

Annual and sustainability report 2021



WELCOME
WE ARE
OPEN
PLEASE COME IN

Electrolux Professional
Food, beverage and laundry

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

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The Annual Report for Electrolux Professional AB (publ) 556003-0354, consists of the Administration Report on pages 93–98 the Financial Statements and notes on pages 99–152, the Corporate Governance report on pages 73–85 and the Sustainability Report on pages 12, 55–70 and 159–166. The annual report is published in Swedish and English. The Swedish version is the original. The ESEF-report (European Single Electronic Format) is available on www.electroluxprofessional.com/corporate/annual-reports/

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.

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.



The year in brief

Q1

- > Sales still heavily affected by the pandemic.
- > The Line 6000 washer and dryer range upgraded with new connectivity functions and reduced consumption.
- > New Hygiene solution with UV light for the SP Ultra Beverage dispenser.
- > Electrolux Professional sponsors the Electrolux Food Foundation, an independent, non-profit organization that supports initiatives to inspire more sustainable food choices among professionals and consumers.

Q2

- > Sales starts to recover after easing of pandemic restrictions.
- > Inauguration of the new state-of-the-art factory in Rayong, Thailand, with new Laundry and Beverage solutions manufacturing lines.
- > New connectivity features for SkyLine Ovens and BlastChiller.
- > LiberoPro - plug & play modular range, for indoor and outdoor cooking is launched.

Q3

- > Decision to transfer production from the Beverage factory in Louisville, Kentucky, US to Thailand and Italy.
- > Investor Update Day, focused on Laundry, held in Ljungby, Sweden.
- > A new digital customer "The OnE platform" is launched.
- > Philippe Zavattiero is appointed Senior Vice President for the newly created Beverage and Food Preparation Division.
- > Paolo Schira is appointed Senior Vice President Commercial Organization Europe.
- > TrinityPro, a new range of vegetable slicers and cutter mixers is launched.

Q4

- > Sales back or almost back to pre-pandemic levels in several countries.
- > Unified Brands, a leading US-based manufacturer of food service equipment, is acquired. The acquisition will significantly strengthen Electrolux Professional's presence in the US.
- > In the first Carbon Disclosure Project (CDP) as a standalone company, Electrolux Professional receives a B rating on the A- to F- scale.
- > A EUR 60m sustainability-related loan agreement was signed with the Nordic Investment Bank.
- > "On Beat" was held, the first on-line customer event focused on the future of the food service industry.
- > Launch of our own new digital meeting space for customers.

Electrolux Professional in brief

Larger customers
>3,000

Sales in approximately
110 countries

Headquarters in Stockholm,
Sweden

Listed on NASDAQ
Stockholm since
2020

12
manufacturing units
in seven countries

Approximately
4,000
employees

2021 in figures

Net sales, total

SEK 7,862 m

Net sales by segment

Food & Beverage

60%



Laundry

40%



Net sales by region

Europe

69%

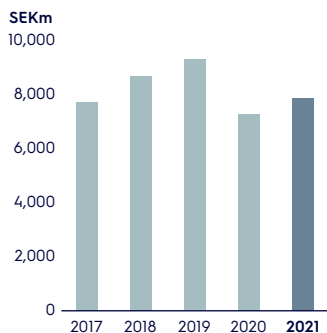
Americas

16%

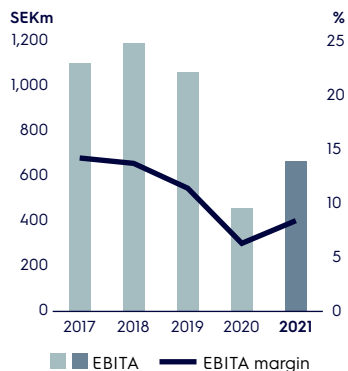
Asia-Pacific, Middle East, Africa

15%

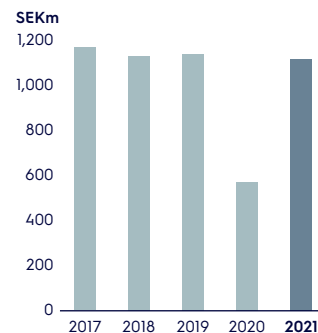
Total net sales



EBITA and EBITA margin



Operating cash flow after investments



Key ratios

SEKm	2021	2020	2019	2018	2017
Net sales	7,862	7,263	9,281	8,666	7,723
EBITA	663	456	1,058	1,188	1,098
EBITA margin, %	8.4	6.3	11.4	13.7	14.2
EBITA excl. items affecting comparability ¹	663	533	1,090	1,188	1,098
Operating income	592	387	992	1,143	1,060
Operating margin, %	7.5	5.3	10.7	13.2	13.7
Income after financial items	587	363	978	1,134	1,052
Income for the period	487	278	663	952	786
Earnings per share, SEK ²	1.69	0.97	2.31	3.31	2.74
Operating cash flow after investments	1,116	570	1,138	1,131	1,167
Operating working capital % of net sales	14.9	19.9	17.7	16.2	13.7

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

Sales recovery and significantly stronger position in the US

Despite the pandemic, we have been able to strengthen Electrolux Professional during 2021. The recovery of the hospitality industry has been faster than anticipated with our sales growing by 10% and our profit by 50%. We also became a larger and more relevant player in the US Food market through the acquisition of Unified Brands, and we introduced our new guiding principles that will support us in the delivery of our strategy.

The new normality

In 2020, we learned to adapt to a new reality and in 2021 the new reality became the new normality. We are now used to work both remotely and in the work-place, as well as being more flexible as new pandemic outbreaks come and go. Although it is still very challenging, we have also learnt to deal with the current shortage of components and reduced transportation capacity.

In the beginning of the year, we were still heavily affected by the pandemic but between March and April we saw a sales recovery, spearheaded by the US, that has continued throughout the year.

Long-term favorable trends

The trends driving the growth of our business are still valid and have in some cases even been reinforced by the pandemic. Alongside the fast-growing take-away and home delivery segments, as restrictions have eased we have seen how quickly people have returned to restaurants and increased their spending on dining.

However, one aspect of the pandemic that has structurally changed our industry, at least in the medium term, is the decline in international business travel which affects our customers in business restaurants, hotels, and travel catering.

In addition to the already prominent sustainability trend, the pandemic has underlined the importance of hygiene. Customers are becoming more focused on the total cost of ownership instead of the upfront investment cost, and they

are also looking more closely at the safe use of appliances and production output. Digitalization is driving 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, which also reduces their environmental impact.

Delivering on our strategic priorities

Our business strategy consists of four pillars, 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.

During the year, we have made significant progress on our strategic priorities.

These are in line with the trends in our industry, which were reinforced by the pandemic.

The restructuring program that was announced in 2020 has been implemented, creating substantial yearly savings. Further savings will be generated from the relocation of the production in Louisