subject to the fulfillment of the predefined performance targets (as presented in table 2(b)), participants in the program may be entitled to receive a cash award after the end of the three-year vesting period (2020-2022). The measurement period (Performance period) for the fulfillment of the targets is one year (2020). The size of the maximum cash award is dependent on the participant's position. The President and CEO's cash award may amount to a maximum of 100% of the annual base salary at grant (2020).

The Board of Directors has set a maximum and minimum level for each of the performance targets. If the maximum performance level is reached or exceeded, the cash award will amount to (and not exceed) the maximum cash award that may be paid under the program. If performance is below the maximum level but exceeds the minimum level, a proportionate payment of the cash award will be made. No pay-

Table 1 - Total remuneration of the President and CEO in 2020¹ (kSEK)

kSEK	Fixed compensation		Variable compensation		Extraordinary items	Pension expense ⁵	Total remuneration	Proportion of fixed and variable remuneration
	Fixed cash compensation ²	Other benefits ³	One-year variable	Multi-year variable ⁴				
Alberto Zanata (President and CEO)	5,392	343	-	-	-	429	6,163	100%/0%

- 1) Except for Multi-year variable compensation, the table reports remuneration earned in 2020 (irrespective of whether payments have been made the same year). Multi-year variable compensation is reported if vested in 2020 (settlement in Q1 the following year). In 2020 no multi-year variable compensation has been vested.
- 2) Annual Base salary and fixed non-compete compensation component
- 3) Company car and medical insurance
- 4) Vested long-term cash awards. The long-term cash-based incentive program currently running, vests in 2022
- 5) Pension expense, consisting of defined contributions according to collective bargaining agreement entitlements, has been counted entirely as fixed remuneration as no variable payment was made 2020.

ment will be made if performance is at or below the minimum level. For any payment to be made, the participant must also remain employed during the entire three-year vesting period.

The participants are required to purchase Electrolux Professional shares for any cash award received under the program, net any income tax, and hold such shares for a period of two years.

In 2020, the minimum levels of the two performance targets were not reached which means that no cash awards under the LT12020 program will be paid out after the end of the vesting period.

Application of performance criteria

The performance measures for the President and CEO's variable compensation have been defined to deliver the Group's strategy and to encourage behavior which is in the long-term interest of the Group. In the definition of performance measures, the strategic objectives and short-term and long-term business priorities for 2020 have been taken into account.

Set out in Tables 2(a) and 2(b) below are descriptions of how the performance measures for payment of variable short- and long-term compensation have been applied during the financial year.

Comparative information on the change of remuneration and Group performance

Electrolux Professional AB was listed on the NASDAQ Stockholm on March 23, 2020 and consequently comparative information for previous financial years is not provided. From 2021 Electrolux Professional will provide comparative information with 2020 as the initial year.

Table 2(a) – Performance of the President and CEO in the reported financial year: variable short-term cash compensation

	Description of the performance criteria related to the remuneration component	Relative weighting of the performance criteria	a) Measured performance and b) actual award/remuneration outcome
Alberto Zanata (President and CEO)	EBITA Growth (%) ¹	50%	a) -24% b) 0 SEK
	Net Sales Growth (%) ²	30%	a) -21% b) 0 SEK
	Operating Working Capital (%) ³	20%	a) 19.9% b) 0 SEK

1) Year over year EBITA value growth %, adjusted to average-rate 2020 in Millions of SEK. EBITA = EBIT (absolute) plus amortization. Effects of 2020 acquisitions, divestments excluded

2) Year over year External Net Sales growth (%), adjusted to average-rate 2020 in Millions of SEK. Effects of 2020 acquisitions, divestments excluded

3) Operating Working Capital (OWC) % = OWC (excluding factoring contribution) divided by External Net Sales. OWC: 12 months average OWC (Acc. Receivables excluding factoring contribution+Inventory+Acc. Payable) adjusted to average-rate 2020. External Net Sales: 12 months External Net sales adjusted to average-rate 2020. Effects of 2020 acquisitions, divestments excluded

Table 2(b) – Performance of the President and CEO in the reported financial year: variable long-term cash compensation

	Name of plan (Performance period/ vesting date)	Description of the performance criteria related to the remuneration component	Relative weighting of the performance criteria	a) Measured performance and b) actual award/remuneration outcome
Alberto Zanata (President and CEO)	LT12020 (2020/ 2022-12-31)	Earnings per share ¹	60%	a) 0.97 SEK b) 0 SEK
		Operating Cash Flow after investments ²	40%	a) 570 mSEK b) 0 SEK

1) Income for the period (attributable to equity holders of Electrolux Professional) shall be divided by the weighted average number of basic shares outstanding during the period

2) Cash flow from operations and investments shall be adjusted for financial items paid, taxes paid and, acquisitions/divestments of operations

Table 3 – Remuneration and company performance for the financial year 2020 (RFY)

	RFY 2020
President and CEO Remuneration (kSEK)	6,163
EBITA (mSEK)	533
Average remuneration on a full-time equivalent basis of employees of the parent company, Electrolux Professional AB (kSEK) ¹	509

1) Total remuneration 2020, BC and WC per average FTE 2020, excluding members of the group executive management team, in Electrolux Professional AB

Risk and risk management

Electrolux Professional is an international group with a wide geographical presence, entailing exposure to various forms of strategic, operational, and financial risks. Risks that are managed incorrectly can result in negative financial consequences, whilst risks that are managed correctly can create opportunities and lead to value creation. It is therefore essential to have a systematic and efficient risk assessment process and an enterprise-wide risk management framework that manage and mitigate risks so that the Group achieves its goals and objectives.

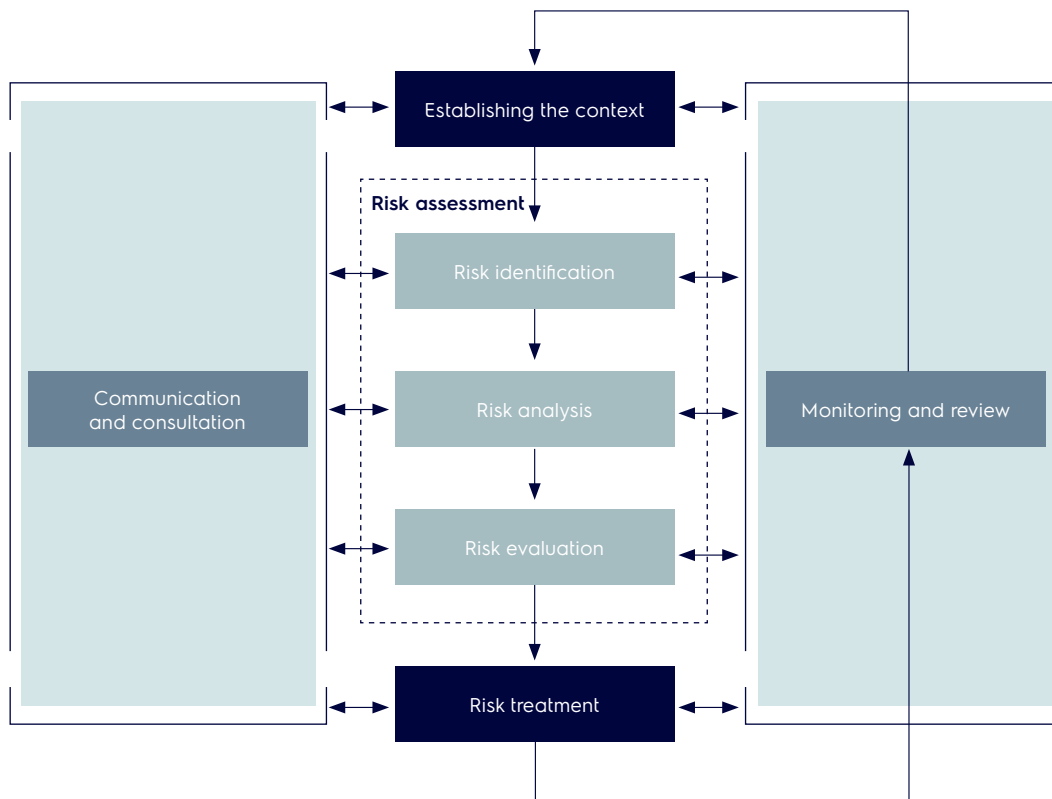
Enterprise Risk Management

The purpose of Enterprise Risk Management (ERM) at Electrolux Professional is to proactively manage the portfolio of what leadership collectively believes are the most critical risks to the achievement of Electrolux Professional's mission, strategy, and business objectives.

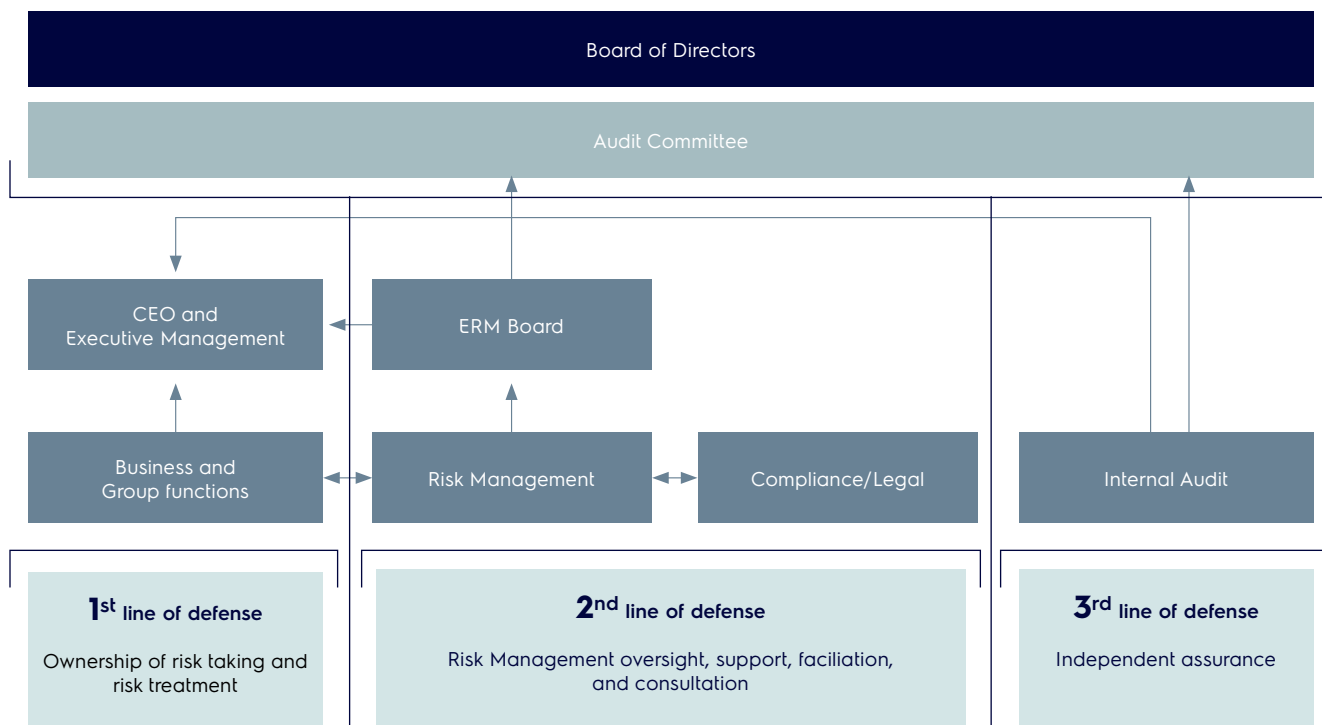
ERM objectives aim to:

- Promote an enterprise-wide approach by integrating risk management processes with business strategy, project management, process, and decision making.
- Promote consistency and transparency in methodology, assessment, and management processes.
- Provide appropriate, consistent, and transparent ownership and accountability for risk mitigation.

The Electrolux Professional Group's ERM process includes the following risk activities: context definition, risk assessment, risk treatment, monitoring and review, and communication and consultation of risks. Risks are assessed based on the probability of their occurrence and the expected magnitude of their negative outcome.



Risk governance



Risk Governance

Electrolux Professional’s Board of Directors has the ultimate responsibility for risk oversight. The ERM governance structure is based on the three lines of defense model, which determines the roles, responsibilities, and relationships between risk management functions.

The CEO, Executive Management, business, and Group functions form the first line of defense with ownership of risks, ensuring monitoring of risks, and the responsibility for risk treatment.

The role of the second line of defense, fulfilled by the ERM Board, is to provide risk management oversight,

support, facilitation, and consultation. The ERM Board oversees and facilitates the Electrolux Professional Group’s ERM activities, ensuring that they are conducted in a holistic and proactive manner, to strengthen the development of integrated risk assessment processes, thus supporting the achievement of the Group’s strategic goals. The ERM Board consists of the President and Group CEO, the Group CFO, the Head of Legal, and the Group Risk Manager.

Internal audit is the third line of defense. It provides independent assurance by evaluating the effective-

ness and efficiency of the Group’s risk governance model and risk management processes, including the implementation of internal control and other risk treatment actions. Electrolux Professional transfers certain risks to commercial insurance markets, with a minimum financial security equal to Standard & Poor’s A minus rating or equivalent to AM Best’s ratings. Further actions are also taken to reduce these insurable risks as part of the Group’s loss prevention strategy, to reduce the potential for significant losses, and to ensure the Group’s ability to deliver to its customers without interruptions.

Risks

In this section the Group’s most significant strategic, operational, financial, and sustainability risks are described.

Strategic risks

Strategic risks are related to macro-economic factors and geopolitical conditions resulting in changes in the business environment with potential significant effects on operations and business objectives.

Risk	Management
Demand for Electrolux Professional’s products depend on the general economic climate within the professional equipment industry, which in turn is affected by macroeconomic factors in the countries and regions where the Group conducts operations, including the rate of growth in the global and local economy.	Strategic risks are managed through strategic plans and business decisions taken by the Board of Directors, the Executive Management Team and management teams throughout the Group.
The global outbreak of a novel coronavirus (COVID-19) has affected the general economic development, both globally and regionally, and could significantly impact the hospitality industry long-term, resulting in negatively impacted demand from the Group’s end markets and a permanent change in customer behaviors.	During the pandemic, the Group has been able to develop new products to meet new customer behaviors as well as focus on less affected product categories such as Laundry. In addition, the cost structure has been adapted to handle a lower demand. The Group’s crisis team was activated early in 2020 when the pandemic started in China.
Political instability in the markets in which Electrolux Professional operates can trigger an industry-wide decline in sales. Thailand and countries in the Middle East are regions subject to such geopolitical uncertainty.	Close monitoring of the geopolitical developments in countries with political risk exposure. Product stock can be held outside production areas at risk, and there is possibility to move production short-term.
Other strategic risks include increased market competition, inability to adopt new technologies or new business models, and the inability to find suitable targets for a merger or acquisition to leverage as an accelerator in line with market expectations.	Electrolux Professional develops its technologies with continuous investments in research and development with a strong focus on development of products and services.

Operational risks

Operational risks are risks that stem from business operations with a potential impact on the financial position and performance. These risks are mainly associated with the development, design, and manufacturing of the Group’s products, the supply chain, and the sales of these products and services worldwide.

Risk	Management
<p>Manufacturing risks</p> <p>The Group has 12 manufacturing plants in seven countries and the manufacturing comprises a chain of processes. Geopolitically unfavorable developments, fire, natural disasters, extreme weather conditions, epidemics, pandemics, systems failure, mechanical failure, or equipment failure could affect the Group’s manufacturing capacity. Any extensive outages or disruptions because of such events could have an adverse effect on the Group’s business and financial position.</p>	<p>Manufacturing units continuously monitor the production process, test the safety and quality of products, conduct risk assessments, and train employees. The Group works in a structured manner to ensure the health and wellbeing of its employees and by regularly assessing and managing safety and health risks in operations.</p> <p>All manufacturing sites are surveyed annually through a loss prevention common group standard which includes risk management, emergency procedures, business continuity, and security. The program ensures continuous improvement and sharing lessons learned between sites.</p> <p>The Group has transferred part of its property damage and business interruption risks to the direct insurance market.</p> <p>Read more about production and logistics on page 41.</p>

Operational risks, continued

Risk	Management
<p>Supply chain risks Electrolux Professional’s manufacturing process depends on the availability and timely supply of components and raw materials, sourced and purchased primarily from third-party suppliers. Some key parts and customized components are available only from a single supplier or a limited group of suppliers and there is a risk that the Group is unable to obtain these products for a certain period, which could have an adverse effect on the Group’s ability to manufacture single types or categories of products within a reasonable time or at an acceptable cost.</p>	<p>Proactive efforts are made to establish a robust and flexible supply chain that follows laws and the Group’s business principles. Regular supplier audits, continued surveillance of supplier performance and financial stability is carried out, and long-term agreements are in place with single-source suppliers.</p>
<p>Product-related risks Most of Electrolux Professional’s products and product lines are subject to regulations that set out basic health and safety requirements applicable to products released onto the market. Should any of the Group’s products have defects that lead to serious accidents or ill-health when used, there is a risk that competent authorities could decide to prohibit sales, require recall of the product from the market or provide warning information. Such market interventions and any product liability claim from contracting parties or third parties could have an adverse effect on the Group’s business, reputation, results of operations, and financial position.</p>	<p>The Group aims to ensure customer safety and reduce risks by focusing on product safety during the product development phase and the manufacturing of its products. Tests are performed on the products during the manufacturing process as well as through in-field tests on customer sites. The Group also uses third-party laboratories to review products from a safety standpoint. In recent years, Electrolux Professional has also started to perform ergonomic certifications on certain products (ERGOCERT).</p> <p>The Group has transferred part of its product liability risk to the direct insurance market.</p>
<p>Legal and compliance risks Electrolux Professional conducts its business in many jurisdictions with different legislation, rules and regulations. Non-compliance with trade compliance rules, product certification requirements, privacy rules, and so on could result in fines and penalties, trade restrictions and reputational impact.</p>	<p>In addition to the Code of Conduct the Group has issued policies and procedures on legal compliance that are applicable to all employees worldwide.</p> <p>Regular training targeted at relevant employees are conducted (face-to-face, via video e-learning).</p>
<p>IT systems and cyber security risks Other operational risks are dependencies on information technology and systems. Cyber security risks are increasing globally, and the risk of a cyber intrusion has increased significantly during the Coronavirus pandemic with most employees working remotely. A cyber security breach could disrupt manufacturing processes and IT systems, which could impact the Group’s financial position and result.</p>	<p>The Group has an IT security strategy including information security policies and procedures, and ITGC controls. There are different level of access controls for internal employees and contractors and regular vulnerability testing is carried out.</p> <p>The system landscape is based on well-proven products and market-leading service providers. There is a designated Chief Information Security Officer function at Group level.</p>
<p>Human resources risks Electrolux Professional is dependent on technical experts and industry talent, mainly for its production facilities and research and development departments, but also dependent on key personnel for certain Group functions. Difficulties in recruiting and retaining qualified personnel could result in a loss of competitive edge and increased costs.</p> <p>Employee health and safety risks have increased in general because of the Coronavirus pandemic. Stress, remote working, and long recovery time after being affected by the virus are risks that could impact the Group’s operations and the overall wellbeing of the Group’s employees.</p>	<p>To offer interesting positions; personal and professional development, a good working environment and competitive compensation and benefits are prioritized within the Group.</p> <p>Salaries and other conditions are adapted to the market and linked to business priorities. The Group strives to maintain good relationships with unions.</p> <p>The Group’s crisis team was activated early in 2020 when the pandemic started in China and has implemented protocols for remote working, enhanced cleaning measures, and reporting procedures on positive cases, amongst other measures. Material on how to manage teams remotely and how to stay healthy has been distributed.</p>

Sustainability risks

Electrolux Professional’s global operations exposes the Group to risks related to sustainability factors such as environmental impact, human rights, employment conditions and corruption. These risks could arise in several phases of the value chain, such as in purchasing and sales, but also in connection with third-party service partners providing preventive and corrective maintenance services to end-customers. Failure to comply with standards and regulations on work environment, anti-corruption, human rights, and business ethics could have an adverse effect on the Group’s reputation, results of operations and financial position.

The sustainability risks and mitigating activities are further described in the Value chain section on page 55 [→](#).

Environmental impact and approach

A systematic environmental approach is the basis for reducing Electrolux Professional’s environmental impacts. The greatest direct environmental impacts relate to water and energy consumption, wastewater, waste, and transportation. From a product life cycle perspective, the main environmental impacts occur in the product use phase at the customer’s location. The company complies with environmental legislation and is not involved in any environmental disputes. As of December 31, 2020, Electrolux Professional had manufacturing operations at twelve sites in seven countries.

The Swedish factory in Ljungby conducts notifiable activities according to Swedish legislation. There are no injunctions under the Swedish Environmental Legislation. The factories operate according to national legislation, apply for necessary permits, and report to local authorities in accordance with applicable legislation.

All factories conduct systematic environmental work that includes action plans and monitoring of a number of environmental aspects. The environmental work is an integral part of our operations and environmental aspects are taken into account during decision making. Evaluation and follow-up on measures taken increases awareness of the impacts the business has on the environment. **The Group’s environmental policy and environmental work are described in more detail on pages 54, 59 and 60** [→](#).

The GRI index for the sustainability report can be found on page 155–156 [→](#).

Financial risks

The Group is exposed to several risks from liquid funds, trade receivables, borrowings, commodity prices, tax, foreign exchange etc. These risks are categorized as financial risks, some of which are presented below. **More information about financial risks and management of the risks can be found in Note 1 Accounting Principles on page 102** [→](#). **Note 2 Financial risks on page 106** [→](#) **and Note 17 Trade receivables on page 123** [→](#).

Foreign exchange risk

Electrolux Professional’s solutions and products are manufactured in twelve facilities located in seven countries around the world and sold in approximately 110 countries. Accordingly, the Group is exposed to currency risks. Foreign exchange risk is defined as the risk that fluctuations in currency exchange rates have a negative impact on the Group’s financial position, profitability or cash-flow and includes transaction exposure and translation exposure.

Credit risk

Credit risk on financial transactions is the risk that the counterpart is not able to fulfill its contractual obligations related to the Group’s investments of liquid funds and derivatives. Credit risks also arise in connection with trade receivables. Electrolux Professional’s client base is characterized by a mix of recurring customers such as distributors and one-time customers, as well as multi-operator stores or spare-part customers. If Electrolux Professional is unable to fully collect its trade receivables from major customers, the Group’s result would be adversely affected.

Interest-rate risk

Interest-rate risk refers to the adverse effects of changes in interest rates on the Group’s income. The main factors determining this risk include the interest-fixing period. In 2020, the Group’s average interest-fixing period was 1.1 months.

Tax risk

The Group is comprised of subsidiaries that are subject to taxation in approximately 30 jurisdictions. There is a risk that Electrolux Professional’s understanding and interpretation of tax laws, tax treaties, and other provisions are not correct in all aspects. There is also a risk that tax authorities in the relevant jurisdictions make assessments and decisions that differ from Electrolux Professional’s understanding and interpretation, which risks could negatively impact the Group’s tax expense line and effective tax rate. In addition, valuation of deferred taxes is based on projections of future taxable income and there is a risk that changes in assumptions or erroneous estimates result in significant differences in the valuation of deferred taxes.



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Administration report

The Board of Directors and CEO of Electrolux Professional AB (publ), corporate identity number 556003-0354 and registered office in Stockholm, Sweden, hereby submit the annual report and consolidated accounts for the financial year January 1, 2020 to December 31, 2020.

Information on operations

On March 23, 2020 Electrolux Professional was spun-off from the Electrolux group and separately listed on Nasdaq Stockholm as a stand-alone group. The year has been heavily impacted by the coronavirus pandemic which had a substantial negative effect on sales and profit.

Electrolux Professional is one of the leading global providers of food service, beverage and laundry equipment for professional users. Our innovative products and worldwide service network make our customers' work-life easier, more profitable and truly sustainable every day. The Group serves a wide range of customers globally, from restaurants and hotels to healthcare, educational, and other service facilities.

Electrolux Professional has two segments; Food & Beverage and Laundry. The segments are regularly reviewed by the President and CEO, who is the Group's chief operating decision maker.

- Food & Beverage offers equipment to various professional users within the hospitality industry. Products within Food & Beverage are mainly comprised of modular cooking, ovens, dishwashing and refrigeration, dispensers for hot beverages (e.g. coffee grinders, brewers, and coffee urns), cold beverages (beverage and juice dispensers), and frozen beverages (frozen drinks and ice cream dispensers) as well as equipment for soft serve.
- Laundry offers equipment designed to meet a diverse array of professional users, from self-service and the hospitality industry to healthcare providers and commercial laundries. Customers include hospital and hotel laundries, apartment-building laundries in Scan-

dinavia, and launderettes. Products offered within the laundry segment include washing machines, tumble dryers, ironers, and finishing equipment

In addition to product offerings, each segment provides Customer care services to customers throughout the equipment lifecycle.

Market

Electrolux Professional's solutions and products are sold in more than 110 countries. Our commercial activities focus on three main geographical regions – Americas, Europe, and Asia Pacific & Middle East and Africa (APAC & MEA) and our products are sold through a global network of dealers and distributors.

Production

Electrolux Professional's production units operate through 12 manufacturing sites, organized mainly by product category to ensure proximity and agility to serve customer needs. All manufacturing sites commit to a systematic approach for the responsible use of resources, occupational health and safety, and environmental management. Our factories are specialized by product categories, with food and laundry plants producing the majority of the appliances on order, while for the beverage plants there is a mix between make-to-order and make-to-stock.

Significant events during the financial year

The split from AB Electrolux and the listing on Nasdaq Stockholm

At an Extraordinary General Meeting (EGM) of AB Electrolux held on February 21, 2020, it was resolved to distribute all shares of the wholly-owned subsidiary Electrolux Professional AB to the shareholders of Electrolux. Consequently, Electrolux Professional was listed on Nasdaq Stockholm on March 23, 2020, and it has been a stand-alone company since then. Prior to the EGM, an information brochure present-

ing the background and reasons for the proposed split of the Electrolux Group as well as a description of Electrolux Professional's business was published on January 31, 2020. On March 10, 2020 a prospectus was published. On March 20, 2020 a prospectus supplement with an update in respect of the coronavirus outbreak was published. Investors, financial analysts, and media representatives were invited to Electrolux Professional's Investor Day, held on March 11, 2020. Alberto Zanata, President and CEO of Electrolux Professional, together with some of the executive management team provided a review of the company's strategy and financial development, and a description of products, production, and markets.

Establishment of Board of Directors and Executive Management

The Board of Directors and the Chairman Kai Wörn were elected prior to the listing of Electrolux Professional. **All Board members and members of the Executive Management Team are presented in the Corporate Governance report on pages 74-77.**

Covid-19

The global Covid-19 pandemic heavily affected the hospitality industry, such as hotels, restaurants, and pubs which represents approximately 50% of our sales. Sales to institutions as well as sales in Laundry have been less affected. Safety has been our top priority during this time and several important measures have been taken to secure the health and safety of our employees and our customers.

As a consequence of the Covid-19 outbreak, Electrolux Professional has assessed all potential impact on the carrying value of asset and liabilities.

Trade receivables

No material increase in actual credit losses has been experienced. Collection of trade receivables is being carefully monitored. Management has stressed the need for even more focus on a forward-looking evaluation of

the risk of not being able to collect payments, and the expected credit loss provision has therefore increased to SEK 100m as at December 31, 2020 compared to SEK 66m on December 31, 2019.

Credit insurance and other forms of collateral, for example letters of credit and bank guarantees, are used as a protection against credit risk. In addition, some sales are also made to governmental institutions which are deemed as secure.

Inventories

During the year, no extraordinary material write-down of finished goods inventories or supplies have been recognized as a consequence of the Covid-19 situation.

Impairment of assets

No material impairment of assets has been recognized in the consolidated financial statements as a direct consequence of Covid-19.

Leases

The Group has received some minor office rent reductions.

Government grants and government assistance

Companies within the Group have received, or assume that they fulfill the requirements for, monetary help from governments. As of December 31, 2020 the amount recognized in profit or loss is SEK 95m and refers mainly to short-term furloughing of personnel.

The Group has also used the possibility to postpone tax payments in Sweden resulting in a positive operating cash flow effect of SEK 48m in the second quarter. In the third quarter SEK

30m was paid and the remaining SEK 18m was paid during quarter four 2020.

Financial targets

During the year, Electrolux Professional updated its financial targets as follows:

Organic sales growth

Organic annual growth of more than 4% over time, complemented by value-accretive acquisitions.

EBITA margin

EBITA margin of 15%.

Operating working capital

Operating working capital below 15% of net sales.

Net debt/EBITDA

Leverage ratio below 2.5x Net debt/EBITDA. Higher levels may be temporarily acceptable in case of acquisitions, provided there is a clear path to deleveraging.

Dividend policy

30% of net income

Delisting and conversion of A shares

Due to an insufficient liquidity resulting in a dysfunctional pricing in the series A shares, Electrolux Professional applied for delisting of the series A shares from Nasdaq Stockholm. Consequently, the series A shares were delisted from Nasdaq Stockholm on September 4, 2020. The delisting did not affect the company's series B shares.

According to Electrolux Professional's Articles of Association, owners of A shares have the right to have such shares converted to B shares. Conversion reduces the total number of votes

in the Company. 72,012 shares were converted in 2020. The total number of registered shares in the company at December 31, 2020 amounted to 287,397,450 of which 8,120,527 were A shares and 279,276,923 were B shares. The total number of votes amounted to 36,048,219.3.

Operational and financial review

Net sales

Net sales for 2020 amounted to SEK 7,263m (9,281), a decline of 21.7% compared to last year. Organically, sales decreased by 21.0%, acquisitions contributed positively by 0.4% and currency contributed negatively by 1.1%.

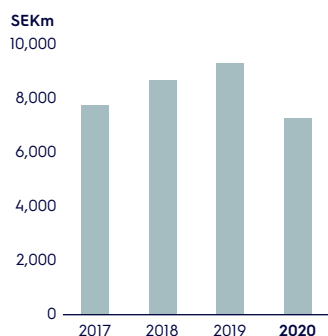
The sales decline was driven by lower sales volumes due to the impact of the pandemic. Sales of Food & Beverage declined organically by 28.1% while Laundry was more resilient with an organic decline of 8.7%. Sales in Europe declined by approximately 18% while sales in Asia-Pacific, Middle East, and Africa declined by approximately 20% and sales in the Americas declined by approximately 35%.

Changes in net sales, %	2020	2019
Organic growth	-21.0	-0.3
Acquisitions	0.4	4.0
Changes in exchange rates	-1.1	3.4
Total	-21.7	7.1

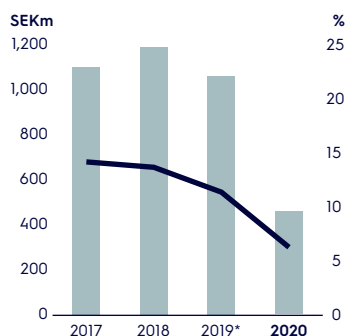
Operating income and EBITA

Operating income amounted to SEK 387 (992), corresponding to a margin of 5.3% (10.7). The decline in operating income is mainly due to lower

Total net sales

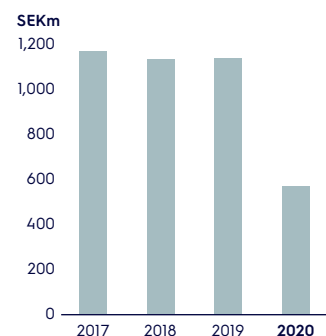


EBITA and EBITA margin



* 2019 includes items affecting comparability of SEK -32m, and 2020 includes items affecting comparability of SEK -77m.

Operating cash flow after investments



sales volumes. Operating income also includes items affecting comparability from restructuring measures of SEK -77m (-32). Operating income excluding items affecting comparability amounted to SEK 464m (1,024).

Short-term cost-saving activities to mitigate the sales decline contributed positively. They have included reduced working time, reduction of consultants, use of previous year's vacation days, government subsidies, and reduced discretionary spend. These actions, together with already implemented structural cost-saving activities, have reduced costs by approximately SEK 400m compared to the previous year. Operating income excluding amortization of intangible assets (EBITA) amounted to SEK 456m (1,058) corresponding to a margin of 6.3% (11.4). EBITA, excluding items affecting comparability, amounted to SEK 533m (1,090), corresponding to a margin of 7.3% (11.7).

Performance per segment

The Group's operations are reported in two operating segments. The segments have been identified on the basis of the monitoring and reporting structures to the CEO and Board of Directors.

Food & Beverage

Sales for Food & Beverage was SEK 4,198m (5,895), a decline of 28.8% compared to the same period last year. Organically sales decreased by 28.1%, acquisitions was -0.5%, and currency had a negative effect of 1.2%.

Sales was heavily affected by the pandemic and declined by approximately 25% in Europe, Asia-Pacific, Middle East and Africa, and by approximately 40% in the Americas. Sales of Beverage was affected more than Food.

Operating income excluding amortization of intangible assets (EBITA) amounted to SEK 87m (568). EBITA declined due to lower volumes. EBITA, excluding items affecting comparability, amounted to SEK 142m (635), corresponding to a margin of 3.4% (10.8). Operating income amounted to SEK 35m (522), corresponding to a margin of 0.8% (8.9). Operating income also includes items affecting comparability from restructuring measures of SEK -55m (-67). Operating income, excluding items affecting comparability, amounted to SEK 90m (589).

Laundry

Sales for Laundry was SEK 3,065m (3,386), a decline of 9.5% compared to last year. Organically sales decreased by 8.7% and currency had a negative effect of 0.8%.

The Laundry segment was more resilient and sales were almost unchanged in Europe and declined by approximately 15% in Asia-Pacific, Middle East and Africa, and by approximately 25% in the Americas.

Operating income excluding amortization of intangible assets (EBITA) was SEK 467m (507). EBITA, excluding items affecting comparability, totaled SEK 489m (472), corresponding to a margin of 16.0% (13.9). Cost-efficiency measures improved EBITA despite lower sales. Operating income amounted to SEK 452m (488), corresponding to a margin of 15.2% (15.0). Operating income also includes items affecting comparability from restructuring measures of SEK -22m (35). Operating income, excluding items affecting comparability, amounted to SEK 474m (453).

Seasonal variation

No seasonal variations exist.

Financial net

Net financial items was SEK -24m (-15). The finance net is not comparable between the years as the capital structure for Electrolux Professional is different

from when the company was part of Electrolux Group.

Income for the period

Income for the year was SEK 278m (663), corresponding to SEK 0.97 (2.31) in earnings per share. Income tax for the period was SEK -85m (-314).

Group common cost

Group common cost was SEK -100m (-18). The increase is driven by the new corporate functions needed as a stand-alone stock-listed company.

Cash flow

Operating cash flow after investments amounted to SEK 570m (1,138). The decline is mainly due to lower operating income.

Operating working capital

Average working capital as a percentage of annualized net sales increased to 19.9% (17.7). Average accounts receivables and inventory decreased at a lower rate than the decrease in net sales.

Financial position

Net debt

As of December 31, 2020, Electrolux Professional had a financial net debt position (excluding lease liabilities and post-employment provisions) of SEK 202m compared to SEK 588m as

Key ratios Food & Beverage performance

SEKm	2020	2019 ¹	Change
Net sales	4,198	5,895	-28.8
Organic growth, %	-28.1	-1.1	
Acquisitions, %	-0.5	6.4	
Changes in exchange rates, %	-1.2	3.9	
EBITA	87	568	-84.6
EBITA margin, %	2.1	9.6	
Operating income	35	522	-93.3
Operating margin, %	0.8	8.9	

Key ratios Laundry performance

SEKm	2020	2019	Change
Net sales	3,065	3,386	-9.5
Organic growth, %	-8.7	1.0	
Changes in exchange rates, %	-0.8	2.6	
EBITA	467	507	-7.9
EBITA margin, %	15.2	15.0	
Operating income	452	488	-7.5
Operating margin, %	14.7	14.4	

of December 31, 2019. Lease liabilities decreased somewhat to SEK 216m and net provisions for post-employment benefits decreased to SEK 131m.

In total, net debt amounted to SEK 549m as of December 31, 2020, compared to SEK 1,025m per December 31, 2019.

Total interest-bearing borrowings amounted to SEK 1,004m as of December 31, 2020, compared to SEK 997m per December 31, 2019. During the first quarter of 2020, loans to Electrolux Group were repaid and new external credit facilities were put in place.

Liquid funds as of December 31, 2020, amounted to SEK 810m compared to SEK 656m as of December 31, 2019.

Credit facilities and loans

On February 21, 2020, Electrolux Professional AB entered into a EUR 250m multi-currency revolving credit facility agreement with its core banking group and on March 6, 2020 a bilateral term loan of SEK 600m was entered into with AB Svensk Exportkredit. The revolving credit facility has a tenure of five years (with extension options) and the term loan has a tenure of seven years. As of December 31, EUR 40m of the revolving credit facility was utilized.

Related-party transactions

Buying and selling services and products between Electrolux Professional and AB Electrolux and its subsidiaries were regarded as related party transactions up until March 23, 2020, **see Note 28 on page 143**.

Transactions with related parties were on market-based terms.

Employees

The number of employees at year-end was 3,515 (3,624).

Governance report

Electrolux Professional has prepared the Corporate Governance report, presented on pages 66–79.

Sustainability Report

Electrolux Professional has prepared a Sustainability Report in accordance with the Global Reporting Initiative's guidelines (GRI Standards). The sustainability report has been prepared in accordance with disclosure requirements

set out in the Swedish Annual Accounts Act chapter 6 paragraph 11. **The Sustainability Report is presented on page 49–63 and 153–159 of this report.**

Environmental impact and approach

A systematic environmental approach is the basis for reducing Electrolux Professional's environmental impacts. The greatest direct environmental impacts relate to water and energy consumption, wastewater, waste, and transportation. From a product lifecycle perspective, the main environmental impacts occur in the product-use phase at the customer's location. The company complies with environmental legislations and is not involved in any environmental disputes. As of December 31, 2020, Electrolux Professional had manufacturing operations at twelve sites in seven countries.

The Swedish factory in Ljungby conducts notifiable activities according to Swedish legislation. There are no injunctions under the Swedish Environmental Legislation. The factories operate according to national legislation, apply for necessary permits, and report to local authorities in accordance with applicable legislation.

All factories conduct systematic environmental work that includes action plans and monitoring of a number of environmental aspects. The environmental work is an integral part of our operations and environmental aspects are taken into account during decision making. Evaluation and follow-up of measures taken increases awareness of the impacts the business has on the environment. **The Group's environmental policy and environmental work are described in more details on pages 54, 59 and 84.**

Other disclosures

Risk and uncertainty factors

The Group is exposed to several risks from liquid funds, trade receivables, borrowings, commodities, tax, foreign exchange, credit, and other financial risks. Electrolux Professional's Board of Directors has the ultimate responsibility for risk oversight. The ERM Governance Structure is based on the three-lines-of-defense model. **Risk and risk management is described on pages 80–84 and note 2 on page 107–108.**

Research and development

A key factor for Electrolux Professional's success is its ability to develop new products that serve customer needs and increase their productivity. This is mainly driven by management decisions to make investments in product development and the right technologies, leading to a stronger and more competitive range of products, which makes it possible for Electrolux Professional to retain its competitiveness and pricing.

The product development starts and ends with the customer in mind. The Group's sales organization has continuous interaction with customers in order to understand their needs. Continued investments in research and development are paramount to the company's future profitability.

Electrolux trademark license agreement

Since the separation from the Electrolux group, the "Electrolux" component of the Electrolux brand and trademark (to be used exclusively in combination with "Professional", i.e. "Electrolux Professional") and the "Zanussi" brand and trademark are licensed from AB Electrolux to Electrolux Professional pursuant to a license granted to Electrolux Professional under a trademark license agreement. The trademark license agreement has an initial term of 50 years that can be automatically extended by consecutive 10-year periods, on two occasions, unless terminated two years in advance by either party. For the first 15 years of the term, the licenses will be royalty-free. Thereafter, Electrolux Professional will pay a royalty for the licenses amounting to 0.1% of the net sales of licensed products and services, subject to more detailed calculation principles set forth in the agreement.

The trademark license agreement is subject to a change of control clause, which gives AB Electrolux a right to terminate the agreement or any licenses therein, with immediate effect, in the event that Electrolux Professional is subject to change of control. Such change of control is deemed to occur if, for example, any sale or transfer of the ownership of a controlling interest or majority stake in Electrolux Professional (or a parent company), to another entity which has a substantial

consumer appliances business (meaning a consumer appliance business with an annual sales revenue of more than SEK 10bn) in the first twelve-month period of the term of the agreement, and thereafter increasing annually in line with the Swedish Consumer Price Index (Sw. konsumentprisindex), decided at the sole reasonable discretion of AB Electrolux.

The company's expected future progress

Electrolux Professional was separated and listed as an independent company during the year. The ambition was to strengthen and grow the company during the year, but instead the coronavirus pandemic had a substantially negative effect on sales and profit. For the coming years, the company will remain focused on its strategic pillars to grow sales and profit.

In the short term, the company may still be affected by the pandemic but once more of the population is vaccinated against the coronavirus, the business in the hospitality industry over time will return to pre-corona levels. In addition, structural cost-saving measures have been implemented that will contribute positively to profit in 2021.

Remuneration Guidelines for Executive Management

The guidelines set forth below were resolved by the annual general meeting 2020 and shall apply to the remuneration and other terms of employment for the President and CEO and other members of the Executive Management of Electrolux Professional ("Executive Management"). The Executive Management currently comprises ten executives.

The principles shall be applied to employment agreements entered into after the Annual General Meeting in 2020 and to changes made to existing employment agreements thereafter. The guidelines shall be in force until new guidelines are adopted by the General Meeting. These guidelines do not apply to any remuneration decided or approved by the General Meeting.

Remuneration for the President and CEO is resolved upon by Electrolux Professional AB's Board of Directors, based on the recommendation of the Remuneration Committee. Remuner-

ation for other members of Executive Management is resolved upon by the Remuneration Committee and reported to the Board of Directors. The Remuneration Committee shall also monitor and evaluate programs for variable remuneration for the Executive Management, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the Company. The Board of Directors shall, based on the recommendation from the Remuneration Committee, prepare a proposal for new guidelines at least every fourth year and submit it to the Annual General Meeting. The President and CEO and other members of the Executive Management do not participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

Electrolux Professional has a clear strategy to deliver profitable growth and create shareholder value. A prerequisite for the successful implementation of the Company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the Company is able to recruit and retain qualified personnel. To this end, it is necessary that the Company offers competitive remuneration in relation to the country or region of employment of each Executive Management member. These guidelines enable the Company to offer the executive management a competitive total remuneration. More information on the Company's strategy can be found in the Company's website and the Annual report.

The remuneration terms shall emphasize 'pay for performance', and vary with the performance of the individual and the Group. The total remuneration for the Executive Management shall be in line with market practice and may comprise the following components: fixed compensation, variable compensation, pension benefits and other benefits.

Employment contracts governed by rules other than Swedish may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

Fixed compensation

The Annual Base Salary ("ABS") shall be competitive relative to the relevant market and reflect the scope of the job responsibilities. Salary levels shall be reviewed periodically (usually annually) to ensure continued competitiveness and to recognize individual performance.

Variable compensation

Variable compensation consists of both short-term and long-term incentives. Long-term incentives ("LTI program") can be cash based or share-related. Share-related LTI programs are resolved upon by the General Meeting and are therefore excluded from these guidelines. Each year, the Board of Directors will evaluate whether or not an LTI program shall be adopted or, in case of a share-related LTI program, proposed to the General Meeting. LTI programs shall be distinctly linked to the business strategy and shall always be designed with the aim to further enhance the common interest of participating employees and Electrolux Professional shareholders of a good long-term development for Electrolux Professional. No share-related LTI programs have been adopted at present.¹

Following the 'pay for performance' principle, variable compensation shall represent a significant portion of the total compensation opportunity for Executive Management. Variable compensation shall always be measured against pre-defined targets and have a maximum above which no payout shall be made.

To which extent the criteria for awarding variable cash remuneration has been satisfied shall be determined by the Remuneration Committee when the measurement period has ended. For financial objectives, the evaluation shall be based on the annual financial result in accordance with the most recent interim report for the fourth quarter made public by the Company.

Short Term Incentive (STI)

Members of the Executive Management shall participate in an STI plan under which they may receive variable compensation. The objectives in the STI plan shall be financial and the measurement period shall be one year. The objectives may consist of for example EBITA Growth and Net Sales Growth.

1) No share related LTI program was adopted at the time of the resolution to adopt these Remuneration guidelines (AGM 2020)

The maximum STI entitlements shall be dependent on job position and may amount to not more than 100% of ABS.

Cash based LTI programs

Variable remuneration may also be paid as a part of cash based LTI programs. The objectives for cash based LTI programs shall be financial and aim to measure the Company's growth and profitability. The objectives may consist of for example Earnings per Share and Operating Cash Flow. The measurement period for the satisfaction of the objectives shall be one year, however, any payout under the program shall not be awarded until two years after the expiry of the measurement period provided that the conditions for payout are fulfilled. The payout, if any, shall be used by the participant to purchase shares in Electrolux Professional and the participant shall be required to hold such shares for a holding period of two years after the payout. The purpose of a cash based LTI program is thus for the participants to build up a shareholding in the Company in order to create a common ownership interest between the participants and the shareholders. Cash based LTI programs shall always be designed with the aim to further enhance the common interest of participating employees and Electrolux Professional shareholders of a good long-term development for Electrolux Professional.

The maximum LTI entitlements shall be dependent on job position and may amount to not more than 100% of ABS.

Extraordinary arrangements

Additional variable compensation may be approved in extraordinary circumstances under the conditions that such extraordinary arrangement is made for recruitment or retention purposes, is agreed on an individual basis, does not exceed three (3) times the ABS and is earned and/or paid out in instalments over a minimum period of two (2) years. Such additional variable remuneration may also be paid on an individual level for extraordinary performance beyond the individual's ordinary tasks and shall in these situations not exceed 30% of the ABS and be paid in one instalment.

Right to reclaim variable remuneration

Terms and conditions for variable remuneration should be designed to enable the Board, under exceptional financial circumstances, to limit or cancel payments of variable remuneration provided that such action are deemed reasonable (malus). The Board shall also have the possibility, under applicable law or contractual provisions and subject to the restrictions that may apply under law or contract, to in whole or in part reclaim variable remuneration paid on incorrect grounds (claw-back).

Pension and Benefits

Old age and survivor's pension, disability benefits and healthcare benefits shall be designed to reflect home country practices and requirements. When possible, pension plans shall be based on defined contribution. In individual cases, depending on provisions in collective agreements, tax and/or social security legislation to which the individual is subject, other schemes and mechanisms for pension benefits may be approved. For the Executive Management the defined pension contributions shall not exceed 40% of the ABS unless the entitlement is higher under applicable collective agreements.

Other benefits, such as Company cars and housing, may be provided on an individual level or to the entire Executive Management. Costs relating to such benefits may amount to not more than 20% of the ABS. Members of the Executive Management who are expatriates or relocated permanently to another country, may receive additional remuneration and other benefits to the extent reasonable in light of the special circumstances associated with the relocation arrangement. Such benefits shall be determined in line with the Group's Directive on International Assignments or applicable local relocation policy, and may for example include relocation costs, housing, tuition fees, home travel, tax support and tax equalization.

Notice of Termination and Severance Pay

The notice period for the President and CEO shall be twelve months if Electrolux Professional takes the

initiative to terminate the employment and six months if the President and CEO takes the initiative to terminate the employment. For other members of the Executive Management the notice period shall be between six to twelve months if Electrolux Professional takes the initiative to terminate the employment and three to six months if the Executive Management member takes the initiative to terminate the employment.

In individual cases, contractual severance pay may be approved in addition to the notice periods. Contractual severance pay may only be payable upon Electrolux Professional's termination of the employment arrangement or where an Executive Management member gives notice as the result of an important change in the working situation, because of which he or she can no longer perform to standard. This may be the case in e.g. the event of a substantial change in ownership of Electrolux Professional in combination with a change in reporting line and/or job scope.

Contractual severance pay may for the individual include the continuation of the ABS for a period of up to twelve months following termination of the employment agreement; no other benefits shall be included. These payments shall be reduced with the equivalent value of any income that the individual earns during that period of up to twelve months from other sources of income, either from employment or from other business activities.

In addition to the above, compensation for any non-compete undertaking may be awarded. Such compensation shall be based on the ABS at the time of notice of termination of the employment, unless otherwise stipulated by mandatory collective agreement provisions, and be awarded over the period for which the non-compete clause applies, which should not exceed twelve months after termination of the employment.

Salary and employment conditions for employees

In the preparation of the Board of Directors' proposal for these remuneration guidelines, salary and employment conditions for employees of the Company have been taken into

account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the Remuneration Committee's and the Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

Deviations from the guidelines

The Board of Directors may temporarily resolve to deviate from the guidelines, in whole or in part, if in a specific case there is special cause for the deviation and a deviation is necessary to serve the Company's long-term interests, including its sustainability, or to ensure the Company's financial viability. The Remuneration Committee's tasks include preparing the Board of Directors' resolutions in remuneration-related matters. This includes any resolutions to deviate from the guidelines.

Note 26 of the Annual Report includes a detailed description of existing remuneration arrangements for the Executive Management Team.

Proposed appropriation of profit

Electrolux Professional's target is for the dividend to correspond to approximately 30% of the income for the period. However, due to the ongoing pandemic the Board of Directors proposes that no dividend be paid for the financial year 2020, and that SEK 5,793,709 thousand to be carried forward.

Parent Company

The Parent Company's activities include the head office as well as production and sales in and from Sweden.

Net sales for the Parent Company, Electrolux Professional AB, for 2020 amounted to SEK 2,266m (2,361) of which SEK 886m (926) was sales to Group Companies and SEK 1,380m (1,435) sales to external customers.

Income before tax was SEK -1,822m (-17). Income for the year amounted to SEK -1,886m (-1).

Capital expenditure in tangible and intangible assets was SEK 12m (18). Liquid funds at the end of the period amounted to SEK 425m, compared to SEK 205m at the start of the year.

Undistributed earnings in the Parent Company at the end of the year amounted to SEK 5,794m, compared to SEK 7,681m at the start of the year.

The income statement and balance sheet for the Parent Company are presented on pages 98–99.

A revision of the, at the time of the separation from AB Electrolux, carrying values of some of the acquisitions, in combination with the COVID-19 situation adding pressure on profitability, has led to that Electrolux Professional AB in the fourth quarter, 2020 impaired some of its investments in subsidiaries. The total impairment amounts to SEK 2,039m.

Consolidated statement of total comprehensive income

SEKm	Note	2020	2019
Net sales	3, 4	7,263	9,281
Cost of goods sold	5, 7	-4,896	-6,040
Gross operating income		2,367	3,241
Selling expenses	5, 7	-1,355	-1,699
Administrative expenses	5, 7	-631	-582
Other operating income/expenses	5, 6	5	32
Operating income		387	992
Financial items, net	9	-24	-15
Income after financial items		363	978
Taxes	10	-85	-314
Income for the period		278	663
Items that will not be reclassified to income for the period:			
Remeasurement of provisions for post-employment benefits	21	83	-33
Income tax relating to items that will not be reclassified		-8	6
		75	-27
Items that may be reclassified subsequently to income for the period:			
Exchange-rate differences on translation of foreign operations	11	-263	101
Other comprehensive income, net of tax		-188	74
Total comprehensive income for the period		89	737
Income for the period attributable to:			
Equity holders of the Parent Company		278	663
Total		278	663
Total comprehensive income for the period attributable to:			
Equity holders of the Parent Company		89	737
Total		89	737
Earnings per share, SEK			
	20		
For income attributable to the equity holders of the Parent Company			
Basic, SEK		0.97	2.31
Diluted, SEK		0.97	2.31
Average number of shares¹			
	20		
Basic, million		287.4	287.4
Diluted, million		287.4	287.4

1) For 2019 the calculation of earnings per share has been based on the average number of outstanding shares (287.4 million) in AB Electrolux.

Consolidated balance sheet

SEKm		December 31, 2020	December 31, 2019
ASSETS			
Non-current assets			
Property, plant and equipment, owned	12	1,254	1,214
Property, plant and equipment, right-of-use	8	211	238
Goodwill	13	1,690	1,821
Other intangible assets	13	305	388
Deferred tax assets	10	361	350
Pension plan assets	21	21	13
Other non-current assets	14	27	33
Total non-current assets		3,869	4,057
Current assets			
Inventories	15	1,086	1,265
Trade receivables	17, 18	1,265	1,687
Tax assets		53	102
Other current assets	16	244	273
Cash and cash equivalents	18	797	651
Total current assets		3,444	3,978
Total assets		7,314	8,035
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Parent Company			
Share capital	20	29	25
Other paid-in capital	20	5	5
Other reserves	20	2	266
Retained earnings	20	2,764	2,415
Equity attributable to equity holders of the Parent Company		2,800	2,711
Total equity		2,800	2,711
Non-current liabilities			
Long-term borrowings	18, 28	601	3
Long-term lease liabilities	18	151	172
Deferred tax liabilities	10	135	144
Provisions for post-employment benefits	21	152	208
Other provisions	22	243	258
Total non-current liabilities		1,282	785
Current liabilities			
Trade payables	18, 28	1,289	1,606
Tax liabilities		324	309
Other liabilities	23, 28	988	1,361
Short-term borrowings	18, 28	403	994
Short-term lease liabilities	18	65	72
Other provisions	22	162	198
Total current liabilities		3,232	4,539
Total equity and liabilities		7,314	8,035

Change in consolidated equity

SEKm	Attributable to equity holders of the Parent Company					Total equity
	Note	Share capital	Other paid in capital	Other reserves	Retained earnings	
Opening balance, January 1, 2019		25	5	165	3,332	3,527
Income for the period		-	-	-	663	663
Remeasurement of provisions for post-employment benefits		-	-	-	-33	-33
Exchange differences on translation of foreign operations		-	-	101	-	101
Income tax relating to other comprehensive income		-	-	-	6	6
Other comprehensive income, net of tax		-	-	101	-27	73
Total comprehensive income for the period		-	-	101	636	737
Dividend to Electrolux Group		-	-	-	-428	-428
Shareholders contribution, Electrolux group		-	-	-	7,697	7,697
Other transactions with shareholders, Electrolux Group	20	-	-	-	-8,822	-8,822
Total transactions with equity holders		-	-	-	-1,553	-1,553
Closing balance, December 31, 2019		25	5	266	2,415	2,711
Income for the period		-	-	-	278	278
Remeasurement of provisions for post-employment benefits		-	-	-	83	83
Exchange differences on translation of foreign operations		-	-	-263	-	-263
Income tax relating to other comprehensive income		-	-	-	-8	-8
Other comprehensive income, net of tax		-	-	-263	75	-188
Total comprehensive income for the period		-	-	-263	353	89
Dividend		-	-	-	-	-
Bonus issue		4	-	-	-4	-
Total transactions with equity holders		4	-	-	-4	-
Closing balance, December 31, 2020		29	5	2	2,764	2,800

Consolidated cash flow statement

SEKm	Note	2020	2019
Operations			
Operating income		387	992
Depreciation and amortization		297	287
Other non-cash items		91	7
Financial items paid, net ¹		-22	-6
Taxes paid		-66	-275
Cash flow from operations, excluding change in operating assets and liabilities		687	1,006
Change in operating assets and liabilities			
Change in inventories		113	139
Change in trade receivables		362	43
Change in accounts payable		-140	-23
Change in other operating assets, liabilities and provisions		-293	-47
Cash flow from change in operating assets and liabilities		41	112
Cash flow from operations		729	1,118
Investments			
Acquisition of operations	25	-	-441
Capital expenditure in property, plant and equipment	12	-267	-243
Capital expenditure in product development	13	-1	-9
Capital expenditure in other intangibles	13	-5	-5
Other		26	-4
Cash flow from investments		-246	-702
Cash flow from operations and investments		483	417
Financing			
Change in short-term borrowings, net ²		413	-32
New long-term borrowings	18	600	-
Amortization of long-term borrowings	18	-1	-36
Payment of lease liabilities		-82	-83
Dividend to Electrolux Group		-	-428
Received shareholders contribution		-	5,702
Change in financial liabilities, Electrolux Group ³		-1,224	1,672
Cash flow from financing		-294	6,795
Total cash flow		189	7,211
Cash and cash equivalents at beginning of period		651	230
Exchange-rate differences pertaining to cash and cash equivalents		-42	14
Other cash flow from transactions with shareholders, Electrolux Group ⁴		-	-6,804
Cash and cash equivalents at end of period		797	651

1) Interest and similar items received SEK 5m (12), interest and similar items paid SEK -13m (-13), and other financial items paid/received SEK -7m (1). Interest paid related to lease liabilities SEK -7m (-6).

2) Of which short-term loans with a duration of more than 3 months; new loans SEK 1,315m (-), repaid loans SEK 902m (-).

3) In 2020, SEK -990m relates to loans and SEK -234m mainly to Group contribution. In 2019, SEK 858m relates to loans and SEK 814m mainly relates to Group cash pool accounts.

4) "Other cash flow from transactions with shareholders, Electrolux group" consists of the effects on cash from cash flows presented in Electrolux Professional's combined financial statements belonging to legal entities which remain in the Electrolux Group following the separation. It also includes cash paid by Electrolux Professional to the Electrolux Group to acquire its Group companies.

Parent Company income statement

SEKm	Note	2020*	2019*
Net sales	4	2,266	2,361
Cost of goods sold		-1,566	-1,757
Gross operating income		700	604
Selling expenses		-330	-323
Administrative expenses		-135	-94
Other operating income/expenses	6	-6	-17
Operating income		229	170
Financial income/expenses	9	-7	65
Impairment of shares in subsidiaries		-2,039	-
Income after financial items		-1,817	235
Appropriations	29	-5	-252
Income before taxes		-1,822	-17
Taxes	10	-64	16
Income for the period		-1,886	-1

* No statement of comprehensive income is presented for the Parent Company since the Parent Company does not have any transactions that should be recognized in other comprehensive income.

Parent Company balance sheet

SEKm		December 31, 2020	December 31, 2019
ASSETS			
Non-current assets			
Property, plant and equipment, owned	12	211	222
Intangible assets	13	84	106
Deferred tax assets	10	10	24
Shares in subsidiaries	14, 30	6,147	8,175
Total non-current assets		6,452	8,527
Current assets			
Inventories	15	194	174
Receivables from subsidiaries		969	898
Trade receivables	17	247	242
Tax assets		20	6
Other current assets		30	18
Cash and cash equivalents	18	425	205
Total current assets		1,885	1,543
Total assets		8,337	10,070
EQUITY AND LIABILITIES			
Restricted equity			
Share capital	20	29	25
Statutory reserve		5	5
Development reserve		13	16
		47	46
Non-restricted equity			
Retained earnings		7,680	7,682
Income for the period		-1,886	-1
		5,794	7,681
Total equity		5,841	7,727
Untaxed reserves	29	114	109
Non-current liabilities			
Other provisions	22	92	90
Other non-current loans	18	600	-
Total non-current liabilities		692	90
Current liabilities			
Payables to subsidiaries		779	1,632
Trade payables		253	320
Tax liabilities		49	-
Other liabilities	23	201	186
Short-term borrowings	18	402	-
Other provisions	22	6	6
Total current liabilities		1,690	2,144
Total equity, untaxed reserves, and liabilities		8,337	10,070

Parent Company change in equity

SEKm	Note	Restricted equity			Non-restricted equity		
		Share capital	Statutory reserve	Development reserve	Fair value reserve	Retained earnings	Total equity
Opening balance, January 1, 2019		25	5	0	-	1	31
Income for the period		-	-	-	-	-1	-1
Total comprehensive income for the period		-	-	-	-	-1	-1
Shareholders' contribution, Electrolux Group		-	-	-	-	7,697	7,697
Development reserve		-	-	16	-	-16	-
Total transactions with equity holders		-	-	16	-	7,681	7,697
Closing balance, December 31, 2019		25	5	16	-	7,681	7,727
Income for the period		-	-	-	-	-1,886	-1,886
Total comprehensive income for the period		-	-	-	-	-1,886	-1,886
Dividend		-	-	-	-	-	-
Development reserve		-	-	-3	-	3	-
Bonus issue		4	-	-	-	-4	-
Total transactions with equity holders		4	-	-3	-	-1	-
Closing balance, December 31, 2020		29	5	13	-	5,794	5,841

Parent Company cash flow statement

SEKm	Note	2020	2019
Operations			
Operating income		229	170
Depreciation and amortization	12, 13	48	30
Financial items paid, net		-6	-6
Taxes paid		-16	-1
Cash flow from operations, excluding change in operating assets and liabilities		255	193
Change in operating assets and liabilities			
Change in inventories		-19	33
Change in trade receivables		-6	-17
Change in accounts payable		-66	72
Change in other operating assets, liabilities and provisions		-85	465
Cash flow from change in operating assets and liabilities		-176	553
Cash flow from operations		79	746
Investments			
Investments in shares and participations		-	-6,181
Capital expenditure in property, plant and equipment	12	-15	-22
Capital expenditure in other intangibles	13	-	-97
Other		-10	-
Cash flow from investments		-25	-6,300
Cash flow from operations and investments		54	-5,554
Financing			
Change in internal lending and borrowing		382	-351
Change in external short-term borrowing	18	396	-
New long-term borrowing	18	600	-
Dividend to Electrolux Group		-222	-174
Dividend from subsidiaries		-	72
Received shareholders' contribution		-	5,222
Change in financial liabilities, Electrolux Group	18	-990	990
Cash flow from financing		166	5,759
Total cash flow		220	205
Cash and cash equivalents at beginning of period		205	-
Cash and cash equivalents at end of period		425	205

Notes

Note 1 Accounting principles

This section describes the comprehensive basis of preparation which has been applied in preparing the consolidated financial statements. Accounting principles for specific accounting areas and individual line items are described in the related notes.

Electrolux Professional AB's city of residence is Stockholm, Sweden. The consolidated financial statements were authorized for issue by the Board of Directors on March 29, 2021. The balance sheets and income statements are subject to approval by the Annual General Meeting of shareholders on April 28, 2021.

The terms "Electrolux Professional", the "Group" or the "Company" refers to, depending on the context, to Electrolux Professional AB (publ) (corporate ID No. 556003-0354) or the Group in which Electrolux Professional AB (publ) is the Parent company and its subsidiaries. Enumerated amounts presented in tables and statements may not always agree with the calculated sum of the related line items due to rounding differences. The aim is for each line item to agree with its source and therefore there may be rounding differences affecting the total when adding up the presented line items.

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU). The consolidated financial statements have been prepared under the historical cost convention, except for financial instruments at fair value (including derivative financial instruments). Some additional information is disclosed based on the requirements in standard 'RFR 1' issued by the Swedish Financial Reporting Board and the Swedish Annual Accounts Act. As required by IAS 1, Electrolux Professional companies apply uniform accounting rules, irrespective of national legislation, as defined in the Electrolux Professional's Finance Manual which is fully compliant with IFRS. The policies set out below have been consistently applied to year 2020 except for new accounting standards where the application follows the rules in each particular standard. For information on new standards, see the section on new or amended accounting standards below. The Parent Company applies the same accounting principles as the Group, except in the cases specified in the section entitled 'Parent Company accounting principles'.

Electrolux Professional's historical information for year 2019 is presented as combined financial statements. The formation of the Electrolux Professional Group in year 2019 comprised transactions between entities that were under common control via AB Electrolux's ownership. Since these transactions are not covered by any IFRS standard, a suitable accounting principle for the historical information were applied in accordance with IAS 8.

A suitable and established method is to use the previous carrying amount (predecessor basis of accounting), which is the principle that the Electrolux Professional Group has applied. In short, this entails that the assets and liabilities of the units forming part of the Electrolux Professional Group have been aggregated and recognized based on the carrying amounts they represent in AB Electrolux's consolidated financial statements as from the date they became part of the AB Electrolux Group. Considering that it was not only separate legal entities that were transferred as part of Electrolux Professional's formation, but also parts of legal entities, specific considerations were taken into account in the preparation of the historical information to determine which assets, liabilities, revenues and expenses as well as cash flows that are included. See note 1 "Significant accounting principles, accounting estimates and judgements" in the prospectus "Admission to trading of the shares in Electrolux Professional AB on Nasdaq Stockholm" for these considerations and accounting principles applied for the historical information prepared as combined financial statements.

Principles applied for consolidation

The consolidated financial statements have been prepared by use of the acquisition method of accounting, whereby the assets and liabilities and contingent liabilities assumed in a subsidiary on the date of acquisition are recognized and measured to determine the acquisition value to the Group.

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Costs directly attributable to the acquisition effort are expensed as incurred. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the noncontrolling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred over the fair value of the identifiable net assets acquired is recorded as goodwill. If the fair value of the acquired net assets exceeds the cost of the business combination, the identification and measurement of the acquired assets must be reassessed. Any excess remaining after that reassessment represents a 'bargain purchase' and is recognized immediately in the statement of comprehensive income.

The consolidated financial statements for the Group include the financial statements of the Parent Company, Electrolux Professional AB, and its directly and indirectly owned subsidiaries after:

- elimination of intra-group transactions, balances and unrealized intragroup profits, and
- carrying values, depreciation and amortization of acquired surplus values.

Definition of Group companies

The consolidated financial statements include Electrolux Professional AB and all companies over which the Parent Company (Electrolux Professional AB) has control, i.e., the power to direct the activities; exposure to variable return and the ability to use its power. When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured at its fair value, with the change in carrying amount recognized in profit or loss. At year-end 2020, the Group consisted of 46 companies.

The following apply to acquisitions and divestments:

- Companies acquired are included in the consolidated statement of comprehensive income as of the date when Electrolux Professional gains control.
- Companies divested are included in the consolidated statement of comprehensive income up to and including the date when Electrolux Professional loses control.

Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of each transaction.

Monetary assets and liabilities denominated in foreign currencies are valued at end of period exchange rates and any exchange-rate differences are included in income for the period.

The consolidated financial statements are presented in Swedish krona (SEK), which is the Electrolux Professional AB's functional currency and the Group's presentation currency according to IAS 21.

The balance sheets of foreign subsidiaries are translated into SEK at end of period closing rates. The consolidated statement of comprehensive income is translated at the average rates for the year. Translation differences thus arising are included in other comprehensive income.

Currency	2020		2019	
	Average	End of period	Average	End of period
CNY	1.33	1.25	1.37	1.34
CZK	0.3969	0.3831	0.4113	0.4100
DKK	1.41	1.35	1.41	1.40
EUR	10.48	10.06	10.56	10.44
GBP	11.83	11.14	12.03	12.25
JPY	0.0861	0.0795	0.0864	0.0854
NOK	0.98	0.95	1.07	1.06
RUB	0.1275	0.1095	0.1455	0.1507
THB	0.2938	0.2735	0.3039	0.3119
TRY	1.33	1.11	1.67	1.57
USD	9.18	8.19	9.43	9.33

New or amended accounting standards to be applied in 2020

The following new, amended or improved accounting standards were applicable from January 1, 2020; IFRS 3 Business Combinations; IFRS 9, IAS 39 and IFRS 7 under the Interest Rate Benchmark Reform; Amendments to IAS 1 and IAS 8: Definition of Material and IFRS 16 Leases Covid-19 Related Rent Concessions. The new, amended or improved standards mentioned above did not have any material impact on Electrolux Professional's consolidated financial statements.

New or amended accounting standards to be applied after 2020

The following new, amended or improved accounting standards have been published but are not mandatory for 2020 and have not been early adopted by Electrolux Professional: IFRS 3 Business Combinations; IFRS 17 Insurance Contracts; IAS1 Presentation of Financial Statements; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 19 (endorsed by the EU on December 15, 2020); Annual Improvements 2018-2020 and Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (endorsed by EU on January 13, 2021). The standards have not yet been endorsed by the EU unless stated above. The new, amended or improved standards mentioned above are not expected to have any material impact on Electrolux Professional's consolidated financial statements.

New interpretations of accounting standards

No new interpretations, with effective date after 2020, have been issued by the International Financial Reporting Interpretation Committee (IFRIC).

Critical accounting policies and key sources of estimation uncertainty

Use of estimates

Management has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare the consolidated financial statements in conformity with IFRS. Actual results may differ from these estimates under different assumptions or conditions. Below, Electrolux Professional has summarized the accounting policies that require more subjective judgement by management in making assumptions or estimates regarding the effects of matters that are inherently uncertain.

Asset impairment and useful lives

Non-current assets, including goodwill, are evaluated for impairment yearly or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impaired asset is written down to its recoverable amount, being the higher of fair value less costs of disposal and value in use. Impairment charges are recorded when the information shows that the carrying amount of an asset is not recoverable. In many cases, market value is not available and the fair value has been estimated by using

the discounted cash flow method based on expected future results. Differences in the estimation of expected future results and the discount rates used may result in different asset valuations. The yearly impairment testing of goodwill and other intangible assets with indefinite useful lives, has not indicated any impairment. See Note 13 for more information.

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Useful lives for property, plant and equipment are estimated between 10 and 40 years for buildings and 15 years for land improvements and between 3 and 15 years for machinery, technical installations and other equipment. Management regularly reassesses the useful lives of all significant assets. The carrying amount for property, plant and equipment at year-end 2020 amounted to SEK 1,254m. The carrying amount for goodwill at year-end 2020 amounted to SEK 1,690m.

Deferred taxes

In the preparation of the consolidated financial statements, Electrolux Professional estimates the income taxes in each of the tax jurisdictions in which the Group operates as well as any deferred taxes based on temporary differences. Deferred tax assets relating to tax loss carry-forwards and temporary differences are recognized in those cases when future taxable income is expected to permit the recovery of those tax assets. Changes in assumptions in the projection of future taxable income as well as changes in tax rates could result in significant differences in the valuation of deferred taxes. As of December 31, 2020, Electrolux Professional had a net amount of SEK 226m recognized as deferred tax assets in excess of deferred tax liabilities. As of December 31, 2020, the Group had tax loss carry-forwards and other deductible temporary differences of SEK 20m, which have not been included in the computation of deferred tax assets.

Current taxes

Electrolux Professional's provisions for uncertain outcome of tax audits and tax litigations are based on management's best estimates and recorded in the balance sheet. The best estimate of the expected tax to be paid is based on a qualitative assessment of all relevant information. In assessing any appropriate provision requirements for uncertain tax items, the Group considers progress made in discussions with tax authorities, expert advice on the likely outcome and any recent developments in case law.

The estimates might differ from the actual outcome and the timing of the potential effect on Electrolux Professional's tax cost and cash flow is normally not possible to predict. Any such variations will affect the financial results in the year in which such a determination is made.

In recent years, tax authorities have been focusing on transfer pricing. Transfer-pricing matters are normally very complex, include high amounts and it might take several years to reach a conclusion.

During 2020, Electrolux Professional has in the balance sheet reclassified provisions for uncertain tax positions from Other Provisions to Tax Liabilities. This reclassification is made with a retroactive effect on prior years.

Trade receivables and calculation of loss allowance

Receivables are reported net of provision for expected credit losses. The net value reflects the amounts that are expected to be collected, based on circumstances known at the balance sheet date. When measuring expected credit loss the Group uses a model based on historical and forward looking information. The most important components of the model are historical credit losses and assumptions about various future market effects such as GDP development and ability to pay for individual customers. Changes in circumstances such as higher than expected defaults or changes in the financial situation of a significant customer could lead to significantly different valuations. At year-end 2020, trade receivables, net of provisions for expected credit losses, amounted to SEK 1,265m. The total provision for expected credit losses at year-end 2020 was SEK 100m.

Post-employment benefits

Electrolux Professional sponsors a number of defined contribution and defined benefit pension plans for its employees. The pension calculations, referring to defined benefit plans, are based on actuarial assumptions regarding, e.g., discount rate, mortality rates, future salary and pension increases. Changes in assumptions directly affect the defined benefit obligation, service cost, interest income and expense. The discount rate used for the calculation of expenses during 2020 was 0.18% in average, which was the same rate used to estimate liabilities at the end of 2019. The Group's total pension obligation at year-end 2020 amounted to SEK 992m. Sensitivities for the main assumptions are presented in Note 21.

Restructuring

The Group's definition of restructuring charges include estimated costs for personnel reductions and other direct costs related to the termination of the activity, as well as required write-downs of assets and other non-cash items. The charges are calculated based on detailed plans for activities that are expected to improve the Group's cost structure and productivity. In general, the outcome of similar historical events in previous plans are used as a guideline to minimize these uncertainties. The total provision for restructuring at year-end 2020 was SEK 95m.

Warranties

As is customary in the industry in which Electrolux Professional operates, some of the products sold are covered by an original warranty, which is included in the price and which extends for a predetermined period of time. Provisions for this original warranty are estimated based on historical data regarding service rates, cost of repairs, etc. An epidemic failure can have a significant effect on the amount reported as warranty provision. As of December 31, 2020, Electrolux Professional had a provision for warranty commitments amounting to SEK 198m.

Disputes

Electrolux Professional is involved in disputes in the ordinary course of business. The disputes may concern, among other things, product liability, alleged defects in delivery of goods and services, patent rights and other rights and other issues on rights and obligations in connection with Electrolux Professional operations. Such disputes may prove costly and time consuming and may disrupt normal operations. In addition, the outcome of complicated disputes is difficult to foresee. It cannot be ruled out that a disadvantageous outcome of a dispute may prove to have a material adverse effect on the Group's earnings and financial position.

Parent Company accounting principles

Electrolux Professional AB is the parent company of the group with offices in Stockholm and Ljungby. Stockholm is the base for the corporate functions whereas the operational part of the business is located in Ljungby, with factory and sales.

As from 2019 the parent company is preparing the annual report in compliance with the Swedish Annual Accounts Act (1995:1554) and recommendation RFR2, Accounting for legal entities of the Swedish Financial Reporting Board. RFR2 prescribes the amendments and exceptions from IFRS applicable to the parent company. This means that all IFRS standards and statements shall be applied when possible within the frame of the Annual Accounts Act with consideration taken to Swedish legislation in accounting and taxation. The transition to RFR2 has not caused any essential changes to the parent company's financial position, result, or cashflow.

The financial reports of the parent company are presented in Swedish krona (SEK), rounded in millions. The accounting principles are applicable for all periods unless stated otherwise. More detailed information on accounting principles can be found in the text above regarding the Group's application of these.

Shares in subsidiaries

Holdings in subsidiaries are recognized according to the cost method of accounting. If there is an indication that the recognized value of shares has declined, they are tested for impairment according to IAS36. According to RFR2 transaction costs are recognized as part of the acquisition value in the parent company, unlike the group where they are considered as costs.

Anticipated dividends

Dividends decided on each of the subsidiaries annual general meetings are recognized in the income statement. Anticipated dividends are recognized if the parent company has exclusive rights to decide about dividends from subsidiaries and has decided on amount before the parent company's annual report or quarterly report has been published.

Taxes

In the parent company untaxed reserves are recognized including deferred tax liability. In the group's statement it is divided between deferred tax liability and equity. Tax on group contribution is included in the parent company's income statement.

Appropriations and untaxed reserves

According to Swedish tax legislation the parent company has the possibility to make depreciations in excess to plan. They are recognized as appropriations in the income statement and as untaxed reserves in the balance sheet.

Group contribution and cash increase

In Sweden group contributions are deductible and when given by subsidiaries or the parent company they are recognized as appropriations in the income statement. Cash increase is not deductible and if paid by the parent company it is recognized as shares in subsidiaries and is subject to impairment if needed. This is described more in detail above in "shares in subsidiaries".

Post-employment benefits

Electrolux Professional AB applies the simplified rule according to RFR2, for recognition of defined contribution plans. For further information see note 21.

Intangible assets

According to RFR2 the parent company amortizes goodwill and trademarks over 5 years.

Reserve for development

In the parent company own developed intangible assets are recognized as a reserve for development. It is amortized, and the closing balance of the reserve is transferred from unrestricted to restricted equity in compliance with the Swedish Annual Accounts Act.

Leases

Lease agreements for the parent company are reported as operational, where the cost is linear over the lease period.

Financial guarantees

Financial guarantees for the parent company in benefit for subsidiaries are reported as contingent liabilities.

A provision is booked if there is an indication that any of these may lead to a payment.

Financial instruments

The Parent company does not apply the simplification rules for IFRS 9 Financial Instruments, allowed under RFR2.

Expected credit loss

The Parent company calculates an expected credit loss provision for its trade receivable position and lending to each of its subsidiaries. The default probability of each subsidiary is based on a credit rating model per country.

Note 2 Financial risk management

Financial risk management

The Group is exposed to a number of risks from liquid funds, trade receivables, trade payables, borrowings, commodities and foreign exchange. The risks include:

- Financing risk in relation to the Group's capital requirements;
- Foreign-exchange risk on commercial flows and net investments in foreign subsidiaries;
- Commodity-price risk affecting the expenditure on raw materials and components;
- Credit risk relating to financial and commercial activities; and
- Interest-rate risk on liquid funds and borrowings.

Electrolux Professional's financial risks were, in 2019, managed as part of Electrolux Group's financial risk management. The AB Electrolux Board of Directors established several policies to monitor and manage the financial risks relating to the operations of the Electrolux Group. Electrolux Professional established its own financial risk policies, which were approved by Electrolux Professional AB's Board of Directors and became effective as of October 1, 2019 (hereinafter all policies are referred to as the Financial Policy). The primary responsibility for ensuring that these risks are managed in an efficient and professional way lies within Group Treasury with the support of the management of each operational unit. Moreover, the commercial credit risk is managed at an operating level by the controlling department and is guided by the Group Credit Policy.

The policies are adopted through a delegation of authority matrix, which defines roles and responsibilities within the Group management structure. Applications of the policies are monitored through internal controls and breaches managed according to pre-agreed procedures. The Board of Directors meets on a regular basis (at least quarterly) to discuss business, policies compliance as well as governance topics.

Group Treasury in Stockholm provides services to the business, co-ordinates access to financial markets, monitors and manages the financial risks through internal risk reports, which analyze exposures by degree and magnitude of the risk.

The Group's Financial Policy governs the use of financial derivatives. The internal auditors review on a continuous basis compliance with policies and exposure limits.

Capital structure

The Group defines its capital as equity stated in the balance sheet. The Group's objective is to have a capital structure resulting in an efficient weighted cost of capital and sufficient credit worthiness, where operating needs, and the needs for potential acquisitions are considered.

Financing risk

Financing risk refers to the risk that financing of the Group's capital requirements and refinancing of existing borrowings could become more difficult or more costly. This risk can be decreased by ensuring that maturity dates are evenly distributed over time, and that total short-term borrowings do

not exceed liquidity levels. According to the Financial Policy, Group Treasury shall assure that the remaining average credit duration of the total debt portfolio exceeds two years and at any given point in time liquidity reserves are monitored and kept in line with the Policy.

Foreign exchange risk

Foreign exchange risk is defined as the risk that fluctuations in currency exchange rates have a negative impact on the company's financial position, profitability or cash flow. In order to manage such effects, the Group covers these risks within the framework of the Financial Policy and the Group's overall currency exposure shall be managed centrally by Group Treasury.

Transaction exposure from commercial flows

Transaction exposure is defined as the confirmed future net of operational and financial in- and outflows of currencies. The Financial Policy stipulates to what extent commercial flows are to be hedged.

The Group's geographically widespread production reduces the effects of changes in exchange-rates. The remaining transaction exposure is either related to internal sales from producing entities to sales companies or external exposures from purchasing of components and input material for the production paid in foreign currency.

If the currency exposure, based on long term contracts in foreign currencies are significant, Group Treasury shall be contacted for decisions on potential hedges. Group Treasury is the sole party to authorize execution of financial hedge transactions and derivative contracts with external parties.

Translation exposure from consolidation of entities outside Sweden

Translation exposure is defined as; the risk that fluctuations in currency exchange rates have a negative impact on the balance sheet or consolidated equity. This occurs when a portion of consolidated equity, net assets or a financial asset or liability are denominated in a foreign currency. Electrolux Professional does not hedge such exposure. The translation exposures arising from income statements of foreign subsidiaries are included in the sensitivity analysis below.

Foreign-exchange sensitivity from transaction and translation exposure

The major net export currencies that Electrolux Professional is exposed to are the THB, EUR and the SEK. The major import currencies that Electrolux Professional is exposed to are the USD, GBP, JPY, DKK and NOK. These currencies represent the majority of the exposures of the Group.

The currency exposure from foreign investments should, when possible, be mitigated by loans in local currency. The remaining foreign net investment should not generally be hedged by financial derivatives. In exceptional cases the Group CFO may decide to use financial derivatives to hedge equity. Hedge accounting shall apply to all financial derivatives that are used to hedge equity.

The sensitivity analysis below takes into consideration the net transaction flow as disclosed in note 18 and operating

Note 2 Financial risk management, continued

income (EBIT - i.e. before tax) by functional currency as per end of each year. The table does not cover the equity effect of changes in FX rates. The model assumes the distribution of earnings and costs effective at year-end and does not include any dynamic effects, such as changes in competitiveness or consumer behavior arising from such changes in exchange-rates.

Sensitivity analysis of major currencies

Currency	Change	Profit or loss impact 2020	Profit or loss impact 2019
USD/SEK	-10%	-38	-69
GBP/SEK	-10%	-17	-19
JPY/SEK	-10%	-9	-8
DKK/SEK	-10%	-8	-10
CNY/SEK	-10%	-5	-12
NOK/SEK	-10%	-7	-7
TRY/SEK	-10%	-6	-2
RUB/SEK	-10%	-4	-5
EUR/SEK	-10%	17	6
THB/SEK	-10%	25	34

Commodity-price risks

The commodity risk exposure is defined as; the risk that fluctuations in the price of commodities result in an unexpected impact on the consolidated statement of comprehensive income or the consolidated balance sheet of the Group. The purchasing department is responsible for the overall commodity risk management and follow-up on commodity exposures. The purchasing department shall strive to reach a commercial hedge via matching of terms in sales contracts with terms in contracts with existing raw material suppliers. If a significant exposure occurs without possibilities to fix prices towards suppliers or pass on potential profit and loss effects to the customer, a financial hedge should be considered. In this case Group Treasury shall be contacted for discussion on hedge strategy and hedge counterpart. The purchasing department is not allowed to enter into any financial hedges or financial contracts.

Credit risk

Credit risk in financial activities

Credit risk on financial transactions is the risk that the counterpart is not able to fulfill its contractual obligations related to the Group's investments of liquid funds, and derivatives. In order to limit exposure to credit risk, the Group has adopted a policy of that excess liquidity shall be deposited at bank accounts in the Group's core banks, invested in securities issued by the core banks or invested in government securities.

The Financial Policy, effective as of October 1, 2019, states that:

- Short term investments in the form of deposits should be done with the Revolving Credit Facility Banks (RCF Banks) or with Banks with a minimum rating of BBB- (investment grade) according to Standard & Poor.
- Short term investments in the form of securities should have a minimum rating of A.

The Group strives for master netting agreements (ISDA) with all counterparts for derivative transactions. Assets and liabilities will only be netted from a credit risk perspective for counterparts with valid ISDA-agreements. Further, derivatives should be spread between counterparties to reduce the credit risk. No financial assets or liabilities are offset in the balance sheet. At year-end 2020, derivative assets amounted to SEK 12m and derivative liabilities to SEK 6m, and after taken into account master netting agreements the net effect is, derivative assets SEK 7m and derivative liabilities SEK 1m.

Credit risk in trade receivables

Electrolux Professional's client base is characterized by a mix of recurring customers such as distributors and one-time customers, as well as multi-operator stores or spare-parts customers.

Sales are made on the basis of normal delivery and payment terms. The Financial Policy defines how credit management is to be performed in the Group to achieve competitive and professionally performed credit assessment, limited bad debts, and improved cash flow and optimized profit.

Electrolux Professional has adopted a Rating Model (EPRM), which is managed by the Group Credit Manager. The purpose with EPRM is to have a common and objective approach to credit risk assessment that enables more standardized and systematic credit evaluations to minimize inconsistencies in decisions. The EPRM is based on a risk/reward approach and is the basis for the customer assessment. The risk of a customer is determined by the EPRM Risk Score in which customers are classified. ERM calculates a Risk score that is translated to a Risk class: Low Risk (1), Moderate Risk (2), Medium Risk (3), Marked Risk (4), High Risk (5) and Default (6). The amount of information required for the assessment varies with the size of the credit limit and the risk. Electrolux Professional Rating Model (EPRM) is the mandatory tool to use for credit assessment within the Group. External sources of information are used for basic and credit information on customers such as unique identifier DUNS number and legal hierarchy. Required type and source of information is determined by Group Credit Management. EPRM must be used for customers with a credit limit of minimum SEK 750k unless a higher minimum amount is approved by the Group Credit Manager or the Group CFO. EPRM shall also be used for customers with full credit protection since the credit decision is taken on the gross credit limit.

As far as possible customers' receivables are insured and are covered by a global insurance program. Under the existing arrangements the trade credit insurance covers not only the risk of customer insolvency but also the risk of protracted default.

Interest-rate risk on liquid funds and borrowings

Interest-rate risk refers to the adverse effects of changes in interest rates on the Group's income. The main factors determining this risk include the interest-fixing period.

Note 2 Financial risk management, continued

Liquid funds

Liquid funds as defined by the Group consist of cash and cash equivalents, short-term investments, financial derivative assets, prepaid interest expenses and accrued interest income. Electrolux Professional's target is that the level of liquid reserve including cash and bank balances, short-term investments and unutilized committed credit facilities shall not fall below SEK 500m. If that level is not maintained, the Board of Directors shall be immediately informed, and appropriate actions shall be taken to restore that preferred level.

Interest-rate risk in liquid funds

All liquidity is invested in interest bearing instruments, normally with maturities between 0 and 3 months. For more information, see note 18.

The Financial Policy, effective as of October 1, 2019, states that:

- Surplus cash holdings shall be avoided. Excess liquidity shall be off-set against external debts.
- Short term investments shall have a time to maturity that matches large disbursements, planned investments or dividend and may not exceed 12 months.

Borrowings

According to the Financial Policy, the debt financing of the Group shall be managed by Group Treasury in order to ensure efficiency and risk control. Debt shall primarily be raised at parent company level and transferred to subsidiaries through internal loans or capital injections. In this process, swap instruments might be used to convert the funds to the required currency. Short-term financing might also be undertaken locally in subsidiaries where there are capital restrictions. For more information, see note 18.

In 2019, the Electrolux Professional Group was primarily funded by AB Electrolux. Electrolux Professional, in connection with the listing, entered into a Revolving Credit Facility with its core-banking group and a bilateral Term Loan as an additional facility to repay, among other things, the debt to AB Electrolux.

Interest-rate risk in borrowings

The Financial Policy states that the average interest duration in the debt portfolio (including overdrafts, RCF, term loans and interest rate derivatives) shall be between 0 and 3 years and Group Treasury is responsible to manage the long-term debt portfolio and shall seek a balance between floating and fixed interest rates in order to limit the negative impact that a rise in market rates may have. Derivatives, such as interest-rate swap agreements, might be used to manage the interest-rate risk by changing the interest from fixed to floating or vice versa. Any binding of interest rates for a longer time period than 5 years, may not be performed without the approval of the Board of Directors.

On the basis of 2020 borrowings with an average interest fixing period of 1.1 years and considering that the amount of loans outstanding as at December 31, 2020 was approximately SEK 1bn, a 1% point shift in interest rates would impact the Group's interest expenses by approximately SEK 8m. This calculation is based on a parallel shift of all relevant yield curves (EUR and SEK) simultaneously by one percentage point. In this assessment Electrolux Professional acknowledges that the calculation is an approximation and does not take into consideration the fact that the interest rates on different maturities and different currencies might change differently.

Note 3 Segment information

Electrolux Professional has two segments;

- Food & Beverage, and
- Laundry.

The segments are regularly reviewed by the President and CEO, the Group's chief operating decision maker.

Food & Beverage offers equipment for various professional users within the hospitality industry. Products within Food & Beverage comprise mainly of modular cooking, ovens, dishwashing and refrigeration, dispensers for hot (e.g. coffee grinders, brewers and coffee urns), cold (beverage and juice dispensers) and frozen beverage (frozen drinks and ice cream dispensers) and equipment for soft serve as well as Customer care.

Laundry offers equipment designed to meet a diverse array of professional requirements, from self-service, hospitality industry to healthcare providers and commercial laundries.

The customers include hospital and hotel laundries, apartment-building laundries in Scandinavia and launderettes. Products offered within the laundry segment include washing machines, tumble dryers, ironers and finishing equipment. The segments are responsible for operating income before interest, tax and amortizations (EBITA) and operating income, whereas net assets, financial items and taxes, as well as net debt and equity, are not reported per segment. The operating income of the segments are consolidated using the same principles as for the Group. The segments consist of separate legal units as well as divisions in multi-segment legal units where some allocations of costs are made. Operating costs not included in the segments are shown under Group common costs, which mainly are costs related to group management activities typically required to run a Group.

Sales between segments are made on market conditions with arm's-length principles if applicable.

Note 3 Segment information, continued

Net sales, EBIT and income per segment

SEKm	2020				2019			
	Food & Beverage	Laundry	Group common costs	Total	Food & Beverage	Laundry	Group common costs	Total
Net sales	4,198	3,065	-	7,263	5,895	3,386	-	9,281
EBITA	87	467	-99	456	568	507	-18	1,058
Amortization intangible assets	-53	-16	-1	-69	-45	-20	-	-66
Operating income	35	452	-100	387	522	488	-18	992
Financial items, net				-24				-15
Income after financial items				363				978
Taxes				-85				-314
Income for the period				278				663

Depreciation of tangibles asset including right-of-use assets

SEKm	2020				2019			
	Food & Beverage	Laundry	Group common costs	Total	Food & Beverage	Laundry	Group common costs	Total
Depreciation	-146	-77	-5	-228	-149	-66	-6	-222

Geographical information, net sales¹

SEKm	2020	2019
United States	899	1,350
Italy	793	1,319
Sweden	788	804
France	668	720
Germany	561	603
Finland	324	351
Japan	297	344
Great Britain	290	361
Denmark	242	293
Switzerland	241	268
China	224	296
Spain	190	261
Norway	124	132
Netherlands	120	138
Turkey	114	122
Other	1,388	1,918
Total	7,263	9,281

1) Net sales attributable to countries on the basis of customer location.

Property, plant and equipment and intangible assets located in the Group's country of domicile, Sweden, amounted to SEK 240m (251). Property, plant and equipment and intangible assets located in all other countries amounted to SEK 3,220m (3,409). Individually, material countries in this aspect are Italy with SEK 874m (912), U.S. with SEK 710m (854) and France with SEK 517 (558), respectively.

No single customer of the Group represents 10% or more of the external revenue.

Note 4 Revenue recognition

Revenue recognition

Electrolux Professional manufacture and sell a wide range of products for the hospitality industry and specifically for the segments:

- Food & Beverage
- Laundry

The Food & Beverage segment operates in a market that is characterized by a wide customer base (hotels, institutions, restaurants, schools, bars, pubs), where Electrolux Professional offers tailored made solutions for the different customer groups. Products within Food & Beverage comprise mainly of modular cooking, ovens, dishwashing and refrigeration, dispensers for hot (e.g. coffee grinders, brewers and coffee urns), cold (beverage- and juice dispensers) and frozen beverage (frozen drinks and ice cream dispensers) and equipment for soft serve as well as Customer care.

The Laundry segment provides a comprehensive range of solutions tailored for the specific markets and customer typology. Products and services are designed to meet a diverse array of professional requirements, from self-service, hospitality industry to healthcare providers and commercial laundries. The customers include hospital and hotel laundries, apartment-building laundries in Scandinavia, and launderettes. Products offered within the laundry segment include: washing machines, tumble dryers, ironers and finishing equipment

Sales are recorded net of value-added tax, specific sales taxes, returns, and trade discounts. Revenues arise from sales of finished products and services.

Sale of finished products including spare parts and accessories

Revenue from sales of products are recognized at a point in time when control of the products has been transferred to the customer. Depending on the contractual terms, transfer of control and thus revenue recognition occurs when Electrolux Professional has a present right to payment for the products, the customer has legal title of the products, the products have been delivered to the customer and/or the customer has the significant risks and rewards of the ownership of the goods.

Transaction price – Volume discounts

The products are sometimes sold with volume discounts based on aggregate sales over a specific time period, normally 3-12 months. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts using either the expected value method or an assessment of the most likely amount. Revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognized for expected volume discounts 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.

Receivables, contract assets and contract liabilities

A receivable is recognized when the control of the products has transferred 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. If the consideration is conditional to additional performance, a contract asset is recorded.

If Electrolux Professional receive prepayment from customers a contract liability is recorded.

Sale of goods and services combined

When contracts include both goods and services the sales value is split into separate performance obligations based on relative stand-alone selling prices, and revenue is recognized when each of the separate performance obligations are satisfied. In general, types of performance obligations that may occur are products, spare parts, installation, service and support.

Sale of services in a separate contract

Electrolux Professional recognizes revenue from services related to installation of products, repairs or maintenance service when control is transferred being over the time the service is provided. For service contracts revenue is recognized on a linear basis over the contract period.

Payments from customers

Payment terms are based on local market conditions and always shorter than one year. The Group has no significant financing component included in the payment terms.

Payments to customers

Agreements can, in a limited number of cases, be made with customers to compensate for various services or actions the customer takes. This relates to e.g. agreements under which Electrolux Professional agrees to compensate the customer for e.g. marketing activities undertaken by the customer. The main rule is that if the payment is related to a distinct service or product it shall be accounted for as a purchase of that service or product. If not, it shall be deducted from the related revenue stream. In practice, if the contract doesn't include any requirement of follow up from Electrolux Professional side and/or reporting back from the customer that the service is performed, the payment shall be accounted for as a reduction of revenue.

Warranties

The most common warranty for Electrolux Professional is to replace a faulty component under legal and common practice warranty terms. In those cases warranty is recognized as a provision. Electrolux Professional also sells extended warranty where the revenue is recognized during the warranty period, which usually starts after the legal warranty period. Sometimes warranty offered is including a service part and if it is not possible to separate the warranty from the service, the two are bundled together and revenue is recognized over the warranty period.

Note 4 Revenue recognition, continued

Freight charges

Freight charges can be included in the price of the product sold based on the contractual terms and conditions and revenue is recognized at the same time as for the product.

Revenue types and flows

The vast majority of the Group's revenues of SEK 7,263m (9,281) during the year consisted of finished products, spare parts, services and accessories. The Group's net sales in Sweden amounted to SEK 788m (804). Exports from Sweden during the year amounted to SEK 1,496m (1,749), of which SEK 886m (989) were to Group subsidiaries.

The Group do not disclose information about the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period since the major part of the Group's performance obligations are related to contracts with original expected duration of less than one year.

Disaggregation of revenue

Electrolux Professional manufacture and sell a wide range of products for the hospitality industry. Sales of services are not material in relation to Electrolux Professional total net sales. Geography is an important attribute when disaggregating Electrolux Professional's revenue. Therefore, the table below presents net sales per geographical region based on the location of the customer.

SEKm	Group		Parent Company	
	2020	2019	2020	2019
Geographical region				
Europe	5,053	6,165	1,599	1,511
Asia Pacific, Middle East and Africa	1,187	1,513	290	341
Americas	1,023	1,603	377	509
Total	7,263	9,281	2,266	2,361

The table below presents the opening and closing balances of contract liabilities as well as movements during the year. There are no contracts assets to report.

Group

SEKm	Contract liabilities			
	Advances from customers	Customer bonuses/incentives	Prepaid income - service/warranty ¹⁾	Contract liabilities, total
Opening balance, January 1, 2019	59	31	39	129
Gross increase during the period	253	77	153	483
Paid to/settled with customer	-	-55	-	-55
Revenue recognized during the year	-210	-	-16	-226
Acquisition/divestment of operations	-	-	3	3
Other changes to contract balances	6	-	-	6
Exchange-rate differences	1	1	-1	1
Closing balance, December 31, 2019	109	54	178	341
Opening balance, January 1, 2020	109	54	178	341
Gross increase during the period	69	79	41	189
Paid to/settled with customer	-	-85	-	-85
Revenue recognized during the year	-16	-	-19	-35
Contracts cancelled during the year	-40	-	-	-40
Exchange-rate differences	-7	-2	-6	-16
Closing balance, December 31, 2020	115	45	193	353

1) For 2019, the amounts for Prepaid income - service & warranty have been reclassified, see note 23 for more information.

Note 4 Revenue recognition, continued

Parent Company	Contract liabilities			
	Advances from customers	Customer bonuses/incentives	Prepaid income - service/warranty	Contract liabilities, total
SEKm				
Opening balance, January 1, 2019	9	-	29	38
Gross increase during the period	12	18	11	41
Revenue recognized during the year	-	-	-4	-4
Other changes to contract balances	-	2	-	2
Closing balance, December 31, 2019	21	20	36	77
Opening balance, January 1, 2020	21	20	36	77
Gross increase during the period	-	49	13	62
Paid to/settled with customer	-	-47	-	-47
Revenue recognized during the year	0	-	-7	-7
Closing balance, December 31, 2020	21	22	41	85

Note 5 Operating expenses

Cost of goods sold and additional information on costs by nature

Cost of goods sold includes expenses for the following items:

- Finished goods i.e. cost for production and sourced products
- Warranty
- Environmental fees
- Warehousing and transportation
- Exchange-rate changes on payables and receivables and the effects from currency hedging

SEKm	2020	2019
Operating expenses		
Direct material and components	1,838	2,489
Sourced products	1,132	1,252
Depreciation and amortization	297	287
Salaries, other remuneration and employer contribution ¹	2,019	2,103
Other	1,591	2,158
Total	6,877	8,289

1) Includes government grants related to short-time furlough of personnel.

Cost of goods sold includes direct material and components amounting to SEK 1,838m (2,489) and sourced products amounting to SEK 1,132m (1,252). The depreciation and amortization charge for the year amounted to SEK 297m (287). Costs for research and development amounted to SEK 300m (438).

The Group's operating income includes net exchange-rate differences in the amount of SEK 3m (19). The Group's

Swedish factories accounted for 27.7% (22.2) of the total value of production.

Government grants and government assistance

Government grants and government assistance are recognized in the financial statements when there is reasonable assurance that the entity will comply with the conditions attached to them and the grants will be received. Grants which are dedicated to a specific and clearly identified expense item, is reported as a deduction of the specific expense. Grants of a more general character are reported as other operating income. Grants related to assets are reported as prepaid income in the balance sheet. The grant is amortized over the useful life of the asset for which it has been received.

Government grants relating to furlough of personnel have been included in personnel cost by SEK 95m (2) and grants of a more general character of SEK 1m (1) is reported as other operating income.

For the Parent company, the corresponding government grants for furlough of personnel amounts to SEK 10m (0).

Selling and administration expenses

Selling expenses include expenses for brand communication, sales driving communication and costs for sales and marketing staff. Selling expenses also include the cost for impairment of trade receivables.

Administration expenses include expenses for general management, finance, human resources and IT expenses related to the named functions. Administration costs related to manufacturing are included in cost of goods sold.

Note 6 Other operating income and expenses

SEKm	Group		Parent Company	
	2020	2019	2020	2019
Other operating income				
Gain on sale of property, plant and equipment	1	1	-	-
Government grant/subsidy	1	1	-	-
Other	11	34	-	-
Total	13	36	-	-
Other operating expenses				
Loss on sale of property, plant and equipment	-1	-1	-	-
Transaction costs, acquired operations	-	-4	-	-
Other	-7	0	-6	-17
Total	-8	-5	-6	-17
Other operating income and expenses	5	32	-6	-17

Note 7 Material profit and loss items

This note summarizes events and transactions with significant effects, which are relevant for understanding the financial performance when comparing income for the current period with previous periods, including items such as:

- Capital gains and losses from divestments of product groups or major units
- Close-down or significant down-sizing of major units or activities
- Restructuring initiatives with a set of activities aimed at reshaping a major structure or process
- Significant impairment
- Other major cost or income items

Material profit and loss items consists in 2020 of a restructuring program in the third quarter and in 2019 of a pension plan settlement in Sweden in the second quarter and a restructuring program in the third quarter.

Material profit and loss items

SEKm	2020	2019
Restructuring charge	-77	-122
Pension settlement, Sweden	-	90
Total	-77	-32

Material profit and loss items per function

SEKm	2020	2019
Cost of goods sold	-29	-56
Selling expenses	-23	-55
Administration expenses	-24	79
Total	-77	-32

Note 8 Leases

The major part of the Group's lease arrangements are those under which the Group is a lessee. This applies to a number of assets such as warehouses, office premises, vehicles, and certain office equipment. The normal rental period for office- and warehouse premises ranges between 3-10 years and for vehicles 3-5 years. A few lease contracts includes extension option. The Group's activities as a lessor are limited.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Such an assessment is performed at inception of a contract. An identified lease agreement is further categorized by the Group as either a short-term lease, a lease of a low-value asset or a standard lease. Short-term leases are defined as leases with a lease term of 12 months or less. The Group's definition of low-value assets comprises all personal computers and laptops, phones, office equipment and furniture and all other assets of a value less than SEK 100k when new and are applied on a lease-by-lease basis. Lease payments related to short-term leases and leases of low value assets are recognized as operating expenses on a straight-line basis over the term of the lease. The Group applies the term 'standard lease' to all identified leases which are categorized as neither short-term leases nor leases of a low-value asset. Thus, a standard lease is a lease agreement for which a right-of-use asset and a corresponding lease liability are recognized at commencement of the lease, i.e. when the asset is available for use. The Group's right-of-use assets and its long-term and short-term lease liabilities are presented as separate line items in the consolidated balance sheet.

Assets and liabilities arising from a lease are initially measured on a present value basis. The lease liability is determined as the present value of all future lease payments at the commencement date, discounted using the Group's calculated incremental borrowing rate determined by country and contract duration (>12-36 months, >37-72 months and >72 months).

The following lease payments are included in the measurement of a lease liability:

- fixed payments, less any lease incentives,
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable under residual value guarantees,
- the exercise price of a purchase option if reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of that option.

Variable lease fees that do not depend on an index or rate (including property tax related to leased buildings) are not included in the measurement the lease liability. The related variable payments are charged to the statement of comprehensive income as incurred.

The lease liability is subsequently measured by reducing the carrying amount to reflect the lease payments made and

by increasing the carrying amount to reflect interest on the lease liability, using the effective interest method.

A right-of-use asset is measured at cost comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement day, less any lease incentives received, and any initial direct costs, and restoration costs (unless incurred to produce inventories) with the corresponding obligation recognized and measured as a provision under IAS 37. The right-of-use asset is subsequently measured at cost less accumulated depreciation, any impairment losses as well as any remeasurement of the lease liability.

A remeasurement of the lease liability, and a corresponding applicable adjustment to the related right-of-use asset, is performed when:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

A right-of-use asset is normally depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term. However, if ownership of the asset is reasonably certain to be transferred at the end of the lease, the right-of-use asset is depreciated over its useful life. Depreciation of a right-of-use asset starts at the commencement date of the lease. Impairment of right-of-use asset is determined and accounted for in accordance with IAS 36.

A lease payment related to a standard lease is accounted for partly as amortization of the lease liability and partly as interest expense in the statement of comprehensive income.

When a lease contract for buildings include non-lease components they are separated, if possible, from lease components and are not part of the lease liability. For lease contracts regarding other asset classes (machinery, vehicles etc.) the lease components and any associated non-lease components are accounted for as a single arrangement.

In determining the lease term, extension options are only included if it is determined as reasonably certain to extend. Periods after termination options are only included in the lease term if the lease is reasonably certain not to be terminated. A lease term is reviewed if a significant event or a significant change in circumstances occurs which affects the assessment.

Note 8 Leases, continued

Property, plant and equipment, right-of-use

SEKm	Buildings	Machinery	Vehicles	Other equipment	Total
Carrying amount					
Opening balance, January 1, 2019	118	8	41	2	169
Acquisitions of operations	29	-	1	1	30
Additions	79	10	26	-	116
Cancellations	0	-	0	0	0
Depreciation	-47	-6	-28	-1	-82
Exchange rate differences	3	0	1	0	4
Closing balance, December 31, 2019	182	12	41	2	238
Opening balance, January 1, 2020	182	12	41	2	238
Acquisitions of operations	-	-	-	-	-
Additions	59	-	36	2	97
Cancellations	-27	-1	0	-1	-29
Depreciation	-48	-2	-32	-1	-83
Reclassification	-	-8	8	-	-
Exchange rate differences	-10	0	-2	0	-12
Closing balance, December 31, 2020	156	2	51	2	211

Lease expenses

SEKm	2020	2019
Lease expenses		
Short-term leases	-1	-1
Leases of low-value assets	-1	-1
Depreciation	-83	-82
Variable lease payments	-1	0
Total	-86	-84
Lease liability, interest expense	-7	-6

Total cash outflow from lease contracts for 2020 amounts to SEK 93m (107). Future payments for committed lease contracts for which the commencement date has not yet occurred amount to SEK 15m (10).

For information on maturity profile, see note 18.

Note 9 Financial income and financial expenses

SEKm	Group		Parent Company	
	2020	2019	2020	2019
Financial income				
Interest income				
from subsidiaries	-	-	11	-
from Electrolux Group	-	9	-	2
from others	4	3	2	
Exchange-rate differences, gains	211	35	211	35
Dividends from subsidiaries	-	-	-	72
Pension interest income	1	11	-	
Other financial income	0	3	-	-
Total financial income	216	61	224	109

SEKm	Group		Parent Company	
	2020	2019	2020	2019
Financial expenses				
Interest expenses				
to subsidiaries	-	-	-2	-
to Electrolux Group	-1	-17	-1	-7
to others	-12	-3	-11	-1
Exchange-rate differences, losses	-212	-34	-211	-35
Pension interest expenses	-1	-13	-	-
Lease liability interest expense	-7	-6	-	-
Other financial expenses	-6	-2	-6	-1
Total financial expenses	-240	-76	-231	-44
Financial items, net	-24	-15	-7	65

Note 10 Taxes

SEKm	Group		Parent Company	
	2020	2019	2020	2019
Current taxes	-133	-414	-50	
Deferred taxes	48	100	-14	16
Taxes included in income for the period	-85	-314	-64	16
Taxes related to OCI	-8	6	-	-
Taxes included in total comprehensive income	-93	-308	-64	16

Deferred taxes 2020 include an effect of SEK 2m (0) due to changes in tax rates. Current taxes 2020 includes adjustments related to prior years of SEK -9m (-4). The consolidated accounts contain SEK 25m (24) in deferred tax liabilities attributable to untaxed reserves in the Parent Company. Deferred tax is only recognized in subsidiaries where the group expects sufficient taxable income to utilize the tax benefit.

Theoretical and actual tax rates

SEKm	Group		Parent Company	
	2020	2019	2020	2019
Theoretical tax rate	21.8	23.0	21.4	21.4
Non-taxable/non-deductible income statement items, net	3.1	-1.1	-23.9	74.0
Non-recognized tax losses carried forward	-	0.5	-	-
Utilized non-recognized tax losses carried forward	-3.5	-	-	-
Other changes in estimates relating to deferred tax	-2.1	0.3	-0.9	0.5
Withholding tax	0.4	-	-0.1	-
Other	3.7	9.4	-	-0.2
Actual tax rate	23.4	32.1	-3.5	95.7

The theoretical tax rate for the Group is calculated on the basis of the weighted income after financial items multiplied by the statutory tax rates.

Note 10 Taxes, continued

Non-recognized deductible temporary differences

As of December 31, 2020, the Group had tax loss carry-forwards and other deductible temporary differences of SEK 20m (35), which have not been included in computation of deferred tax assets. The decision not to recognize certain deferred tax assets on temporary differences is based on an assessment where the likelihood of future utilization is evaluated for each of the temporary items. The Group typically does not recognize deferred tax assets on temporary differences in situations where the ability to utilize these is considered to be limited. The non-recognized temporary differences will expire as follows:

Non-recognized deductible temporary differences

SEKm	December 31, 2020
2021	-
2022	-
2023	-
2024	-
2025	-
And thereafter	-
Without time limit	20
Total	20

Deferred tax assets for the Parent Company are related to Other provisions of SEK 12m (11) and unused tax losses carried forward SEK 0m (15). Deferred tax liabilities are related to Property, plant and equipment of SEK 2m (2).

The table below show deferred tax assets and liabilities for the group, at the end of each reporting period and the change in net deferred tax assets and liabilities. Deferred tax assets and liabilities are netted in the balance sheet in the case the Group has a right to it

Deferred tax assets and deferred tax liabilities

SEKm	2020	2019
Deferred tax assets		
Property, plant and equipment	5	9
Provision for pension obligations	17	33
Provision for restructuring	10	-
Other provisions	59	56
Inventories	34	23
Accrued expenses and prepaid income	71	63
Unused tax losses carried forward	93	78
Other deferred tax assets	131	120
Deferred tax assets before netting of deferred tax assets and liabilities	420	382
Netting of deferred tax assets and liabilities	-59	-32
Deferred tax assets net	361	350
Deferred tax liabilities		
Property, plant and equipment	48	25
Other provisions	11	10
Inventories	17	6
Intangible assets	83	103
Other taxable temporary differences	36	32
Deferred tax liabilities before netting of deferred tax assets and liabilities	195	176
Netting of deferred tax assets and liabilities	-60	-32
Deferred tax liabilities net	135	144

Note 11 Other comprehensive income

SEKm	2020	2019
Items that will not be reclassified to income for the period:		
Remeasurement of provisions for post-employment benefits		
Opening balance, January 1	-32	-5
Gain/loss to other comprehensive income	83	-33
Income tax relating to items that will not be reclassified	-8	6
Closing balance, December 31	43	-32

SEKm	2020	2019
Items that may be reclassified subsequently to income for the period:		
Exchange differences on translation of foreign operations		
Opening balance, January 1	266	165
Translation differences	-263	101
Closing balance, December 31	2	266
Other comprehensive income, net of tax	-188	74

Note 12 Property, plant and equipment

Group

SEKm	Land and land improvements	Buildings	Machinery and technical installations	Other equipment	Plants under construction and advances	Total
Acquisition costs						
Opening balance, January 1, 2019	100	861	1,796	277	68	3,101
Acquired during the year	46	18	86	24	64	238
Acquisition of operations	2	3	6	2	-	13
Transfer of work in progress and advances	-	-	-	-	-	-
Sales, scrapping, etc.	-12	-62	-18	-80	0	-172
Exchange-rate differences	7	24	33	12	2	77
Closing balance, December 31, 2019	142	844	1,903	235	133	3,257
Acquired during the year	2	82	34	11	138	267
Acquisition of operations	-	-	-	-	-	-
Transfer of work in progress and advances	14	-7	3	84	-94	-
Sales, scrapping, etc.	-	-9	-50	-16	-1	-76
Exchange-rate differences	-9	-32	-63	-15	-16	-135
Closing balance, December 31, 2020	149	878	1 827	299	160	3 313
Accumulated depreciation						
Opening balance, January 1, 2019	15	347	1,421	233	-	2,016
Depreciation for the year	1	29	93	17	-	140
Transfer of work in progress and advances	-	-	-	-	-	0
Sales, scrapping, etc.	-5	-49	-18	-88	-	-160
Impairment	-	-	-	-	-	0
Exchange-rate differences	0	9	26	12	-	47
Closing balance, December 31, 2019	11	336	1,522	174	-	2,043
Depreciation for the year	2	29	19	95	-	145
Transfer of work in progress and advances	10	-10	-	-	-	0
Sales, scrapping, etc.	-5	-6	-48	-10	-	-69
Impairment	-	-	11	4	-	15
Exchange-rate differences	-	-12	-56	-7	-	-75
Closing balance, December 31, 2020	18	337	1,448	256	-	2,059
Net carrying amount, December 31, 2019	131	508	381	60	133	1,214
Net carrying amount, December 31, 2020	131	541	379	42	160	1,254

Property, plant, and equipment are stated at historical cost less straight-line accumulated depreciation, adjusted for any impairment charges. Parts of property, plant and equipment with a cost that is significant in relation to the total cost of the item are depreciated separately. Land is not depreciated as it is considered to have an unlimited useful life. All other depreciation is calculated using the straight-line method and is based on the following estimated useful lives:

Land improvements	15 years
Buildings	10–40 years
Machinery and technical installations	3–15 years
Other equipment	3–10 years

Total impairment in 2020 was SEK 0m (0) on buildings and land, and SEK 15m (0) on machinery and other equipment and SEK 0m (0) on plants under construction.

Note 12 Property, plant and equipment, continued

Parent company

SEKm	Land and land improvements	Buildings	Machinery and technical installations	Other equipment	Plants under construction and advances	Total
Acquisition costs						
Opening balance, January 1, 2019	8	86	410	76	54	634
Acquired during the year	-	-	5	1	16	22
Transfer of work in progress and advances	-	-	-	-	-	-
Closing balance, December 31, 2019	8	86	415	77	70	656
Acquired during the year	-	-	9	3	3	15
Transfer of work in progress and advances	-	-	63	4	-67	-
Closing balance, December 31, 2020	8	86	487	84	6	671
Accumulated depreciation						
Opening balance, January 1, 2019	3	18	321	71	0	413
Depreciation for the year	-	2	15	4	-	21
Closing balance, December 31, 2019	3	20	336	75	0	434
Depreciation for the year	1	2	20	3	-	26
Closing balance, December 31, 2020	4	22	356	78	0	460
Net carrying amount, December 31, 2019	5	66	79	2	70	222
Net carrying amount, December 31, 2020	4	64	131	6	6	211

Note 13 Goodwill and other intangible assets

Goodwill

Goodwill is recognised as an indefinite life intangible asset at cost less accumulated impairment losses.

Product development

Electrolux Professional capitalizes expenses for certain own development of new products provided that the level of certainty of their future economic benefits and useful life is high. The intangible asset is only recognized if the product is sellable on existing markets and that resources exist to complete the development. Only expenditures which are directly attributable to the new product's development are recognized. Capitalized development costs are amortized over their useful lives, between 3 and 5 years, using the straight-line method.

Software

Acquired software licenses and development expenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over useful lives, between 3 and 5 years, using the straight-line method.

Trademarks

Trademarks are reported at historical cost less amortization and impairment. Trademarks are amortized over their useful lives, estimated to 5 to 10 years, using the straight-line method.

Customer relationships

Customer relationships are recognized at fair value in connection with acquisitions. The values of these relationships are amortized over the estimated useful lives, between 5 and 15 years, using the straight-line method.

Intangible assets with indefinite useful lives

Goodwill as at December 31, 2020, had a total carrying value of SEK 1,690m (1,821). The allocation, for impairment-testing purposes, on cash-generating units is shown in the table below.

All intangible assets with indefinite useful lives are tested for impairment at least once every year to ensure that the value does not deviate negatively from the carrying value and hence if there is any indication of impairment. Single assets are tested more often in case there are indications of impairment. The recoverable amounts of the cash-generating units have been determined based on value in use calculations. The cash-generating units equal the segments. Costs

related to group services are carried by the cash-generating units and therefore included in the impairment testing of each cash-generating unit. Common group costs that cannot be allocated on a reasonable and consistent basis to any of the individual cash generating units are included in impairment testing on the total carrying amount of all cash-generating units combined.

Value in use is calculated using the discounted cash flow model based on by Group management approved forecasts for the coming four years. The forecasts are built up from the estimate of the units within each segment for an individual cash generating unit. The preparation of the forecast requires a number of key assumptions such as volume, price, product mix, prices for raw material and components, which will create a basis for future growth and gross margin. These figures are set in relation to historic figures and external reports on market growth. The cash flow for the last year of the four-year period is used as the base for the perpetuity calculation. The discount rates are based on the pre-tax Group WACC (Weighted Average Cost of Capital) with adjustment for country specific risk premiums and inflation rates for each individual country. The individual country discount rates are used to calculate a weighted average discount rate for the cash-generating units. The cash-generating units are basically operating in the same geographical areas, therefore the same discount rate is used.

The pre-tax discount rate used in 2020 were 11.4% (9.3). For the calculation of the in-perpetuity value, Gordon's growth model is used. According to Gordon's model, the terminal value of a growing cash flow is calculated as the starting cash flow divided by cost of capital less the growth rate. Cost of capital less growth of 2% (2) is 9.4% (7.3). The impairment-testing for 2020 did not lead to any impairment.

Group management has made the assessment that reasonable changes in key assumptions, including sensitivity analyses and worst case scenarios, will not lead to the calculated total recoverable amount of the cash-generating units being lower than their total carrying amount.

Goodwill and discount rates

SEKm	2020		2019	
	Goodwill	Discount rate, %	Goodwill	Discount rate, %
Food & Beverage	1,398	11.4	1,518	9.3
Laundry	292	11.4	303	9.3
Total	1,690		1,821	

Note 13 Goodwill and other intangible assets, continued

SEKm	Group Other intangible assets					Total other intangible assets	Parent company Total Intangible assets
	Goodwill	Product development	Customer relations	Trademarks	Other		
Acquisition costs							
Opening balance, January 1, 2019	1,438	96	265	74	75	510	18
Acquired during the year	-	-	-	-	5	5	97
Acquisition of operations	344	-	20	14	2	36	-
Internally developed	-	9	-	-	-	9	-
Sales, scrapping etc.	-	-	-	-	-2	-2	-
Exchange-rate differences	39	2	7	2	3	14	-
Closing balance, December 31, 2019	1,821	107	292	90	83	572	115
Acquired during the year	-	1	-	-	5	6	-
Acquisition of operations	-	-	-	-	-	-	-
Internally developed	-	-	-	-	-	-	-
Sales, scrapping etc.	-	-	-	-	-	-	-
Exchange-rate differences	-131	-3	-20	-7	-8	-38	-
Closing balance, December 31, 2020	1,690	105	272	84	80	540	115
Accumulated amortization							
Opening balance, January 1, 2019	-	46	31	9	30	116	-
Amortization for the year	-	13	32	6	15	66	9
Sales, scrapping etc.	-	-	-	-	-2	-2	-
Exchange-rate differences	-	1	1	-	2	4	-
Closing balance, December 31, 2019	-	60	64	15	45	184	9
Amortization for the year	-	12	30	13	14	69	22
Sales, scrapping etc.	-	-	-	-	-	-	-
Exchange-rate differences	-	-3	-7	-2	-6	-18	-
Closing balance, December 31, 2020	-	69	87	26	53	235	31
Carrying amount, December 31, 2019	1,821	47	228	75	38	388	106
Carrying amount, December 31, 2020	1,690	36	185	58	27	305	84

Amortization of intangible assets is included within Cost of goods sold with SEK 25m (26), Administrative expenses with SEK 2m (6) and Selling expenses with SEK 42m (34) in the consolidated statement of comprehensive income. Electrolux Professional did not capitalize any borrowing costs during 2020 nor 2019.

Note 14 Other non-current assets

SEKm	Group		Parent Company	
	2020	2019	2020	2019
Shares in subsidiaries	-	-	6,147	8,175
Long-term operational receivables	27	33	-	-
Total	27	33	6,147	8,175

Long-term operational receivables include for example deposits and other operating customer receivables.

Parent Company Shares in subsidiaries

SEKm	2020	2019
Accumulated cost		
Opening balance, January 1	8,175	-
Investments	-	6,180
Shareholders' contribution	11	1,995
Closing balance, December 31	8,186	8,175
Accumulated impairment		
Opening balance, January 1	-	-
Impairment	2,039	-
Closing balance, December 31	2,039	-
Total	6,147	8,175

Note 15 Inventories

SEKm	Group		Parent Company	
	2020	2019	2020	2019
Raw materials	374	434	31	34
Work in progress	19	31	17	17
Finished products	692	797	146	123
Advances to suppliers	1	3	-	-
Total	1,086	1,265	194	174

Inventories and work in progress are valued at the lower of cost, at normal capacity utilization, and net realizable value. 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 make the sale at market value. The cost of finished goods and work in progress comprises development costs, direct materials, direct labor, tooling costs, other direct costs and related production overheads. The cost of inventories is assigned by using the weighted average cost formula. Provisions for obsolescence are included in the value for inventory.

The cost of inventories recognized as expense and included in Cost of goods sold amounted to SEK 4,105m (5,107) for the Group.

Write-downs due to obsolescence amounted to SEK 140m (38) and reversals, due to scrapping or sale, of previous write-downs amounted to SEK 85m (33) for the Group. The amounts have been included in the item Cost of goods sold in the statement of comprehensive income.

Note 16 Other current assets

SEKm	2020	2019
VAT liabilities	146	84
Prepaid expenses and accrued income	53	55
Prepaid interest expenses and accrued interest income	1	2
Derivatives	12	4
Miscellaneous short-term receivables	32	128
Total	244	273

Miscellaneous short-term receivables include for example, claims related to operational taxes and advances to employees.

Note 17 Trade receivables

SEKm	Group		Parent Company	
	2020	2019	2020	2019
Trade receivables	1,365	1,753	257	243
Provisions for expected credit loss	-100	-66	-10	-1
Trade receivables, net	1,265	1,687	247	242
Provisions in relation to trade receivables, %	7.3	3.8	3.9	0.4

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for expected losses. The Group applies the simplified approach for trade receivables and uses a matrix to estimate the expected losses. The change in amount of the provision is recognized in the consolidated statement of comprehensive income within selling expenses. The general expected credit loss calculation is based on the historical loss rate adjusted with forward looking country level GDP information. Moreover, specific factors such as customer credit rating, signs of bankruptcy, officially known insolvency etc. is taken into account and could form part of an individual assessment. The effect from changes in the forward looking factors is insignificant. Electrolux Professional uses credit insurance as a mean of protection against credit risks. For accounts receivable that are not due and due up to 180 days, 0.38% is reserved. Accounts receivable that are due over 6 months but less than one year are reserved to 50% and accounts receivable that are due more than 12 months are reserved to 100%. The percentages refer to the end of the year. Based on historical experience, default is not considered until after 180 days past due.

Provisions for expected credit loss

SEKm	Group		Parent Company	
	2020	2019	2020	2019
Provisions, January 1	-66	-70	-1	-1
Acquisition of operations	-	-1	-	-
New provisions	-42	-4	-10	-
Actual credit losses	4	11	1	-
Exchange-rate differences and other changes	4	-2	-	-
Provisions, December 31	-100	-66	-10	-1

The fair value of trade receivables equals their carrying amount, as the impact of discounting is not significant. The creation and usage of provisions for expected losses and impaired receivables have been included in selling expenses in the consolidated statement of comprehensive income.

Aging analysis of trade receivables past due

SEKm	Group		Parent Company	
	2020	2019	2020	2019
Trade receivables not overdue	1,102	1,460	246	230
Past due 1-15 days	45	63	1	8
Past due 16-60 days	54	90	-	2
2-6 months overdue	43	74	-	2
6-12 months overdue	22	-	-	-
Total trade receivables	1,265	1,687	247	242

Trade receivables are disclosed net of expected credit loss in the above table.

Note 18 Financial instruments

Additional and complementary information is presented in the following notes: Note 2, Financial risk management, describes the Group's risk policies in general and regarding the principal financial instruments of Electrolux Professional in more detail. Note 17, Trade receivables, describes the trade receivables and related credit risks.

The information in this note highlights and describes the principal financial instruments of the Group regarding specific major terms and conditions when applicable, and the exposure to risk and the fair values at year end.

Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognized when the entity becomes party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value

Note 18 Financial instruments, continued

through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss.

Financial assets

Classification and subsequent measurement

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

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

The classification requirements for debt and equity instruments are described below.

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as trade receivables, loan receivables as well as government bonds.

The Group classifies its debt instruments into one of the following two measurement categories:

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and are not designated as FVPL, are measured at amortized cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognized (see "Impairment and expected losses" below). Interest income from these financial assets is included in the financial net using the effective interest rate method.

Fair value through profit or loss (FVTPL): Assets that do not meet the criteria for amortized cost are measured at fair value through profit and loss. A gain or loss on a financial debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in the financial net in the period in which it arises. Interest income from these financial assets is included in the financial net using the effective interest rate method. Trade receivables sold on non-recourse terms are categorized as 'Hold to Sell' with gain or loss reported in operating income.

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

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Gains and losses on equity investments at FVPL are included in the financial net. The Group does not have any investments in equity instruments.

Impairment and expected loss

The Group assesses on a forward-looking basis expected credit losses (ECL) associated with its financial assets not carried at fair value. Based on this, the Group recognizes a provision for such potential losses at each reporting date. The measurement of ECL reflects an unbiased and probability-weighted amount based on reasonable and supportable information available such as past events, current conditions and forecasts of future economic conditions.

For receivables other than trade receivables a rating model is utilized to assign a probability of default to calculate the provision. For cash, a rating-based approach is used to estimate a probability of default for each counterparty. Due to the high ratings of the counterparties and the short maturity the impairment amounts are insignificant. For trade receivables, the Group applies the 'simplified approach'.

Derecognition

Financial assets, or a portion thereof, are derecognized when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group transfers substantially all the risks and rewards of ownership, or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

Financial liabilities

Classification and subsequent measurement

All of the Group's financial liabilities, excluding derivatives, are classified as subsequently measured at amortized cost.

Derecognition

A financial liability is derecognized when it is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expires.

Derivatives

Derivatives are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Fair value gain or loss related to derivatives is recognized in profit or loss. Hedge accounting is not applied.

Note 18 Financial instruments, continued

Net debt

At year-end 2020, the Group's net debt amounted to SEK 549m (1,025). The table below presents how the Group calculates net debt and what it consists of.

Net debt

SEKm	December 31, 2020	December 31, 2019
Short-term loans	403	4
Short-term loans, Electrolux Group	-	990
Short-term borrowings	403	994
Financial derivative liabilities	6	4
Accrued interest expenses and prepaid interest income	2	8
Other financial liabilities, Electrolux Group	-	234
Total short-term borrowings	412	1,241
Long-term borrowings	601	3
Long-term borrowings	601	3
Total borrowings¹	1,012	1,244
Cash and cash equivalents	797	651
Financial derivative assets	12	4
Prepaid interest expenses and accrued interest income	1	2
Liquid funds	810	656
Financial net debt (total borrowings less liquid funds)	202	588
Lease liabilities	216	243
Net provisions for post-employment benefits	131	195
Net debt	549	1,025

1) Whereof interest-bearing borrowings amounting to SEK 1,004m as of December 31, 2020 (997).

Liquid funds

Liquid funds as defined by the Group consist of cash and cash equivalents, short-term investments, financial derivative assets and prepaid interest expenses and accrued interest income. Cash and cash equivalents consist of cash on hand, bank deposits and other short-term highly liquid investments with a maturity of 3 months or less.

The table below presents the key data of liquid funds. The carrying amount of liquid funds is approximately equal to fair value.

Liquidity profile

SEKm	December 31, 2020	December 31, 2019
Cash and cash equivalents	797	651
Financial derivative assets	12	4
Prepaid interest expenses and accrued interest income	1	2
Liquid funds	810	656
Less total short-term borrowings	412	1,241
Net liquidity	398	-585

Interest-bearing liabilities

Borrowings are initially recognized at fair value of the funds received net of transaction costs incurred. After initial recognition, borrowings are valued at amortized cost using the effective interest rate method.

At year-end 2020, the Group's total interest-bearing borrowings amounted to SEK 1,004m, of which SEK 601m referred to long-term borrowings. Short-term borrowings consisted of SEK 403m. The majority of total borrowings is raised at parent company level. On February 21, 2020, Electrolux Professional AB entered into a EUR 250m multi-currency revolving credit facilities agreement and on March 6, 2020 a bilateral term loan of SEK 600m was entered in to with AB Svensk Exportkredit. The revolving credit facilities has a tenor of five years (with extension options) and the term loan has a tenure of seven years. EUR 40m of the revolving credit facility was utilized on December 31, 2020. At year-end 2020, the average interest-fixing period for long and short-term borrowings was 1.1 years. The calculation of the average interest-fixing period includes the effect of interest-rate swaps used to manage the interest-rate risk of the debt portfolio. The fair value of the interest-bearing borrowings was SEK 999m. The fair value including swap transactions used to manage the interest fixing was approximately SEK 999m.

Note 18 Financial instruments, continued

Changes in liabilities arising from financing

Group	Cash flow					Non-cash flow				
	Opening balance	Amortization	New debt	Net cash change	Change in financial liabilities, Electrolux Group	Reclas-sifications	Acquisi-tions	Additions /cancel-lations	Exchange rate differences	Closing balance
2020 SEKm										
Long-term borrowings (including short-term part of long-term)	3	-1	600	-	-	-1	-	-	0	601
Short-term borrowings (including factoring with recourse)	994	-902	1,315	-	-990	-	-	-	-14	403
Lease liabilities	243	-82	-	-	-	-1	-	68	-13	216
Total	1,240	-985	1,915	-	-990	-2	-	68	-27	1,219

Group	Cash flow					Non-cash flow				
	Opening balance	Amortization	New debt	Net cash change	Change in financial liabilities, Electrolux Group	Reclas-sifications	Acquisi-tions	Additions /cancel-lations	Exchange rate differences	Closing balance
2019 SEKm										
Long-term borrowings (including short-term part of long-term)	63	-36	-	-	-38	-16	33	-	-3	3
Short-term borrowings (including factoring with recourse)	126	-	-	-32	896	-	5	-	-1	994
Lease liabilities	176	-83	-	-	-	-	31	115	4	243
Total	365	-119	-	-32	858	-16	68	115	3	1,240

Parent Company	Cash flow					Non-cash flow					
	Opening balance	Amor-tization external debt	New debt	Net cash change	Change in financial liabilities, Electrolux Group	Change in financial liabilities, sub-sidiaries	Reclas-sifications	Acquisi-tions	Addi-tions / cancel-lations	Exchange rate differences	Closing balance
2020 SEKm											
Long-term borrowings (including short-term part of long-term)	-	-	600	-	-	-	-	-	-	-	600
Short-term borrowings (including factoring with recourse)	1,164	-897	1,315	-	-990	12	-	-	-	-12	592 ¹
Total	1,164	-897	1,915	-	-990	12	-	-	-	-12	1,192

1) Of the SEK 592m, SEK 402m is presented as short-term borrowings in the balance sheet and SEK 190m is disclosed as part of payables to subsidiaries.

Note 18 Financial instruments, continued

Parent Company	Cash flow						Non-cash flow				
	Opening balance	Amortization external debt	New debt	Net cash change	Change in financial liabilities, Electrolux Group	Change in financial liabilities, subsidiaries	Reclas-sifications	Acquisi-tions	Additions /cancel-lations	Exchange rate differences	Closing balance
2019 SEKm											
Long-term borrowings (including short-term part of long-term)	-	-	-	-	-	-	-	-	-	-	-
Short-term borrowings (including factoring with recourse)	-	-	-	-	990	177	-	-	-	-3	1,164
Total	-	-	-	-	990	177	-	-	-	-3	1,164

The table below sets out the carrying amount of the Group's borrowings.

Group	Carrying amount	
	December 31, 2020	December 31, 2019
SEKm		
Long-term borrowings		
Other bank loans	601	3
Total long-term loans	601	3
Short-term borrowings		
Other bank loans	403	44
Loans from Electrolux Group	-	990
Total short-term loans	403	994
Total borrowings	1,004	997
Lease liabilities		
Long-term lease liabilities	151	172
Short-term lease liabilities	65	72
Total lease liabilities	216	243

Parent Company	Carrying amount	
	December 31, 2020	December 31, 2019
SEKm		
Long-term borrowings		
Other bank loans	600	-
Total long-term loans	600	-
Short-term borrowings		
Other bank loans	402	-
Loans from Electrolux Group	-	990
Loan from subsidiaries	190	174
Total short-term loans	592	1,164
Total borrowings	1,192	1,164

Note 18 Financial instruments, continued

Repayment schedule of long-term borrowings, December 31, 2020

SEKm	2021	2022	2023	2024	2025	2026–	Total
Bank and other loans	-	-	-	-	-	-600	-600
Total	-	-	-	-	-	-600	-600

Commercial flows

The Electrolux Professional Financial Policy, effective as of October 1, 2019, states that:

- Currency exposure in operational units could be hedged on a case by case basis. Forecasted flows should normally not be hedged, as these exposures should be mitigated with natural hedges and price adjustments.

- The Head of Group Treasury and M&A is authorized to approve hedging of known flows, such as internal dividends or M&A-related payments, that due to timing reasons cause a temporary exposure to the Group.

The table below shows the forecasted transaction flows, imports and exports, for the 12-month period of 2021, at year-end 2020. At year-end 2020 no hedges exists

Forecasted transaction flows and hedges

SEKm	THB	EUR	SEK	CZK	RUB	NOK	DKK	CNY	GBP	USD	Other	Total
Inflow of currency, long position	881	872	86	38	58	60	83	83	158	508	204	3,032
Outflow of currency, short position	-1,230	-1,169	-360	0	0	0	-8	0	-18	-110	-139	-3,032
Net transaction flow	-349	-296	-274	38	58	60	76	83	140	398	65	0

Maturity profile of financial liabilities and derivatives

The table below presents the undiscounted cash flows of the Group's contractual liabilities related to financial instruments based on the remaining period at the balance sheet date to the contractual maturity date. Floating interest cash flows with future fixing dates are estimated using the forward-forward interest rates at year-end. Any cash flow in foreign currency is converted to Swedish krona using the FX spot

rates at year-end. The short-term liabilities from account payables are matched by positive cash flow from trade receivables. The loan maturities can be offset by the available liquidity and/or a combination of new issued bonds, commercial papers or bank and bilateral loans. On top of the other sources, Electrolux Professional entered into a committed revolving credit facility and a bilateral loan as stated above (interest-bearing liabilities).

Maturity profile of financial liabilities and derivatives – undiscounted cash flows

Group SEKm	<= 0.5 year	> 0.5 year < 1 year	> 1 years < 2 years	> 2 years < 5 years	> 5 years	Total
Loans	-407	-3	-6	-18	-607	-1,041
Lease liabilities	-37	-37	-57	-85	-28	-244
Gross settled derivatives	5	-	-	-	-	5
whereof outflow	-967	-	-	-	-	-967
whereof inflow	972	-	-	-	-	972
Trade payables	-1,289	-	-	-	-	-1,289
Total	-1,728	-40	-63	-103	-635	-2,569

Note 18 Financial instruments, continued

Maturity profile of financial liabilities and derivatives – undiscounted cash flows

Parent Company SEKm	<= 0.5 year	> 0.5 year < 1 year	> 1 years < 2 years	> 2 years < 5 years	> 5 years	Total
Loans	-406	-3	-6	-18	-607	-1,040
Loans from subsidiaries	-190	-	-	-	-	-190
Gross settled derivatives	5	-	-	-	-	5
whereof outflow	-967	-	-	-	-	-967
whereof inflow	972	-	-	-	-	972
Trade payables	-401	-	-	-	-	-401
Other financial liabilities, subsidiaries	-439	-	-	-	-	-439
Total	-1,431	-3	-6	-18	-607	-2,065

Net gain/loss, fair value and carrying amount of financial instruments

The tables below present net gain/loss of financial instruments, the effect in profit or loss and other comprehensive income, and the fair value and carrying amount of financial assets and liabilities. Net gain/loss can include both exchange-rate differences and gain/loss due to changes in interest-rate levels.

Net gain/loss, income and expense of financial instruments

Group SEKm	2020			2019		
	Gain/loss in profit or loss	Interest income	Interest expense	Gain/loss in profit or loss	Interest income	Interest expense
Recognized in operating income						
Financial assets and liabilities at amortized cost	-3	-	-	-19	-	-
Total net gain/loss, income and expense	-3	-	-	-19	-	-
Recognized in financial items						
Financial assets and liabilities at fair value through profit or loss	-6	-	-1	1	-	-
Financial assets at amortized cost	2	4	-	-	12	-
Other financial liabilities at amortized cost	3	-	-13	-	-	-20
Total net gain/loss, income and expense	-1	4	-14	1	12	-20

Note 18 Financial instruments, continued

Net gain/loss, income and expense of financial instruments

Parent Company SEKm	2020			2019		
	Gain/loss in profit or loss	Interest income	Interest expense	Gain/loss in profit or loss	Interest income	Interest expense
Recognized in operating income						
Financial assets and liabilities at amortized cost	-6	-	-8	-	-	-
Total net gain/loss, income and expense	-6	-	-8	-	-	-
Recognized in financial items						
Financial assets and liabilities at fair value through profit or loss	-4	-	-1	-	-	-
Financial assets at amortized cost	-32	11	-	-	2	-
Other financial liabilities at amortized cost	37	-	-13	-3	-	-10
Total net gain/loss, income and expense	1	11	-14	-3	2	-10

Fair value and carrying amount of financial assets and liabilities

Group SEKm	2020 ¹		2019 ¹	
	Hierarchy level	Carrying amount	Hierarchy level	Carrying amount
Financial assets		0		0
Financial assets at fair value through profit or loss	3	0	3	0
Trade receivables		1,265		1,688
Financial assets at amortized cost		1,265		1,688
Derivatives		12		4
Financial assets at fair value through profit or loss	2	12	2	4
Cash and cash equivalents		797		651
Financial assets at amortized cost		797		651
Total financial assets		2,074		2,344
Financial liabilities				
Long-term borrowings		601		3
Financial liabilities at amortized cost		601		3
Trade payables		1,289		1,606
Financial liabilities at amortized cost		1,289		1,606
Short-term borrowings		403		1,228
Financial liabilities at amortized cost		403		1,228
Derivatives		6		5
Financial liabilities at fair value through profit or loss	2	6	2	5
Total financial liabilities		2,299		2,843

1) Carrying amount equals fair value except for long-term borrowings where the fair value is SEK 5m (-) lower than the carrying amount. The calculation of fair value on the Group's borrowings is level 2 in the fair value hierarchy.

Note 18 Financial instruments, continued

Fair value and carrying amount of financial assets and liabilities

Parent Company SEKm	2020 ¹		2019 ¹	
	Hierarchy level	Carrying amount	Hierarchy level	Carrying amount
Trade receivables		353		348
Financial assets at amortized cost		247		242
Financial assets at amortized cost, subsidiaries		106		106
Derivatives		12		4
Financial assets at fair value through profit or loss	2	12	2	4
Short-term financial assets		862		1,076
Financial assets at amortized cost, subsidiaries		862		1,076
Cash and cash equivalents		425		205
Financial assets at amortized cost		425		205
Total financial assets		1,652		1,633
Financial liabilities				
Long-term borrowings		600		-
Financial liabilities at amortized cost		600		-
Trade payables		401		558
Financial liabilities at amortized cost		253		320
Financial liabilities at amortized cost, subsidiaries		148		238
Short-term borrowings²		1,031		1,448
Financial liabilities at amortized cost		402		284
Financial liabilities at amortized cost, Electrolux Group		-		990
Financial liabilities at amortized cost, subsidiaries		629		174
Derivatives		6		4
Financial liabilities at fair value through profit or loss	2	6	2	4
Total financial liabilities		2,038		2,010

1) Carrying amount equals fair value except for long-term borrowings where the fair value is SEK 5m (-) lower than the carrying amount. The calculation of fair value on the Parent Company's borrowings is level 2 in the fair value hierarchy.

2) Of the SEK 1,031m, SEK 402m is presented in the balance sheet as short-term borrowings and SEK 777m is disclosed as part of payables to subsidiaries.

Fair value estimation

Valuation of financial instruments at fair value is done at the most accurate market prices available. Instruments which are quoted on the market, e.g., the major bond and interest-rate future markets, are all marked-to-market with the current price. The foreign-exchange spot rate is used to convert the value into SEK. For instruments where no reliable price is available on the market, cash flows are discounted using the deposit/swap curve of the cash flow currency. If no proper cash flow schedule is available, e.g., as in the case with forward-rate agreements, the underlying schedule is used for valuation purposes. To the extent option instruments are used, the valuation is based on the Black & Scholes formula.

The carrying value, less impairment, of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market-interest rate that is available to the Group for similar financial instruments. The Group's financial assets and liabilities are measured at fair value according to the following hierarchy:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in level 1 that are observable for assets or liabilities either directly or indirectly.

Level 3: Inputs for the assets or liabilities that are not entirely based on observable market data.

Note 19 Assets pledged for liabilities to credit institutions

There are no pledged assets to be disclosed for 2020 nor for 2019.

Note 20 Share capital, number of shares and earnings per share

The equity attributable to equity holders of the Parent Company consists of the following items.

Share capital

As per December 31, 2020, the share capital of Electrolux Professional AB consisted of 8,120,527 Class A shares with a quota value of SEK 0.1 per share and 279,276,923 Class B shares with a quota value of SEK 0.1. All shares are fully paid. All shares entitle the holder to the same proportion of assets and earnings, and carry equal rights in terms of dividends.

On the Annual General Meeting 2020, the shareholders resolved on a bonus issue. The purpose of the bonus issue was to increase the share capital as well as the number of shares to reflect the share capital structure of Electrolux ahead of the separation of Electrolux Professional from the Electrolux Group.

Share capital

SEKm	Share capital
Share capital, December 31, 2019	
25,000 A-shares, with a quota value of SEK 1,000	25
Total	25
Share capital, December 31, 2020	
8,120,527 A-shares, with a quota value of SEK 0.1	1
279,276,923 B-shares, with a quota value of SEK 0.1	28
Total	29

Number of shares

	Owned by other shareholders
Shares, December 31, 2019	
Class A shares	25,000
Class B shares	-
Total	25,000
Bonus issue	
Class A shares	8,167,539
Class B shares	279,204,911
Total number of shares	
Class A shares	8,192,539
Class B shares	279,204,911
Total	287,397,450
Conversion of Class A shares into Class B shares	
Class A shares	-72,012
Class B shares	72,012
Shares, December 31, 2020	
Class A shares	8,120,527
Class B shares	279,276,923
Total	287,397,450

Other paid-in capital

Other paid-in capital relates to payments made by owners and includes share premiums paid.

Other reserves

Other reserves includes exchange-rate differences on translation of foreign operations which refer to changes in exchange rates when net investments in foreign subsidiaries are translated to SEK.

Note 20 Share capital, number of shares and earnings per share, continued

Retained earnings

Retained earnings, including income for the period, include the income of the Parent Company and its share of income in subsidiaries. Retained earnings also include transactions with shareholders, remeasurement of provision for post-employment benefits, income from sales of own shares and the amount recognized for the common dividend.

Earnings per share

SEKm	2020	2019
Income for the period	278	663
Earnings per share		
Basic, SEK	0.97	2.31
Diluted, SEK	0.97	2.31
Average number of shares, million		
Basic	287.4	287.4
Diluted	287.4	287.4

Basic and diluted earnings per share is calculated by dividing the income for the period attributable to the equity holders of the Parent Company with the average number of shares. For 2019, the calculation of earnings per share has been based on the average number of shares outstanding in AB Electrolux during 2019. This is considered more relevant given the intention to reflect the same share structure that exists in AB Electrolux in Electrolux Professional AB due to the proposed distribution of the Group. The calculation of earnings per share for each year presented in these consoli-

dated financial statements is based on the Group's net profit/loss attributable to the shareholders of the parent company, divided by the average number of shares outstanding before and after dilution.

The average number of shares during 2020 has been 287,397,450 (287,397,450).

Other transactions with shareholders, Electrolux Group

SEKm	2020	2019
Tax adjustment	-	69
Group contribution	-	-238
Post employment benefits	-	19
Transfer of assets and liabilities	-	-8,672
Total	-	-8,822

Transactions related to transfer of assets and liabilities as part of the formation of the Electrolux Professional Group between Electrolux Group and Electrolux Professional Group have been classified as transactions with shareholders. During 2019, asset and liabilities were transferred to Electrolux Professional without any consideration paid. During the latter half of 2019, a major legal restructuring was executed to form the legal Electrolux Professional group and a number of transactions took place where Electrolux Professional paid consideration for the asset and liabilities legally transferred, which, Electrolux Professional already had recognized in its combined financial statements.

Note 21 Post-employment benefits

Post-employment benefits

The Group sponsors pension plans in many of the countries in which it has activities. Pension plans can be defined contribution or defined benefit plans or a combination of both. Under defined contribution plans, the company's commitment is to make periodic payments to independent authorities or investment plans, and the level of benefits depends on the actual return on those investments. Under defined benefit pension plans, the company enters into a commitment to provide post-employment benefits based upon one or several parameters for which the outcome is not known at present. For example, benefits can be based on final salary, on career average salary, or on a fixed amount of money per year of employment.

The cost for pension is disaggregated into three components; service cost, financing cost or income and remeasurement effects. Service cost is reported within Operating income and classified as Cost of goods sold, Selling expenses or Administrative expenses depending on the function of the employee. Financing cost or income is recognized in the Financial items and the remeasurement effects in Other comprehensive income. The Projected Unit Credit Method is used to measure the present value of the obligations and costs.

Net provisions for post-employment benefits in the balance sheet represent the present value of the Group's obligations less market value of plan assets. The remeasurements of the obligations are made using actuarial assumptions at the balance sheet date determined at the balance sheet date. Changes in the present value of the obligations due to revised actuarial assumptions and experience adjustments on the obligation are recorded in Other comprehensive income as remeasurements. The actual return less calculated interest income on plan assets is also recorded in Other comprehensive income as remeasurements. Past-service costs are recognized immediately in income for the period.

The majority of the funded pension liability is attributable to the Swiss pension plan, where benefits are career average in nature. Contributions are paid to a pension foundation and a recovery plan has to be set up if the plan is underfunded on a local funding basis. Swiss laws do not state any specific way of calculating an employer's additional contribution and because of that there is normally no minimum funding requirement. Benefits are paid from the plan assets.

Note 21 Post-employment benefits, continued

In France and Italy, Electrolux Professional makes provisions for compulsory severance payments, these provisions cover the Group's commitment to pay employees a lump sum upon reaching retirement age, or upon the employees' dismissal or resignation, these plans are unfunded. Unfunded pension plans also exist in other countries within the Group, such as Austria, Thailand and Japan.

Commitments for retirement pension for salaried employees in Sweden related to ITP2 are guaranteed through insurance with Alecta. According to a statement from the Swedish Financial Reporting Board, UFR10, this is a defined benefit multi-employer plan. For the 2020 financial year, the company did not have access to information that would enable it to report its proportional share of the plan's obligation, plan assets and costs, which means that the plan could not be reported as a defined benefit plan, therefore reported as a defined contribution plan. On December 31, 2020, Alecta's surplus, which can be distributed between the policy holder and/or the persons insured in the form of the collective consolidation rate, amounted to 148% (142). The collective consolidation rate comprises the market value of Alecta's assets as a percentage of the insurance commitments produced in accordance with Alecta's actuarial calculation assumptions, which are not in agreement with IAS 19. The collective consolidation level is normally allowed to vary between 125 to 155%. If the collective consolidation level falls below 125%, one measure could be raising the contractual premiums for taking up new insurance and expanding existing benefits. If collective consolidation exceeds 155%, one action could be to implement premium reductions. Expected fees for the next reporting period for ITP2 insurance with Alecta amount to SEK 14m.

Explanation of amounts in the financial statements relating to defined benefit obligations is presented in the following table.

SEKm	December 31, 2020	December 31, 2019
Amounts included in the balance sheet		
Funded plans		
Present value of funded obligations	849	880
Fair value of plan assets (after change in asset ceiling)	-861	-832
Net amount (surplus)/deficit, funded plans	-12	48
Average duration of the obligation, years	14.6	13.5
Unfunded plans		
Present value of unfunded obligations	143	147
Average duration of the obligation, years	8.7	8.9
Total net amount (surplus)/deficit	131	195
Whereof reported as		
Pension plan assets	21	13
Provisions for post-employment benefit plans	152	208
Amounts included in total comprehensive income		
Service cost ¹	16	-69
Net interest	1	2
Remeasurements (gain)/loss	-83	33
Total expense (gain) for defined benefit plans	-66	-34
Expense for defined contribution plans	44	62
Total pension cost	-22	28
Amounts included in the cash flow statement		
Contributions by the employer	10	10
Reimbursement	-13	-26
Benefits paid by the employer	7	16
Major assumptions for the valuation of the liability		
Funded plans		
Longevity, years, ²		
Male	22.6	22.5
Female	24.7	24.6
Inflation, % ³	1.0	1.3
Discount rate, %	0	0.1
Unfunded plans		
Inflation, % ³	1.6	1.7
Discount rate, %	0.4	0.5

1) Includes a gain of SEK 90m in Sweden, in 2019, due to settlement of ITP2.

2) Expressed as the average life expectancy of a 65 years old person in number of years.

3) General inflation impacting salary and pensions increase.

Note 21 Post-employment benefits, continued

Reconciliation of change in present value of funded and unfunded obligations

SEKm	2020	2019
Opening balance, January 1	1,027	1,419
Current service cost	15	18
Special events	-	1
Interest expense	1	13
Remeasurement arising from changes in financial assumptions	11	138
Remeasurement from changes in demographic assumptions	-	0
Remeasurement from experience	-6	-16
Contributions by plan participants	10	8
Benefits paid	-42	-58
Exchange differences	-35	41
Settlements and other	11	-537
Closing balance, December 31	992	1,027

Reconciliation of change in the fair value of plan assets

SEKm	2020	2019
Opening balance, January 1	832	1,200
Interest income ¹	1	11
Return on plan assets, excluding amounts included in interest ¹	89	92
Net contribution by employer	-3	-16
Contribution by plan participants	10	8
Benefits paid	-35	-42
Exchange differences	-33	37
Settlements and other	-	-458
Closing balance, December 31	861	832

1) The actual return on plan assets amounts to SEK 90m (103)

Risks

There are mainly three categories of risks related to defined benefit obligations and pension plans. Increased longevity and inflation of salary and pensions may increase the future pension payments and, hence, increase the pension obligation. Pension plan assets are invested in a variety of financial instruments and are exposed to market fluctuations. The discount rate used for measuring the present value of the obligation may fluctuate which impacts the valuation of the Defined Benefit Obligation (DBO). The discount rate also impacts the size of the interest income and expense that is reported in the Financial items and the service cost. Expected salary increase and mortality assumptions are based on local conditions in each country and changes in those assumptions affect the measured obligation.

Below is the sensitivity analysis for the main financial assumptions and the potential impact on the present value of the defined pension obligation. Note that the sensitivities are not meant to express any view by Electrolux Professional on the probability of a change.

Sensitivity analysis on defined benefit obligation

SEKm	Total
Longevity +1 year	28
Inflation +0.5% ¹⁾	14
Discount rate +1%	-115
Discount rate -1%	161

1) The inflation change feeds through to other inflation-dependent assumptions, i.e., pension increases and salary growth.

In 2021, the Group expects to pay a total of SEK 18m in contributions to the pension funds and as payments of benefits directly to the employees.

Market value of plan assets by category

SEKm	2020	2019
Fixed income	260	267
Equity	291	240
Other alternative assets	83	61
Real estate	223	240
Cash	4	24
Total value of plan assets	861	832

Investment strategy and risk management

The assets in the foundations are managed professionally by asset managers who propose portfolio allocations based on a framework decided by the foundation boards. Risk related to pension obligations, e.g., mortality exposure and inflation, are monitored on an ongoing basis by the Group Finance Governance Board.

Governance

Defined benefit pensions and pension plan assets are governed by the Group Finance Governance Board, which resumes 3 to 4 times per year and has the following responsibilities:

- Approve the financial and actuarial assumptions to be used in the calculations of the Pension Funds' assets and liabilities.
- Initiate processes for new plans, changes to plans or termination of plans if such actions are found necessary.
- Approve the election of company representatives in the local Board of Trustees (or equivalent).

Parent Company

Commitments for retirement pension for salaried employees in Sweden related to ITP2 are guaranteed through insurance with Alecta, hence reported as a defined contribution plan, equal to ITP1.

Total pension expense for the Parent Company amounted SEK 15m (2). Expected fees for the next reporting period for ITP2 insurance with Alecta amount to SEK 14m.

Note 22 Other provisions

SEKm	Group				Parent Company			
	Provisions for re-structuring	Warranty commitments	Other	Total	Provisions for re-structuring	Warranty commitments	Other	Total
Opening balance, January 1, 2019	10	243	160	413	-	92	-	92
Acquisitions of operations	-	5	-	5	-	6	-	6
Provisions made	101	47	28	176	-	2	-	2
Provisions used	-24	-48	-60	-132	-	-4	-	-4
Unused amounts reversed	-	-6	-8	-14	-	-	-	0
Exchange-rate differences	-1	4	5	8	-	-	-	0
Closing balance, December 31, 2019	86	245	125	456	-	96	-	96
Of which current provisions	76	107	15	198	-	6	-	6
Of which non-current provisions	10	138	110	258	-	90	-	90
Opening balance, January 1, 2020	86	245	125	456	-	96	-	96
Acquisitions of operations	-	-	-	-	-	-	-	-
Provisions made	72	37	17	126	-	6	-	6
Provisions used	-59	-49	-12	-120	-	-4	-	-4
Unused amounts reversed	-1	-28	-10	-39	-	-	-	0
Exchange-rate differences	-3	-7	-8	-18	-	-	-	0
Closing balance, December 31, 2020	95	198	112	405	-	98	-	98
Of which current provisions	80	69	13	162	-	6	-	6
Of which non-current provisions	15	129	99	243	-	92	-	92

Provisions are recognized when the Group has a present 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 balance sheet date. Where the effect of time value of money is material, the amount recognized is the present value of the estimated expenditures.

Provisions for warranty are recognized at the date of sale of the products covered by the warranty and are calculated based on historical data for similar products. Provisions for warranty commitments are recognized as a consequence of the Group's policy to cover the cost of repair of defective products. The warranty period is based on local market conditions.

Restructuring provisions are recognized when the Group has both adopted a detailed formal plan for the restructuring and either started the plan implementation or communicated its main features to those affected by the restructuring. Provisions for restructuring represent the expected costs to be incurred as a consequence of the Group's decision to reduce personnel, both for newly acquired and since earlier owned companies. The amounts are based on management's best estimates and are adjusted when changes to these estimates are known.

Other provisions mainly include provisions for environmental liabilities, litigations other than warranty related claims and employee related provisions. The timing of any resulting outflows for other provisions are uncertain.

Note 23 Other liabilities

SEKm	Group		Parent Company	
	2020	2019	2020	2019
Accrued holiday pay	112	126	37	34
Other accrued payroll costs	100	145	24	39
Accrued interest expenses	2	8	-	-
Other prepaid income	20	10	-	-
Other accrued expenses	112	159 ¹	23	15
Accrued expenses and prepaid income to Electrolux Group	-	23	-	-
Contract liabilities ²	353	341	85	77
VAT liabilities	101	86	-	-
Personnel related liabilities	127	138	26	17
Other operating liabilities	55	82	-	-
Derivatives	6	4	6	4
Derivatives to Electrolux Group	-	1	-	-
Other financial liabilities to Electrolux Group	-	234	-	-
Other liabilities to Electrolux Group	-	4	-	-
Total	988	1,361	201	186

1) For 2019, SEK 36m have been reclassified to contract liabilities.

2) Movement in contract liabilities 2020 and 2019 is presented in note 4.

Note 24 Contingent liabilities

SEKm	Group		Parent Company	
	2020	2019	2020	2019
Contingent liabilities	129	126	76	41
Total	129	126	76	41

On January 21, 2020, a supplier filed a lawsuit in Italy against Electrolux Professional. The claimed amount was EUR 11.3m but was during the third quarter increased to EUR 12.1m, approximately SEK 121m, and covers alleged damages related to products and prices during the contractual period and compensation for costs and damages resulting from the

allegedly wrongful termination of the supply agreement. Electrolux Professional rejects the claim but it cannot be ruled out that the final outcome could have a significant impact on Electrolux Professional's operating income and cash flow.

Parent Company

The Parent company has issued guarantees on behalf of some of its subsidiaries. The nominal amount is SEK 76m (41) of which the majority is related to guarantees for leasing of vehicles and credit cards for employees. The likelihood for these guarantees to be utilized is considered low.

Note 25 Acquired and divested operations

Acquired operations

SEKm	2019
Consideration	
Cash paid for acquisitions made during the year	410
Deferred	-
Total consideration	410
Recognized amounts of assets acquired and liabilities assumed	
Property plant and equipment, owned	13
Property plant and equipment, right-of-use	31
Intangible assets	52
Inventories	63
Trade receivables ¹⁾	40
Other current and non-current assets	10
Trade payables	-26
Other operating liabilities	-40
Total identifiable net assets acquired	142
Cash and cash equivalents	4
Lease liabilities	-31
Borrowings	-42
Assumed net debt	-69
Goodwill	336
Total	410
1) Trade receivables	
Trade receivables, gross	41
Provision for doubtful receivables	-1
Total	40

SEKm	2019
Payments for acquisitions	
Cash paid for acquisitions made during the year	410
Cash and cash equivalents in acquired operations	-4
Cash paid related to deferred consideration from acquisitions made in earlier years	35
Total paid	441

Acquisitions in 2020

No acquisitions have been made in 2020.

Acquisitions in 2019

Unic SAS

On April 24, 2019, the acquisition of the French producer of professional espresso coffee machines, Unic S.A.S, was completed by acquiring 100% of the shares in a cash deal. The purchase price for the shares amounted to EUR 39m with a net debt assumed, estimated at EUR 6.6m. The company's headquarters and main manufacturing facility are located in southern France, with subsidiaries in the U.S. and Japan. The acquisition was part of Electrolux Professional's strategy to grow with a complete offering of food service, beverage and laundry solutions. Together with previous acquisitions (Grindmaster-Cecilware in North America 2017 and SPM Drink Systems in Italy 2018), Unic complements the Electrolux Professional's portfolio of products for hot, cold and frozen beverages.

The Unic group's net sales and operating income in 2019 amounted to EUR 16.7m and EUR -1.6m, respectively, approximately SEK 176m and SEK -17m, respectively. The acquired operation contributes to Electrolux Professional's consolidated accounts in 2019 by EUR 10.7m in Net Sales and EUR -1.6m in operating income, approximately SEK 113m and SEK -17m, respectively. Goodwill recognized in the transaction mainly relates to synergies with Electrolux Professional's operations in this business segment. Goodwill is not expected to be deductible for income tax.

The business is included in the segment Food & Beverage.

Transaction costs

Transaction costs related to the acquisition in 2019 amount to SEK 3.5m and have been expensed as incurred during the acquisition process in 2019. The costs have been reported in operating income as group common cost.

Divested operations

No divestments have been made in 2020 nor 2019.

Note 26 Employees and remuneration

Employees and employee benefits

As of December 31, 2020, the number of employees was 3,515 (3,624).

Average number of employees, per country

	2020			2019		
	Women	Men	Total	Women	Men	Total
Parent company						
Sweden	142	425	567	125	444	569
Subsidiaries						
Australia	2	12	14	2	14	16
Austria	4	25	29	5	24	29
Belgium	-	2	2	-	-	-
Brazil	2	2	4	3	3	6
China	41	137	178	44	153	197
Croatia	2	4	6	3	3	6
Czech Republic	2	6	8	3	4	7
Denmark	12	34	46	14	35	49
Finland	13	28	41	12	29	41
France	96	312	408	94	261	355
Germany	67	148	215	63	164	227
Greece	1	4	5	1	5	6
Hungary	1	2	3	1	2	3
India	2	12	14	3	11	14
Italy	444	675	1,119	431	683	1,114
Japan	20	37	57	19	40	59
Malaysia	7	7	14	4	8	12
Netherlands	4	17	21	7	17	24
New Zealand	1	2	3	1	3	4
Norway	5	13	18	6	12	18
Poland	2	1	3	1	1	2
Russia	13	13	26	14	17	31
Singapore	9	19	28	11	17	28
Slovak Republic	8	6	14	6	8	14
South Korea	1	2	3	2	2	4
Spain	10	21	31	10	22	32
Switzerland	28	139	167	31	141	172
Thailand	80	197	277	78	216	294
Turkey	10	14	24	10	12	22
United Arab Emirates	1	10	11	2	9	11
United Kingdom	42	21	63	47	25	72
USA	48	106	154	51	111	162
Total	1,120	2,453	3,573	1,104	2,496	3,600

Note 26 Employees and remuneration, continued

Salaries, other remuneration and employer contributions

SEKm	2020			2019		
	Salaries and remuneration ^{1, 4}	Employer contributions ^{2, 5}	Total	Salaries and remuneration	Employer contributions ^{2, 3}	Total
Parent Company	284	124	408	245	11	256
whereof pension costs	-	30	30	-	-65	-65
Subsidiaries	1,255	356	1,611	1,421	426	1,847
whereof pension costs	-	30	30	-	50	50
Total Group	1,539	480	2,019	1,666	437	2,103
whereof pension costs	-	60	60	-	-7	-7

1) Includes government grants of SEK 95m (2) for the Group and SEK 10m (-) for the parent company.

2) According to local GAAP employer contributions in the parent company is SEK 109m (78), the difference of SEK 15m (-67) is due to pension reimbursement.

3) Includes settlement of pension liability to Alecta amounting to SEK 90m. The pension cost for parent company according to local GAAP is SEK 2m.

4) For the parent company salaries and remuneration of SEK 23m was paid by another legal entity in the group.

5) For the parent company social costs of SEK 6m (whereof pension costs SEK 1m) was paid by another legal entity in the group.

Salaries and remuneration for Board members, senior managers and other employees

SEKm	2020		
	Board members and senior managers	Other employees	Total
Parent Company	31	253	284
Others	43	1,212	1,255
Total Group	74	1,465	1,539

Of the Board members in Group companies, 24 were men and 4 women, of whom 4 men and 3 women in the Parent Company, excluding 2 union members. According to the definition of Senior managers in the Swedish Annual Accounts Act, the number of Senior managers in the Group

consisted of 12 men and 4 women, of whom 9 men and 2 women in the Parent Company. The total pension cost for Board members and senior managers in the Group amounted to SEK 4m.

Compensation to Board members

'000 SEK	2020		
	Ordinary compensation	Compensation for committee work	Total compensation
Kai Wärn, Chairman	1,750	125	1,875
Lorna Donatone	542	100	642
Hans Ola Meyer	583	175	758
Daniel Nodhäll	583	190	773
Martine Snels	500	75	575
Carsten Voigtländer	500	-	500
Katharine Clark	417	-	417
Ulf Karlsson	-	-	-
Joachim Nord	-	-	-
Per Magnusson	-	-	-
Total compensation	4,875	665	5,540

Compensation to the Board of Directors

The Annual General Meeting (AGM) determines the compensation to the Board of Directors for a period of one year until the next AGM, including the compensation for committee work. The compensation is distributed between the Chairman and other Board Members and is paid out

quarterly. The compensation paid in 2020 refers to retroactive compensation until the AGM in 2020 and three fourths of the compensation authorized by the AGM in 2020. Total compensation paid in cash 2020 amounted to SEK 5,540k, of which SEK 4,875k referred to ordinary compensation and SEK 665k to committee work.

Note 26 Employees and remuneration, continued

Remuneration guidelines for the Executive Management Team 2020

The guidelines for remuneration and other terms of employment for the Electrolux Professional Executive Management Team have been approved by the Annual General Meeting in 2020.

The Executive Management Team consists of the CEO and nine other members.

The remuneration terms shall emphasize 'pay for performance' and vary with the performance of the individual and the Group. The total remuneration for the Executive Management Team shall be tied strongly to the position held, be in line with market practice and may comprise the following components: annual fixed compensation, variable compensation and other benefits such as pension and insurance.

The following describes the guidelines in determining the amount of remuneration (the detailed guidelines can be found on page 91):

- Fixed compensation shall be competitive relative to the relevant country market and reflect the scope of the job responsibilities. Fixed compensation consists of annual base salary and may, if locally stipulated by mandatory collective agreement provisions, also include a fixed non-competition component. Base salary levels shall be reviewed periodically (usually annually) to ensure continued competitiveness and to recognize individual performance.
- Variable compensation may consist of both short term and long-term incentives. Following the 'pay for performance' principle, variable compensation shall represent a significant portion of the total compensation opportunity for the Executive Management Team. Variable compensation shall always be measured against pre-defined targets and have a maximum above which no payout shall be made. Both short-term incentives and long-term incentives entitlement shall be dependent on job level and the variable compensation may amount to not more than 100% of the annual base salary.
- Pension and Benefits such as old age- and survivor's pension, disability benefits and healthcare benefits shall be designed to reflect home country practices and requirements. When possible, pension plans shall be based on defined contribution. In individual cases, depending on provisions in collective bargaining agreements, tax and/or social security legislation to which the individual is subject, other schemes and mechanisms for pension benefits may be approved. Other benefits may consist of company car, housing and private health insurance.

The notice period for the President and CEO shall be 12 months if Electrolux Professional takes the initiative to terminate the employment and 6 months if the President and CEO takes the initiative to terminate the employment. For other members of the Executive Management Team the notice period shall be between 6 to 12 months if Electrolux Professional takes the initiative to terminate the employment and 3 to 6 months if the Executive Management Team member takes the initiative to terminate the employment.

In individual cases, contractual severance pay may be approved in addition to the notice periods.

The Board of Directors may temporarily resolve to deviate from the guidelines, in whole or in part, if in a specific case there is special cause for the deviation and a deviation is necessary to serve the Company's long-term interests, including its sustainability, or to ensure the Company's financial viability.

President and CEO

The remuneration package for the President and CEO comprises fixed cash compensation, variable compensation and other benefits such as pension and insurance. For the President and CEO, the annualized base salary for 2020 has been set at SEK 5.2m.

The variable compensation for the President and CEO consists of both short-term and long-term cash incentives and is based on fixed financial targets on Group level. Short term incentive can give a maximum of 100% of annual base salary and long-term incentive can give a maximum of 100% of annual base salary.

The notice period for the Company is 12 months and for the President and CEO 6 months. The President and CEO is entitled to severance pay of 12 months.

The President and CEO is accruing pension entitlements in accordance with Italian social security legislation for pension. A voluntary defined contribution pension scheme is offered (Previndai) where the Company matches contributions up to EUR 7,200 per year. In addition, the company also contributes to the Italian statutory TFR.

Healthcare benefits are provided in accordance with the collectively agreed plan rules of FASI and Assidai designed for Executives (Dirigenti).

Other Members of the Executive Management Team

Like the President and CEO, other members of the Executive Management Team receive a remuneration package that comprises fixed cash compensation, variable compensation and other benefits such as pension and insurance. Base salary is reviewed annually per January 1.

The variable compensation for other members of the Executive Management Team consists of both short-term and long-term incentives and is based on fixed financial targets on Group level and Regional and Group level for the Regional Heads. Short term incentive can give a maximum of 60-80% of annual base salary depending on job level and long-term incentive can give a maximum of 50-80% of annual base salary, depending on job level.

The notice period for other members of the Executive Management Team is between 6 to 12 months if Electrolux Professional takes the initiative to terminate the employment and 3 to 6 months if the Executive Management Team member takes the initiative to terminate the employment.

The Executive Management Team members employed in Italy are, in accordance with the President and CEO, also accruing pension entitlements in accordance with Italian social security legislation for pension and eligible to participate in the voluntary defined contribution pension scheme offered (Previndai) where the Company matches contributions up to EUR 7,200 per year. In addition, the company also contributes to the Italian statutory TFR.

Note 26 Employees and remuneration, continued

Healthcare benefits are provided in accordance with the collectively agreed plan rules of FASI and Assidai designed for managers (Dirigenti).

The Executive Management Team members employed in Sweden are covered by the collectively agreed ITP1, which is a defined contribution plan or by the ITP2 and the Alternative ITP rule. The Alternative ITP plan is a defined contribution plan where the contribution increases with age. The contribution is between 20 and 40% of pensionable salary, between 7.5 and 30 income base amounts and 20% of pensionable salary above 30 income base amounts. The pensionable salary under the alternative ITP plan is calculated as the current fixed salary including vacation pay plus the average variable salary for the last three years.

For Executive Management Team members employed outside of Italy and Sweden, varying terms of employment, pension and other benefits, such as company car, may apply depending upon the country of employment.

Electrolux Share-based compensation 2017, 2018 and 2019

The members of the Electrolux Professional Executive Management Team, who held a senior management position within the Electrolux group 2017-2019, has historically participated in Electrolux long-term performance share plans "LTI-program". Each of the 2017, 2018 and 2019 program covered 15 to 17 senior managers and key employees within Electrolux Professional. The LTI-program for 2017 was settled in February 2020 and had a performance outcome of 90% which resulted in a total of 66,393 Electrolux B-shares being allocated to Electrolux Professional employees. The total cost for the 2017 LTI-program amounted to SEK 15.5m (excluding social security costs).

Due to the spin-off, the LTI-programs for 2018 and 2019 were, with respect to Electrolux Professional employees, settled in cash with an accelerated vesting. The performance outcome for these LTI-programs was 1.5% and 0%, respectively. The total cost for the cash settled LTI-programs amounted to SEK 255,000 (excluding social security costs).

Variable long-term cash compensation

The company implemented a long-term cash-based incentive program 2020 (LTI2020) for senior managers and key employees, comprising 23 participants. Subject to the fulfillment of the predefined financial performance objectives, (i) Earning per Share and (ii) Operating cash flow after investments, participants in the program may be entitled to receive a cash award after the end of the three-year vesting period (2020-2022). The measurement period (performance period) for the fulfillment of the targets is one year (2020).

The participants are required to purchase Electrolux Professional shares for any cash award received under the program, net any income tax, and hold such shares for a period of two years. The purpose of the LTI program 2020 is thus for the participants to build up a shareholding in the company in order to strengthen the common interest between the participants and the shareholders of a good long-term development for Electrolux Professional.

The size of the maximum cash award is dependent on the participant's job level and the outcome of the two financial objectives above, (i) and (ii). Performance outcome of the two financial objectives will be determined by the Board of Directors after the expiry of the one-year performance period.

The Board of Directors has set a maximum and minimum level for each of the financial objectives. If the maximum performance level is reached or exceeded, the cash award will amount to (and not exceed) the maximum cash award that may be paid under the program. If performance is below the maximum level but exceeds the minimum level, a proportionate payment of the cash award will be made. No payment will be made if performance is at or below the minimum level. For any payment to be made, the participant must also remain employed during the entire three-year vesting period.

In 2020 the minimum levels of the two financial objectives (i) and (ii) were not reached which means that no cash awards under the LTI2020 program will be paid out after the end of the vesting period.

Remuneration to Executive Management

SEK thousand	2020						Total
	Annual fixed salary ¹	Short term variable salary ²	Long term variable salary ³	Pension contribution	Other benefits ⁴	Social security contribution	
President & CEO	5,392	-	-	429	343	1,447	7,611
Other members of Executive Management ⁵	23,134	-	-	1,650	2,614	5,185	32,583
Total	28,526	-	-	2,079	2,957	6,632	40,194

1) The annual fixed salary includes annual base salary, vacation salary, paid vacation days and fixed non-compete components.

2) Variable salary earned 2020 and to be paid in 2021.

3) Cost incurred 2020 for the Long Term Variable Cash Program.

4) Includes allowances and other benefits such as housing, company car and medical insurance.

5) Other members comprised of 9 people end of 2020. Remuneration for other members of Executive Management includes the former CHRO Marie Therese Chabaane until October 2020 and the New CHRO, Pia Hovland as of October 2020.

Note 27 Fees to auditors

SEKm	Group		Parent Company	
	2020	2019	2020	2019
Deloitte				
Audit fees ¹	13	4	5	0
Audit-related fees ²	0	-	-	-
Tax fees ³	0	-	-	-
All other fees	0	-	-	-
Total fees to Deloitte	14	4	5	0
Audit fees to other audit firms	1	-	-	-
Total fees to auditors	15	4	5	0

- 1) Audit fees consist of fees for the annual audit-services engagement and other audit services, which are those services that only the external auditors reasonably can provide, and includes the Group audit; statutory audits; comfort letters and consents; and attest services.
- 2) Audit-related fees consist of fees for assurance and related services that are reasonably related to the performance of the audit of the accounts and annual reports of the Group and group companies traditionally performed by the external auditors, and include consultations concerning financial accounting and reporting standards; internal control reviews; as well as review of interim reports.
- 3) Tax fees include for example tax compliance and tax consultation services.

Note 28 Transactions with related parties

Related party transactions, Electrolux Group SEKm	Group		Parent Company	
	2020	2019	2020	2019
Income for the period				
Purchases of goods	-15	-50	-	-
Interest income	-	9	-	-
Interest expense	-1	-17	-1	-7
Assets				
Other short-term receivables	-	1	-	1
Liabilities				
Trade payables	-	121	-	10
Other liabilities				
Other financial liabilities	-	234	-	222
Other short-term operating liabilities	-	4	-	-
Accrued expenses and prepaid income	-	23	-	-
Derivatives	-	1	-	-
Short-term borrowings				
Short-term loans	-	990	-	990

Transactions between Electrolux Professional AB and its subsidiaries have been eliminated in the Group and are not disclosed in this note. Remuneration to members of the Board of Directors and Group management are disclosed in note 26. Transactions related to post-employment plans are disclosed in note 21. Equity transactions with shareholders are disclosed in note 20. The Group has also purchased products, IT and administrative services from the Electrolux Group which has been based on generally accepted commercial terms and conditions. These transactions have been seen as related party transactions up until March 23, 2020.

The Parent company's largest shareholder, Investor AB, controls approximately 32.4% of the voting rights in Electrolux Professional AB. The Group has not had any transactions with Investor AB during the year, and there are no outstanding balances with Investor AB. Investor AB has controlling or significant influence over companies with which Electrolux Professional may have transactions within the normal course of business. Commercial terms and market prices apply to any such transactions.

Note 29 Untaxed reserves, Parent Company

SEKm	December 31, 2020	Appropriations	December 31, 2019
Accumulated depreciation in excess of plan			
Brands	15	1	14
Licenses	-	-	-
Machinery and equipment	91	4	87
Buildings	-	-	-
Other	8	-	8
Total	114	5	109
Group contributions		-	
Total appropriations		5	

Note 30 Shares and participations

Group companies

The following table lists the companies included in the Electrolux Professional Group, split on direct and indirect shareholdings by the parent company.

Subsidiaries, direct shareholdings	Corp. ID no.	Country	City of residence	Holding, %	Legal form	Carrying amount Parent Company	
						2020	2019
Electrolux Professional Australia Pty Ltd	634 149 250	Australia	Scoresby	100%	Limited Liability Company	22	22
Electrolux Professional Austria GmbH	FN516160 i	Austria	Brunn Am Gebirge	100%	Limited Liability Company	0	0
Electrolux Professional Belgium B.V.	0729.704.769	Belgium	Brussels	100%	Limited Liability Company	5	16
Electrolux Profissional do Brasil	3563041087-8	Brazil	São Paulo	100%	Limited Liability Company	0	1
Electrolux (Shanghai) Professional Machinery Co., Ltd.	91310120332328256Q	China	Shanghai	100%	Limited Liability Company	114	103
Electrolux Professional d.o.o	081259831	Croatia	Zagreb	100%	Limited Liability Company	0	0
Electrolux Professional Czech Republic s.r.o.	08340226	Czech Republic	Prague	100%	Limited Liability Company	1	4
Electrolux Professionals A/S	24622428	Denmark	Hvidovre	100%	Limited Liability Company	7	7
Electrolux Professional Oy	0816444-8	Finland	Helsinki	100%	Limited Liability Company	0	0
Electrolux Professionnel SAS	996750030	France	Saint-Denis	100%	Limited Liability Company	595	595
UNIC SAS	958 806 408	France	Carros	100%	Limited Liability Company	80	413
Electrolux Professional GmbH	HRB20581	Germany	Nürnberg	100%	Limited Liability Company	252	251
Electrolux Professional Hellas S.A.	AME 322157	Greece	Athens	100%	Limited Liability Company	0	0
Electrolux Professional Hungary Kft	Cg.16-09-018699	Hungary	Jászberény	100%	Limited Liability Company	0	0
Electrolux Professional India Private Limited	U31909HR2019-FTC082077	India	Gurgaon	99% ¹⁾	Limited Liability Company	2	3
Electrolux Professional S.p.A.	72220932	Italy	Pordenone	100%	Limited Liability Company	3,105	3,105
KSERVICE srl ²⁾	MO-385167	Italy	Spilamberto	100%	Limited Liability Company	0	21
S.P.M Drink Systems S.p.A.	03195610369	Italy	Spilamberto	100%	Limited Liability Company	258	467
Electrolux Professional Japan Limited	1040103326	Japan	Tokyo	100%	Limited Liability Company	119	119
Electrolux Professional Korea Co., Ltd.	110111-7179248	Korea	Seoul	100%	Limited Liability Company	0	-
Electrolux Commercial Products Sdn. Bhd.	147661P	Malaysia	Petalin Jaya	100%	Limited Liability Company	3	3
Electrolux Professional B.V.	33269220	The Netherlands	Rotterdam	100%	Limited Liability Company	53	53
Electrolux Professional New Zealand Limited	7497977	New Zealand	Wellington	100%	Limited Liability Company	3	5

Note 30 Shares and participations, continued

Subsidiaries, direct shareholdings	Corp. ID no.	Country	City of residence	Holding, %	Legal form	Carrying amount Parent Company	
						2020	2019
Electrolux Professional AS	923830197	Norway	Oslo	100%	Limited Liability Company	66	65
Electrolux Professional Poland Sp. z o.o.	0000786645	Poland	Warsaw	100%	Limited Liability Company	0	0
Limited Liability Company Electrolux Professional Rus	1197746476806	Russia	Moscow	99% ¹⁾	Limited Liability Company	10	10
Electrolux Professional Singapore Pte. Ltd.	201919595D	Singapore	Singapore	100%	Limited Liability Company	0	3
Electrolux Professional s.r.o.	31 358 446	Slovakia	Bratislava	99% ¹⁾	Limited Liability Company	6	6
Electrolux Professional S.A.	ESA28238947	Spain	Madrid	100%	Limited Liability Company	80	80
Electrolux Professional Sweden AB	556025-2081	Sweden	Stockholm	100%	Limited Liability Company	61	61
Electrolux Professional Holding AB	559006-2278	Sweden	Stockholm	100%	Limited Liability Company	0	0
Electrolux Professional AG	CHE-105.957.638	Switzerland	Sursee	100%	Limited Liability Company	197	197
Electrolux Professional (Thailand) Co., Ltd.	0105562090821	Thailand	Bangkok	100%	Limited Liability Company	65	65
Electrolux Professional Durable Consumer Goods Industry and Trade Joint Stock Company	223730/5	Turkey	Istanbul	100%	Limited Liability Company	10	10
Electrolux Professional Middle East DMCC	DMCC176056	United Arab Emirates	Dubai	100%	Limited Liability Company	0	0
Electrolux Professional Ltd.	00637383	United Kingdom	Luton	100%	Limited Liability Company	495	495
Electrolux Professional US Holdings, Inc.	EIN 84-3103055	USA	Wilmington, Delaware	100%	Limited Liability Company	539	1,995
Carrying amount, December 31						6,148	8,175

Subsidiaries, indirect shareholdings

Electrolux Professional Laundry Systems France SNC	France	Rosères-Près-Troyes	100%
Exefem	France	Saint-Denis	100%
Schneidereit GmbH	Germany	Solingen	100%
UNIC Japan KK	Japan	Tokyo	100%
GCS Mexico SA de CV	Mexico	Ciudad Juárez	100%
Crathco Ltd	Thailand	Rayong	100%
Schneidereit UK Ltd.	United Kingdom	Luton	100%
Electrolux Professional LLC	USA	Louisville	100%
Grindmaster Corporation	USA	Louisville	100%

1) Electrolux Professional Sweden AB holds 1%.

2) Merged into S.P.M Drink System S.p.A during 2020.

Note 31 Events after the balance sheet date

After the end of the reporting period, no significant events have taken place that could affect the company's operations.

Note 32 Proposed distribution of earnings

The Board of Directors propose that income for the year and retained earnings to be distributed as follows:

	'000 SEK
Dividend to the shareholders	-
To be carried forward	5,793,709
Total	5,793,709

The Board of Directors give their assurance that the consolidated financial statements and annual report have been prepared in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002, on the Application of International Accounting Standards and Generally Accepted Accounting Standards, and give a true and fair view of the financial position and results of operations of the Group. 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 administration report for the Group and the Parent Company gives a true and fair view of the business activities, financial position and results of operations of the Group and the Parent Company, and describes the significant risks and uncertainties to which the Parent Company and the Group companies are exposed.

Stockholm March 29, 2021

Electrolux Professional AB (publ)
556003-0354

Kai Wärn
Chairman of the Board

Katharine Clark
Board member

Lorna Donatone
Board member

Hans Ola Meyer
Board member

Daniel Nodhäll
Board member

Martine Snels
Board member

Carsten Voigtländer
Board member

Ulf Karlsson
Employee representative

Joachim Nord
Employee representative

Alberto Zanata
President and CEO

The Auditor's report was issued on March 29, 2021
Deloitte AB

Jan Berntsson
Authorized Public Accountant

The profit and loss accounts and balance sheets of the Group and the Parent Company are subject to approval by the AGM on April 28, 2021. The information in this report is subject to the disclosure requirements of Electrolux Professional AB (publ) under the provisions in the Swedish Securities Market Act. The information was submitted to the media for publication on 31 March 2021, at 08:00 CET.

Auditor's report

To the general meeting of the shareholders of Electrolux Professional AB (publ)
corporate identity number 556003-0354

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Electrolux Professional AB (publ) for the year 2020 except for the statutory sustainability report on pages 49–63 and 153–159 and the corporate governance report on pages 66–77. The annual accounts and consolidated accounts of the company are included on pages 49–63, 66–77 and 85–146 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 2020 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 2020 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. Our opinions do not cover the statutory sustainability report on pages 49–63 and 153–159 and the corporate governance report on pages 66–77. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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.

Revenue Recognition

Revenues in the group amounts to SEK 7,236m and consists of a large number of transactions that mainly comprises sales of appliances and spare parts. Revenue recognition cut off constitutes a key audit matter in our audit.

The groups accounting principles and disclosures related to revenue recognition can be found in note 4.

Our audit procedures

Our audit procedures included, but were not limited to:

- evaluation of the group's accounting principles for revenue recognition and its compliance with IFRS,
- evaluation of the internal control environment regarding revenue recognition including test of design and implementation of identified key controls, including relevant IT controls
- analytical procedures, and
- detailed testing of sales transactions on a sample basis to confirm proper revenue cut off.

Valuation of trade receivables

Trade receivables in the group amounts to 1,265 MSEK split over a large number of customers within different geographical areas. Procedures for recognizing appropriate provisions for expected credit losses and the evaluation of customers' ability to pay constitutes a key audit matter in our audit.

The groups accounting principles and disclosures related to trade receivables can be found in note 1 and 17.

Our audit procedures

Our audit procedures included, but were not limited to:

- evaluation the group's accounting principles for recognizing expected credit losses for compliance with IFRS,
- evaluation of the internal control environment regarding valuation of trade receivables including test of design and implementation of identified key controls including relevant IT controls,

- detailed testing on a sample basis of trade receivables against customer statements alternatively cash receipts or shipping documents, and
- evaluation of management's estimates for provisions related to expected credit losses.

Valuation of inventory

The group carries significant inventories of goods and raw material held by several production and sales units in many countries. Valuation of inventory and provisions for obsolescence requires clear policies and is subject to management's estimates. Processes for valuation of inventory and making appropriate provisions for obsolescence constitutes a key audit matter in our audit.

The groups accounting principles and disclosures related to inventory can be found in note 15.

Our audit procedures

Our audit procedures included, but were not limited to:

- evaluation of the group's accounting principles for inventory in compliance with IFRS,
- evaluation of the internal control environment regarding valuation of inventory and test of design and implementation of identified key controls including relevant IT controls,
- observations of physical inventory counts,
- on a sample basis testing valuation of inventory, and
- evaluating management's estimates related to provisions for obsolescence.

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 1-48, 64-65, 78-84 and 150-165. 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.

An additional description of our responsibility for the audit of the annual accounts and the consolidated accounts is located at the Swedish Inspectorate of Auditors' web page: www.revisorsinspektionen.se/revisornsansvar. This description is a part of the auditor's report.

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 Electrolux Professional AB (publ) for the year 2020 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

An additional description of our responsibility for the audit of the administration of the Board of Directors and the Managing Director is located at the Swedish Inspectorate of Auditors' web page: www.revisorsinspektionen.se/revi-sornsansvar. This description is a part of the auditor's report.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance report on pages 66-77 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance report is conducted in accordance with FAR's standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance report has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

The auditor's opinion regarding the statutory sustainability report

The Board of Directors is responsible for the statutory sustainability report on pages 49-63 and 153-159, and that it is prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR:s standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

Deloitte AB, was appointed auditor of Electrolux Professional AB by the general meeting of the shareholders on the 2020-02-18 and has been the company's auditor since 2018-06-01.

Stockholm March 29, 2021

Deloitte AB

Signature on Swedish original

Jan Berntsson

Authorized Public Accountant

This is a translation of the Swedish original. In the event of any differences between this translation and the Swedish language original, the latter shall prevail.

Four years in summary

SEKm	2020	2019	2018	2017
Food & Beverage				
Net sales	4,198	5,895	5,399	4,922
EBITA	87	568	629	607
EBITA, %	2.1	9.6	11.7	12.3
Operating income	35	522	599	572
Operating margin, %	0.8	8.9	11.1	11.6
Laundry				
Net sales	3,065	3,386	3,267	2,801
EBITA	467	507	573	502
EBITA, %	15.2	15.0	17.6	17.9
Operating income	452	488	558	499
Operating margin, %	14.7	14.4	17.1	17.8
Group common cost				
Operating income	-100	-18	-14	-11
Total Group				
Net sales	7,263	9,281	8,666	7,723
EBITA	456	1,058	1,188	1,098
EBITA, %	6.3	11.4	13.7	14.2
Operating income	387	992	1,143	1,060
Operating margin, %	5.3	10.7	13.2	13.7

SEKm, if not otherwise stated	2020	2019	2018	2017
Net sales	7,263	9,281	8,666	7,723
Organic growth, %	-21.0	-0.3	4.1	5.6
EBITA	456	1,058	1,188	1,098
EBITA, %	6.3	11.4	13.7	14.2
Operating income	387	992	1,143	1,060
Operating margin, %	5.3	10.7	13.2	13.7
Income after financial items	363	978	1,134	1,052
Income for the period	278	663	952	786
Items affecting comparability	-77	-32	-	-
Capital expenditure	-273	-257	-169	-167
Operating cash flow after investments	570	1,138	1,131	1,167
Earnings per share, SEK ¹	0.97	2.31	3.31	2.74
Equity per share, SEK	9.74	9.43	31.91	8.43
Dividend per share, SEK	-	-	-	-
Net debt	549	1,025	-226	-481
EBITDA	684	1,280	1,363	1,253
Net debt/EBITDA ratio	0.8	0.8	-0.2	-0.4
Average number of shares, million	287.4	287.4	287.4	287.4
Number of employees, end of period	3,515	3,624	3,555	3,183

1) Basic number of outstanding shares.

Definitions and reconciliation of alternative performance measures

Electrolux Professional presents certain measures that are not defined under IFRS (alternative performance measures – “APMs”). These are used by management to assess the financial and operational performance of the Group. Management believes that these APMs provide useful information regarding the Group’s financial and operating performance. Such measures may not be comparable to similar measures presented by other companies. Consequently, APMs have

limitations as analytical tools and should not be considered in isolation or as a substitute for related financial measures prepared in accordance with IFRS. The APMs have been derived from the Electrolux Professional’s internal reporting and are not audited. The APM reconciliations can be found on Electrolux Professional website www.electroluxprofessional.com/corporate/interim-reports/

APM	Definition	Reason for use
Organic growth %	Change in sales growth excluding net FX impact and acquisitions.	The Group’s presentation currency is SEK while the Net sales are mainly in other currencies. Organic growth is dependent on fluctuations in SEK versus other currencies and in addition acquired or divested business can have an impact on reported net sales. Organic growth adjusted for acquisitions and currency shows the underlying sales development without these parameters.
Acquisitions %	Change in net sales during the current period attributable to acquired operation in relation to prior year sales, following a period of 12 months commencing the acquisition date.	See "Organic growth" above
Operating income (EBIT)	Earnings before interest and tax	Used as an indicator that shows the Group’s ability to make a profit, regardless of the method of financing (then determines the optimal use of debt versus equity).
Operating margin (EBIT margin)	Operating income expressed as a percentage of net sales.	Operating margin shows the operating income in percentage of net sales. Operating margin is a key internal measure, as the Group believes that it provides users of the financial statements with a better understanding of the Group’s financial performance both short and long term.
Items affecting comparability	Material profit or loss items such as capital gains and losses from divestments of product groups or major units, close down or significant down-sizing of major units or activities, restructuring activities, significant impairment, and other major costs or income items.	Summarizes events and transactions with significant effects, which are relevant for understanding the financial performance when comparing income for the current period with previous periods.
Operating margin excluding items affecting comparability	Operating income less items affecting comparability as a percentage of net sales	Operating margin excluding items affecting comparability shows the operating income in percentage of net sales adjusted for items affecting comparability defined below. This is a key internal measure, as the Group believes that it provides users of the financial statements with a better understanding of the Group’s financial performance both short and long term.
Capital expenditure	Investments in property, plant and equipment, product development and other intangible assets	Used to ensure that cash spending is in line with Groups overall strategy for the use of cash.
EBITA	Operating income less amortization and write-down related to intangibles assets (excluding right of use assets).	EBITA gives an indication of the operating income less amortization and write-down related to intangibles assets (excluding right of use assets), mainly used to follow-up operating income without the impact of amortization of surplus values related to acquisitions.

Definitions and reconciliation of alternative performance measures, continued

APM	Definition	Reason for use
EBITA margin	EBITA expressed as a percentage of net sales.	Used to evaluate business performance in relation to net sales in order to measure the efficiency of the Company.
EBITA excluding items affecting comparability	Operating income less amortization and write-down related to intangibles assets (excluding right of use assets) and less items affecting comparability.	Items affecting comparability vary between years and periods and in order to analyze trends items affecting comparability are excluded from EBITA.
EBITA margin excluding items affecting comparability	EBITA excluding items affecting comparability, expressed as a percentage of net sales.	Items affecting comparability vary between years and periods and in order to analyze trends, items affecting comparability are excluded from EBITA margin.
EBITDA	EBITA less depreciation.	This is an indicator for business' cash generating capacity in relation to sales.
Operating cash flow after investments	Cash flow from operations and investments adjusted for financial items paid net, taxes paid and acquisitions/divestments of operations.	To monetarize the cash from core operation.
Net debt	Shows short-term borrowings (short-term loans and trade receivables with recourse), accrued interest expenses and prepaid interest income and long-term borrowings, lease liabilities, net provisions for post-employment benefits less liquid funds (cash and cash equivalents, prepaid interest expenses and accrued interest income and cashpool accounts Electrolux Group).	Net debt describes the Groups total debt financing and is monitored by management.
Net debt/EBITDA	Net debt in relation to EBITDA (Net debt is based on the end of period balance. EBITDA is calculated based on last four rolling quarters).	A measurement of financial risk, showing net debt in relation to cash generation.
Operating working capital, % of net sales	Sum of currency adjusted last twelve months' average of inventories, trade receivables and trade payables (Operating working capital) as percentage of currency adjusted last twelve months' average net sales. All months of the period are currency adjusted by applying the end of period average currency rate.	Used to evaluate how efficient the Group is generating cash in relation to net sales.

GRI report supplement

About this report

Reporting framework

This report has been prepared in accordance with the Swedish legislation on Sustainability reporting. The main audiences for the report are shareholders and other stakeholders. Main stakeholders are identified by assessing the magnitude impacts from, or on, our business and operations. Electrolux Professional's Sustainability Report has been inspired by the Global Reporting Initiative (GRI). For this purpose, Electrolux Professional has made a materiality analysis to determine the most relevant sustainability topics within our value chain. We have also established sustainability targets to highlight our ambitions in some significant areas. As a signatory of the UN Global Compact, Electrolux Professional is using this report to highlight progress regarding the 10 principles.

Boundary of the report

- The Sustainability Report is published annually. This report covers data that has been collected throughout the 2020 calendar year.
- The environmental data in this report covers 12 (12) manufacturing sites and all R&D, logistic centers, and offices where we have our manufacturing sites. New acquisitions have been made since 2015, which impacts various indicators when operations are included in the reporting.
- The people data disclosed relating to GRI topics 102-8, 102-9, and the 400 section covers the scope of the company with the exception of disclosure GRI 409-9. For more information about disclosure 409-9, see Omissions from GRI Standards. As people data is collected from different systems, minor variations in total number of employees might exist at a specific point in time.

- Performance indicators normally cover the last five years. Variations might occur, depending on relevance and/or data availability. Historical baselines for performance indicators are not fully comparable as acquired operations are integrated within the report.

Assumptions and calculations

- Emission factors are based on the "Emission factors 2020 edition" provided by the International Energy Agency (IEA). Values used in the report are offset by a three-year period (2017 using figures for 2020). The company uses zero as the emission factor for use of renewable energy.
- Electrolux Professional applies the Precautionary principle for its sustainability reporting and management, this means we are cautious wherever estimates are applied. Wherever estimations are made, this is indicated as footnotes.

Omissions from GRI Standards

GRI 201-1 Direct economic value

generated and distributed: Direct economic value distributed is based on operating cost instead of actual value distributed (payments) during the period.

205-2 Communication and training about anti-corruption policies and procedures

Only includes employees that have received training

GRI 301 Material: No topic-specific disclosures are included in the report. The reason for exclusion is mainly related to low availability of data for part of the reporting scope. **Information about spend per category is disclosed on page 44** →

GRI 303-4 Water discharge: Data is based on a combination of data and engineering estimates provided by the local sites. Storm water that is not collected or used is not considered as water discharge if it goes into our storm drains.

GRI 401-1 New employee hires and employee turnover: No disclosure on total numbers is provided, only percentages.

GRI 403-9 Work related injuries:

Includes lost time injuries (not occupational illness cases). Employees and temporary hires are included. Employees working within manufacturing sites are included based on local selection. On some sites a minor portion of the white collar employees is not included, depending on local reporting practices. Data for the manufacturing sites in Spillamberto and Carros are not included as the units are not yet integrated in the central health and safety reporting.

GRI 405-1 Diversity of governance

bodies and employees: The average number of employees is used for gender distribution. Year-end data collected from local/regional HR systems is used for age distribution data.

GRI 412-2 Employee training on

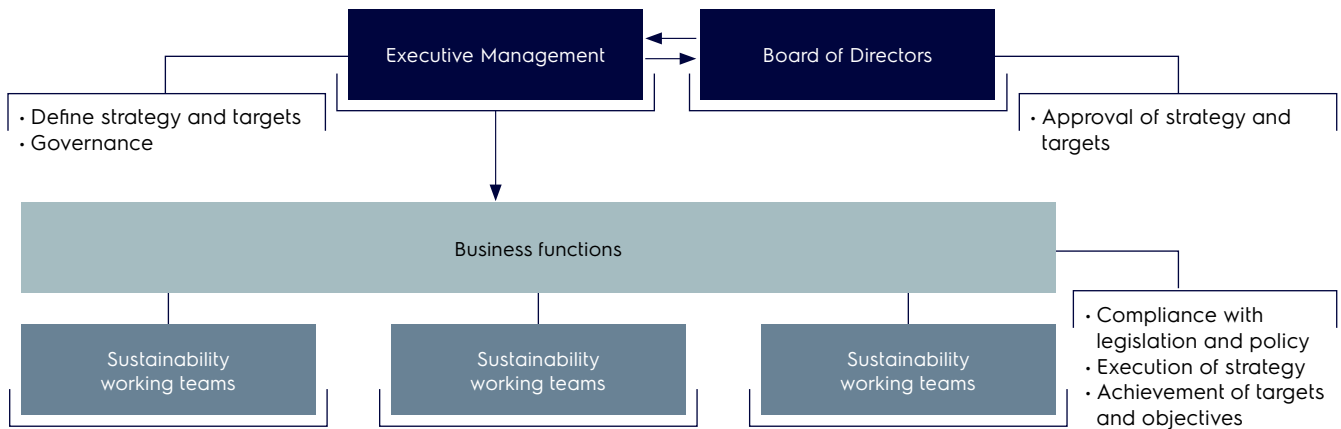
human rights policies or procedures: Training hours are based on a combination of engineering estimates and data.

Restatement of information and changes in reporting

This is the company's first Sustainability Report as a separate company (previous reports have been as a part of the Electrolux Group). There are minor differences in the data due to the inclusion of sites. Data for one plant has been adjusted for energy consumption in 2018 and 2019. Water discharge values reported by Electrolux in 2019 have been adjusted due to a manual error in the report.

Sustainability management and governance

Sustainability governance



The Board of Directors decides on the strategy, direction, and overall targets of the Group’s sustainability work. The Executive Management Team further defines and implements procedures. Each local management and business function has a delegated responsibility for the implementation of group policies and risk mitigation and performance.

The group Sustainability function supports the business by identifying the prioritized and strategic sustainability issues and helps integrate them into the business. The group Sustainability function also monitors the overall performance through dialog, performance data and audit results. Performance is reported to the Executive Management Team.

Code of Conduct governance
Business Ethics and Code of Conduct expectations on managers and employees are published on the Group’s intranet. A Code of Conduct Steering Group has been established to meet regularly to follow up on the effectiveness of the program and in particular our whistleblowing procedures.

GRI index

The Global Reporting Initiative (GRI) index provide guidance on where information within this report is disclosed.

General information (2016)

	Organizational profile	Scope and deviations	Page/Information
GRI 102-1	Name of the organization		87
GRI 102-2	Activities, brands, products, and services		16-35
GRI 102-3	Location of headquarters		87
GRI 102-4	Location of operations		37-42
GRI 102-5	Ownership and legal form		87, 160-162
GRI 102-6	Markets served		37-40
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GRI 102-8	Information on employees and other workers		48
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GRI 102-10	Significant changes to the organization and its supply chain		138, 153
GRI 102-11	Precautionary Principle or approach		153
GRI 102-12	External initiatives		UN Global compact
GRI 102-13	Membership of associations		Not tracked on Group level
STRATEGY			
GRI 102-14	Statement from senior decision-maker		4-5
ETHICS AND INTEGRITY			
GRI 102-16	Values, principles, standards, and norms of behavior		61
GOVERNANCE			
GRI 102-18	Governance structure		66-77
GRI 102-40	List of stakeholder groups		62
GRI 102-41	Collective bargaining agreements		48, 159
GRI 102-42	Identifying and selecting stakeholders		153
GRI 102-43	Approach to stakeholder engagement		62
GRI 102-44	Key topics and concerns raised		62
REPORTING PRACTICE			
GRI 102-45	Entities included in the consolidated financial statements		144-145
GRI 102-46	Defining report content and topic Boundaries		50-51, 55, 62
GRI 102-47	List of material topics		50-51
GRI 102-48	Restatements of information		153
GRI 102-49	Changes in reporting		153
GRI 102-50	Reporting period		153
GRI 102-51	Date of most recent report		153
GRI 102-52	Reporting cycle		153
GRI 102-53	Contact point for questions regarding the report	Niklas Lindsköld, Head of Sustainability (sustainability@electroluxprofessional.com)	
GRI 102-54	Statements of reporting in accordance with the GRI Standards		153
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GRI - topic specific indicators

	Organizational profile	Scope and deviations	Page/Information
GRI 201	Economic performance (approach 2016)		
GRI 103 1/2/3	Management approach		3, 8-9, 160
GRI 201-1	Direct economic value generated and distributed		3, 9
GRI 205	Anti-corruption (approach 2016)		
GRI 103 1/2/3	Management approach		47, 61, 66
GRI 205-2	Communication and training on anti-corruption policies		48, 61, 159
GRI 302	Energy (approach 2016)		
GRI 103 1/2/3	Explanation and boundary, Management approach and Evaluation		50-59, 62
GRI 302-1	Energy consumption within the organization		157
GRI 303	Water and effluents (approach 2018)		
GRI 103 1/2/3	Management approach		50-51, 53-59, 62
GRI 303-3	Water withdrawal		157
GRI 303-4	Water discharge		157
GRI 305	Emissions (approach 2016)		
GRI 103 1/2/3	Management approach		50-59, 62
GRI 305-1	Direct (Scope 1) GHG emissions		158
GRI 305-2	Energy indirect (Scope 2) GHG emissions		158
GRI 306	Waste (approach 2020)		
GRI 103 1/2/3	Management approach		50-51, 53-59, 62
GRI 306-4	Waste diverted from disposal		158
GRI 306-5	Waste directed to disposal		158
GRI 401	Employment (approach 2016)		
GRI 103 1/2/3	Management approach		46-47, 50-53, 55, 58-59, 61-63
GRI 401-1	New employee hires and employee turnover		159
GRI 403	Occupational health and safety (approach 2018)		
GRI 103 1/2/3	Management approach		46-47, 50-53, 55, 58-59, 61-63
GRI 403-9	Work-related injuries		159
GRI 404	Training and education (approach 2016)		
GRI 103 1/2/3	Management approach		46-47, 50-53, 55, 61-62
GRI 404-1	Average hours of training per year per employee		159
GRI 404-3	Percentage of employees receiving regular performance and career development reviews		159
GRI 405	Diversity and equal opportunity (approach 2016) (approach 2016)		
GRI 103 1/2/3	Management approach		46-47, 50-53, 55, 61-63
GRI 405-1	Diversity of governance bodies and employees		159
	Gender distribution		159
GRI 412	Human rights assessment (approach 2016)		
GRI 103 1/2/3	Management approach		46-47, 50-53, 55, 61-63
GRI 412-2	Employee training on human rights policies or procedures		159

Environmental data

Energy

GRI 302-1¹

Year	Energy use by type (MWh)					Renewable energy use (MWh)		
	Natural gas	LPG	District heating	Electricity	Total	Renewable energy	Non-renewable energy	Total
2016	8,763	119	3,331	18,008	30,221	1,067	29,154	30,221
2017	9,112	0	4,255	16,979	30,345	13,833	16,512	30,345
2018	9,044	0	4,391	18,453	31,888	15,563	16,325	31,888
2019	10,147	0	3,938	19,133	33,218	15,197	18,021	33,218
2020	8,777	0	3,550	16,484	28,811	13,777	15,033	28,811

1) Electrolux Professional did not previously report on-site generated electricity to the Electrolux Group. On-site generated Electricity is included in the above numbers.

Note: The baseline is not fully comparable as five acquired plants have been added to the reporting during for 2018 and 2019.

Water

GRI 303-3, 303-4

Total water withdrawal from all areas in megaliters^{1, 2, 3}

	2016	2017	2018	2019	2020
Municipal Water Supply – Purchased (m ³)	79	82	96	94	83
Ground water	0	0	0	0	1
Total	79	82	96	94	84

1) 1 megaliter equals 1,000 m³

2) Internal risk area defined using WWFs water risk filter

3) Electrolux Professional operations have no water withdrawal from areas with water risks

Note: The baseline is not fully comparable as five acquired plants have been added to the reporting for 2018 and 2019.

Total water discharge to all areas in megaliters^{1, 2}

		2016	2017	2018	2019	2020
Third-party destinations	Untreated	41	45	48	50	42
	Pre-treated	28	28	29	25	33
Fresh surface water	Untreated	0	0	0	0	0
	Pre-treated	0	0	0	0	0
Total		69	73	77	74	75

1) Figures are based on engineering estimates and data provided from the sites

2) Electrolux Professional operations have no water discharge in water stressed areas

Note: Storm water that is not collected or used is not considered as water discharge if goes into our storm drains.

Note: The baseline is not fully comparable as five acquired plants have been added to the reporting for 2018 and 2019

Emissions & waste

Metric kiloton		2016	2017	2018	2019	2020
GRI 305-1	Direct (Scope 1) GHG emissions ¹	1.7	1.8	1.7	2.0	1.7
GRI 305-2	Energy indirect (Scope 2) GHG emissions ²	3.2	1.0	1.7	1.9	1.4
	Total CO₂eq	4.9	2.7	3.5	3.8	3.1

1) Includes contributions from energy use and Green House Gas emissions.

2) Emissions from use of renewable energy calculated as zero. Market based calculations used.

Note: The baseline is not fully comparable as five acquired plants have been added to the reporting for 2018 and 2019.

GRI 306-4^{1, 2, 3}, GRI 306-5^{1, 2, 3}

2020	Metric kiloton	% of Non-hazardous waste	Recovery (%)	Disposal (%)
Non-hazardous waste				
Landfill	0.33	7%		7%
Incineration (without energy recovery)	0.02	1%		1%
Waste-to-Energy	0.37	8%		8%
Recycling	3.62	79%	79%	
Other recovery	0.25	5%	5%	
Total non-hazardous waste	4.60	100%	84%	16%

2020	Metric kiloton	% of Non-hazardous waste	Recovery (%)
Hazardous waste			
Disposal without energy recovery	0.27	57%	
Recycling	0.18	38%	38%
Other/Unspecified	0.03	6%	
Total hazardous waste	0.48	100%	38%

2020 (metric kiloton)	Non-hazardous waste	Hazardous waste	Total	% of total
Total				
Disposal without energy recovery	0.35	0.27	0.63	12%
Waste-to-energy	0.37	0.18	0.55	11%
Recovery	3.87		3.87	76%
Other/unspecified		0.03	0.03	1%
Total	4.60	0.48	5.08	100%
Percentage of total	90%	10%	100%	

1) All waste is directed to and diverted from disposal off-site

2) Data for 2020 only is disclosed as this is the first report according to GRI 306

3) Data for Louisville and Troyes is based on engineering estimations.

People data

General people data

Total number of employees ¹	Gender balance employees		Production/ non-production employees		Contract type		Employment type		Employees covered by collective bargain agreement	Employee turnover and hiring ²	
	Men	Women	Production	Non-production	Temporary	Permanent	Full time	Part time	Coverage	Turnover	Hiring
3,515	69%	31%	40%	60%	1%	99%	96%	4%	55%	7%	5%

1) GRI 102-7 2) GRI 401-1

Note: Male/female % based on average employee data under note Note 26. Other data is based on year end data collected from central, local or regional HR systems.

Occupational health and safety

GRI 403-9 Work-related injuries

	2020	2019	2018	2017	2016
Number of work-related fatalities	0	0	0	0	0
Number of high consequence injures >6 months	0	1	0	0	0
Total number of work-related lost time injuries	19	25	16	12	15
Working hours (in thousands of hours)	3,453	3,569	3,770	2,537	2,134
Rate of high-consequence work-related injuries (excluding fatalities)	0	0.1	0	0	0
Lost Time Injury rate ¹	1.1	1.4	0.8	0.9	1.4

1) Only includes lost time injuries. Calculated per 200,000 worked hours.

Note: The most common injuries were lacerations and contusions on the hand. More severe risks were related to forklift vehicles and machines. Most lost-time injuries in 2020 occurred in our assembly lines. Reactive, preventive, and proactive measures are managed within our health and safety pillar (page 59).

Training and development

GRI 404-1, GRI 404-3, GRI 205-2, GRI 412-2

	Average hours of training per year per employee in 2020			Percentage of employees receiving performance and career development reviews in 2020			Employees participating in Code of Conduct training in 2020		
	Average hours of training, men ¹	Average hours of training, women ¹	Total average training hours ¹	Men as a % of total employees ^{1,2}	Women as a % of total employees ^{1,2}	Total % receiving performance review ^{1,2}	Number of employees participating in Code of Conduct training ³	Number of training hours ⁴	% of employees participating in Code of Conduct training ⁵
2020									
Employees	5.6	4.3	5.2	78%	57%	71%	905	1,228	26%

1) Total number of employees according to GRI 102-7. Gender distribution according to GRI 108.

2) Including production and non production employees. Ratio of performance and career development reviews is significantly higher for non production employees.

3) Training including anti-corruption and human rights topics

4) Number of hours is to some extent based on engineering estimates

5) Total number of employees according to GRI 102-7

Diversity and equal opportunities

GRI 405-1

2020	Gender distribution		Age distribution		
	Men	Women	<30 years	30-50 years	> 50 years
Board of Directors ¹	57%	43%		29%	71%
Executive Management Team	90%	10%		10%	90%
Including extended Executive Management members	80%	20%		13%	87%
Employees ²	69%	31%	6%	70%	24%
Managerial positions	74%	26%			

1) Does not include employee representatives.

2) Men/women % based on average employee data under note Note 26. Age distribution data is based on year end data collected from central or local/regional HR systems.

Share and shareholders

Share price and trading

Between March 23, 2020 and December 31, 2020 a total of 249 million shares were traded, corresponding to an average daily trading volume of 1,270 million shares, totaling a value of SEK 7,631m.

Trading on Nasdaq Stockholm accounted for 84%.

The highest bid price (last price paid) during the period March 23, 2020 to December 31, 2020 was SEK47.12 on December 29, 2020. The lowest last price paid was registered on March 23, 2020 at SEK16.00.

During the period the Electrolux Professional B share price increased by 148.4%, while Nasdaq OMX Stockholm PI increased by 60.4%.

Share ownership structure

At December 31, 2020 Electrolux Professional AB had 50,227 registered shareholders.

At December 31, 2020, Investor AB was the largest shareholder with a holding representing 32.4% of the votes and 20.5 of the capital in the company. The second largest shareholder was Swedbank Robur with 9.4 per cent of the votes and 11.8% of the capital.

Alecta Pension was the third largest shareholder with 7.4% of the votes and 7.8% of the share capital.

Distribution of Electrolux Professional shares

The Extraordinary General Meeting of AB Electrolux held on February 21, 2020 decided to distribute all shares in Electrolux Professional to the shareholders of Electrolux. The first day of trading in Electrolux Professional's shares was on March 23, 2020.

In total, 287,397,450 shares in Electrolux Professional were distributed, of which 8,192,539 were Class A shares and 279,204,911 were Class B shares. Each Electrolux Professional Class A share entitles the holder to one vote and each Electrolux Professional Class B share entitles the holder to a tenth of a vote at the General Meeting.

Share information

According to Electrolux Professional's Articles of Association, the share capital shall not be less than SEK 20,000,000 and not be more than SEK 80,000,000, divided into not less than 200,000,000 Class A shares and not more than Class B 800,000,000 shares. There are two

classes of shares issued in the company, Class A and Class B shares.

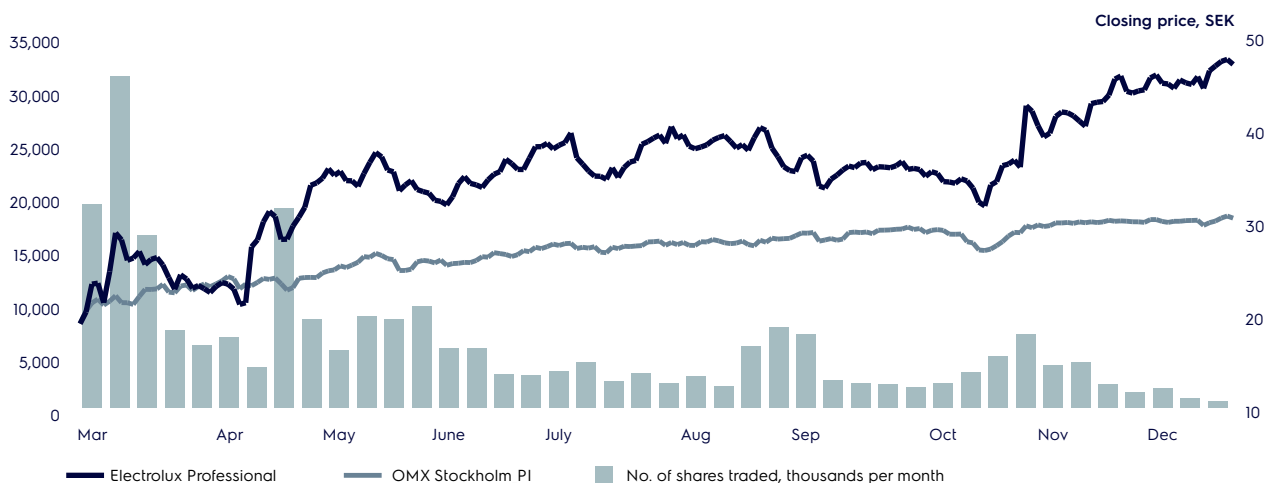
As of December 31, 2020, the company's registered share capital amounted to SEK28,739,745, represented by 287,397,450 shares of which 8,120,527 were Class A shares and 279,276,923 were Class B shares, each with a quota value of SEK 0.1.

The shares in Electrolux Professional were issued in accordance with Swedish law, are fully paid and denominated in SEK. The shares are not subject to any restrictions on transferability. The rights of the shareholders may only be changed pursuant to the procedures set out in the Swedish Companies Act or the Articles of Association.

Dividend policy and history

Electrolux Professional's target is for the dividend to correspond to approximately 30% of the income for the year. Any dividend is normally resolved upon by the Annual General Meeting. The first Annual General Meeting of Electrolux Professional following its spin-off from AB Electrolux will be held on April 28, 2021. Due to the ongoing pandemic, the Board proposes to pay no dividend for 2020.

Share price performance



Delisting of Class A shares

In August 2020, the Board of Directors applied for delisting of the Company's series A shares following contacts with Nasdaq Stockholm due to insufficient liquidity in the series A shares resulting in dysfunctional pricing. Nasdaq Stockholm's listing committee decided on August 20, 2020 to approve Electrolux Professional's application for delisting of the company's series A shares from trading on Nasdaq Stockholm. The last day of trading of the series A shares was on September 4, 2020.

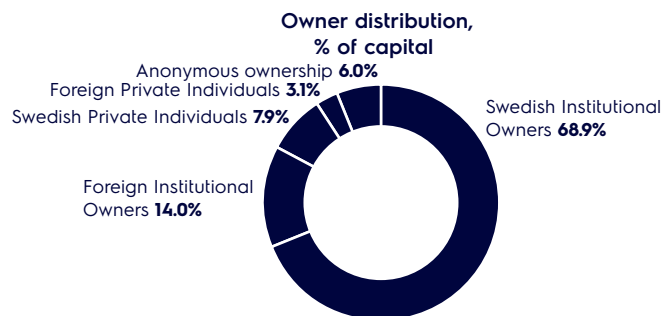
Conversion of Class A shares

Shareholders who hold Class A shares are entitled to convert their shares to Class B shares. In 2020 72,012 Class A shares were converted to Class B shares.

Central securities depository

The Company's shares are book-entry registered in a securities register in accordance with the Swedish Central Securities Depository and Financial Instruments Accounts Act (Sw. lagen (1998:1479) om värdepapperscentraler och kontoföring av finansiella instru-

ment). The register is operated by Euroclear Sweden (Euroclear Sweden AB, P.O. Box 191, SE-101 23 Stockholm, Sweden). The shares are registered on person. No share certificates have been issued for the shares or will be issued for the new shares.



Ownership structure

On December 31, 2020, Electrolux Professional had 50,227 registered shareholders. The table below shows Electrolux Professional's ownership structure on December 31, 2020.

Holder/nominee/custodian	Number of Class A shares	Number of Class B shares	Total number of shares	Capital, %	Votes, %
Investor	6,420,771	52,520,883	58,941,654	20.5	32.4
Swedbank Robur Funds	-	34,038,344	34,038,344	11.8	9.4
Alecta Pension Insurance	453,900	22,025,098	22,478,998	7.8	7.4
Handelsbanken Funds	-	14,664,662	14,664,662	5.1	4.1
AMF Pension & Funds	1,000,000	12,931,381	13,931,381	4.8	6.4
Second Swedish National Pension Fund	-	12,006,858	12,006,858	4.2	3.3
C WorldWide Asset Management	-	7,100,000	7,100,000	2.5	2.0
Nordea Funds	-	7,072,393	7,072,393	2.5	2.0
Vanguard	-	6,109,305	6,109,305	2.1	1.7
Norges Bank	-	5,549,770	5,549,770	1.9	1.5
Total, ten largest shareholders	7,874,671	174,018,694	181,893,365	63.3	70.1
Other shareholders	245,856	105,258,229	105,504,085	36.7	29.9
Total	8,120,527	279,276,923	287,397,450	100%	100%

Source: Monitor by Modular Finance AB and Euroclear Sweden.

Owner distribution by country

On December 31, 2020

	Number of shares	Capital, %	Votes, %	Numbers of owners	Portion of owners, %
Sweden	227,651,220	79.2	83.3	48,235	96.0
United States	13,136,659	4.6	3.6	163	0.3
Denmark	10,538,939	3.7	2.9	496	1.0
Finland	8,682,070	3.0	2.4	185	0.4
Norway	6,220,375	2.2	1.8	309	0.6
Others	3,849,500	1.3	1.1	839	1.7
Anonymous ownership	17,318,687	6.0	4.8		
Total	287,397,450	100%	100%	50,227	100%

Source: Monitor by Modular Finance AB and Euroclear Sweden.

Owner distribution by holdings

On December 31, 2020

Size class	Number of shares	Capital, %	Votes, %	Number of known owners	Portion of known owners, %
1 – 1,000	9,739,500	3.4	2.9	45,711	91.0
1,001 – 10,000	10,855,846	3.8	3.1	42,30	8.4
10,001 – 20,000	1,504,047	0.5	0.5	108	0.2
20,001 +	247,979,370	86.3	88.6	178	0.4
Anonymous ownership	17,318,687	6.0	4.8		
Total	287,397,450	100%	100%	50,227	100%

Source: Monitor by Modular Finance AB and Euroclear Sweden.

Share capital development

The table below shows the development of the company's share capital since January 1, 2017.

Year	Event	Change in number of shares			Total number of shares			Total share capital, SEK	Quota value, SEK
		Class A shares	Class B shares	Change in share capital, SEK	Class A shares	Class B shares	Total number of shares		
Input value		-	-	-	25,000	-	25,000	25,000,000	1,000
2020	Bonus issue ¹	8,167,539	279,204,911	3,739,745	8,192,539	279,204,911	287,397,450	28,739,745	0.1
30 Sep 2020	Conversion	-3,014	+3,014		8,189,525	279,207,925	287,397,450		
30 Oct 2020	Conversion	-40,878	+40,878		8,148,647	279,248,803	287,397,450		
30 Nov 2020	Conversion	-15,236	+15,236		8,133,411	279,264,039	287,397,450		
31 Dec 2020	Conversion	-12,884	+12,884		8,120,527	279,276,923	287,397,450		

¹) On February 18, 2020, the Annual General Meeting resolved on a bonus issue. The purpose of the bonus issue was to increase the share capital as well as the number of shares to reflect the share capital structure of Electrolux ahead of the separation of Electrolux Professional from Electrolux.

Source: Monitor by Modular Finance AB and Euroclear Sweden.

Other information

Ticker Class B share: EPRO B
 ISIN code Class A share: SE0013720018
 ISIN code Class B share: SE0013747870
 LEI code: 254900K162Q46ZWD8084

Contact

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Analyst coverage

At the end of 2020, the following analysts had active coverage of Electrolux Professional:

DnB NOR Markets, **Mattias Holmberg**
 Handelsbanken Capital Markets, **Karri Rinta**
 Morgan Stanley, **Lucie Carrier**
 Nordea, **Stefan Stjernholm**
 Carnegie, **Henrik Christiansson**
 SEB, **Gustav Hagéus**
 Kepler Cheuvreux, **Johan Eliason**
 Pareto Securities, **Fredrik Moregård**



Reasons to invest in Electrolux Professional

Several key strengths and competitive advantages contribute to our development and performance, and they all provide a strong foundation for us to execute our strategy. These strengths and competitive advantages include:

Strong positions in structurally growing underlying end-markets (before and after the coronavirus pandemic).

Well positioned to meet customer needs.

Differentiated market position as a full-solution provider.

Innovation-focused with attractive pipeline of product launches.

Global manufacturing base and local sales force to support customers.

Further upside to financial profile from growth in restaurant chains.

Annual General Meeting

The Annual General Meeting of Electrolux Professional will be held on April 28, 2021. Due to the coronavirus pandemic, the Board of Directors has decided that the AGM should be conducted without the physical presence of shareholders, representatives or third parties and that the shareholders before the meeting should be able to exercise their voting rights only by voting in advance, so-called postal voting.

Financial calendar 2021

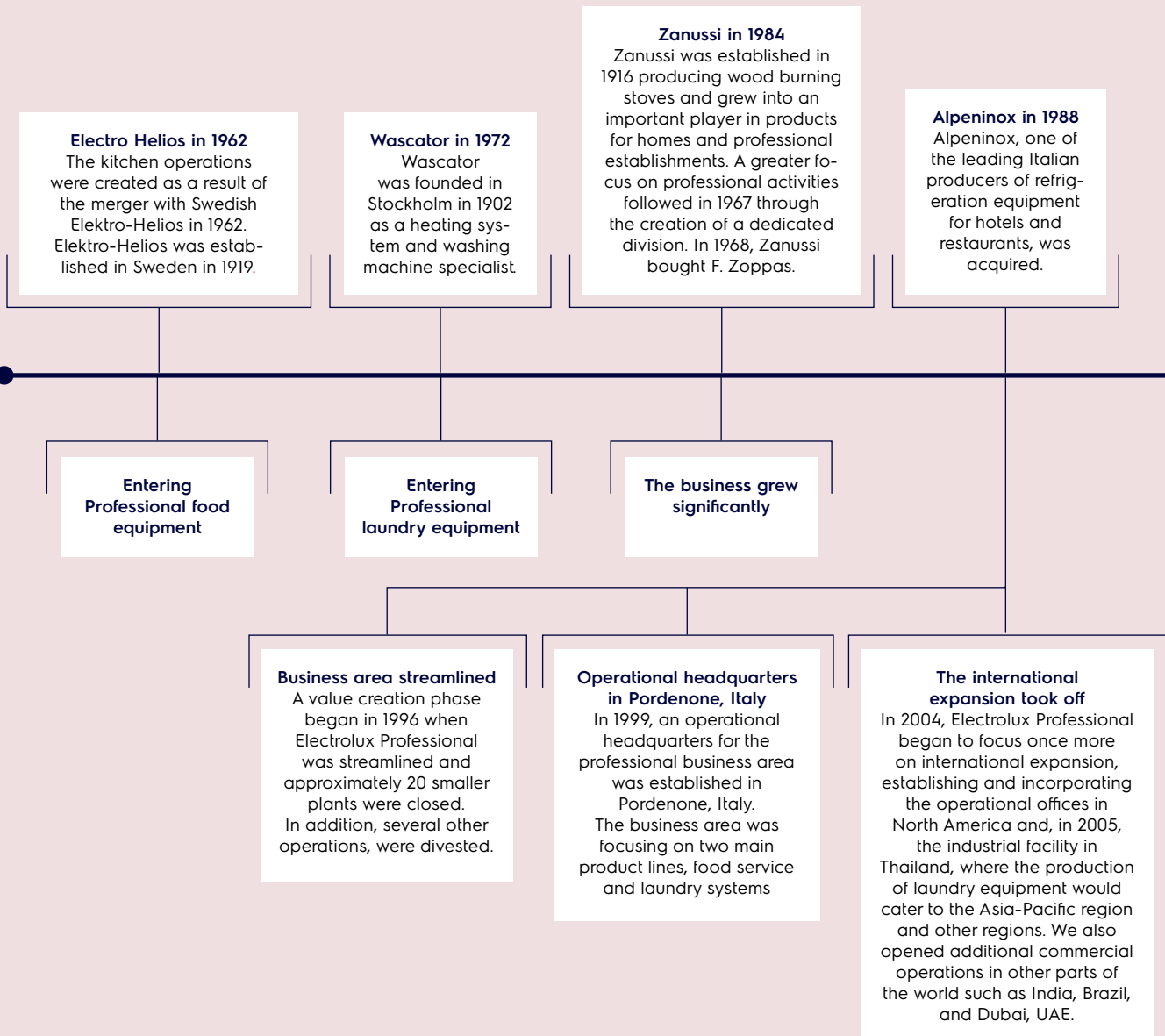
	Date
Interim report, January–March 2021	April 27, 2021
Annual General Meeting	April 28, 2021
Interim report, April–June 2021	July 22, 2021
Interim report, July–September	October 28, 2021
Interim report, October–December	January 28, 2022

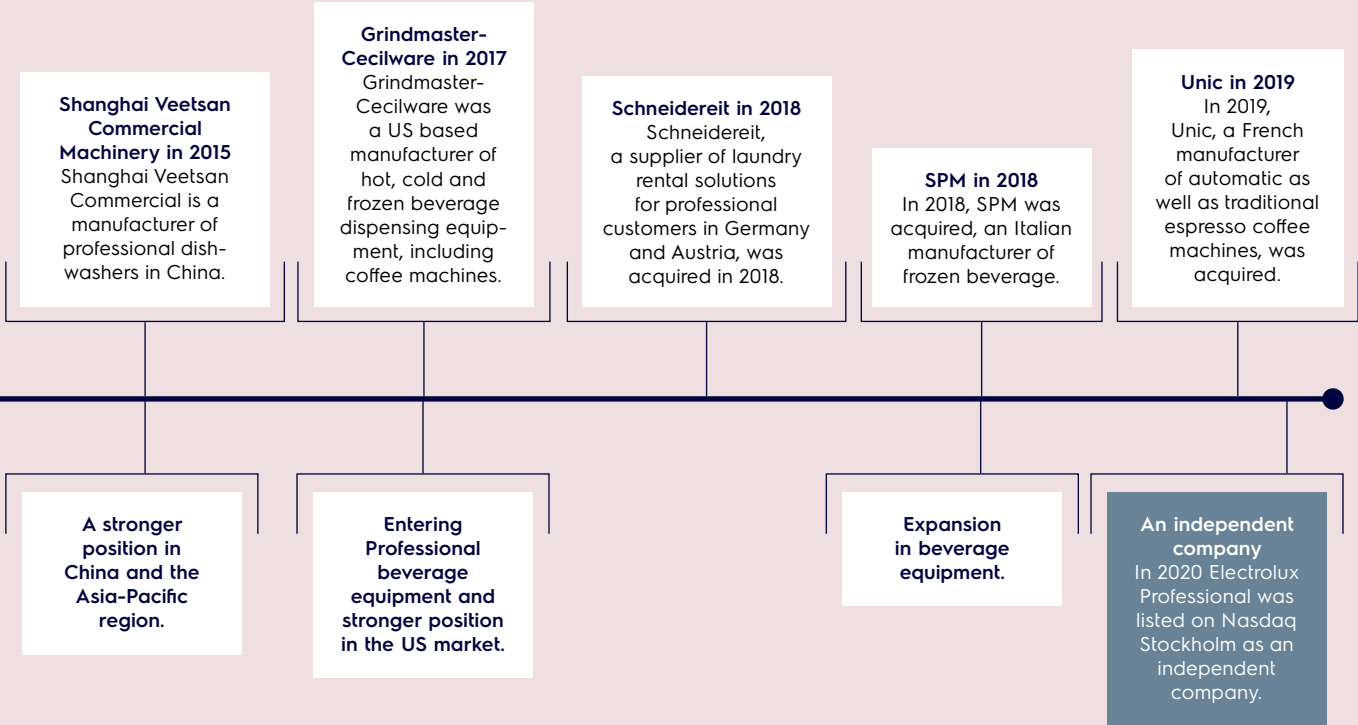
Electrolux Professional's history

Electrolux Professional's heritage dates back more than 100 years to the period when companies such as Wascator, Zanussi, and Cecilware were formed (subsequently acquired by Electrolux). Until March 23 2020, Electrolux Professional was part of the Electrolux Group.

Acquisitions

Corporate history





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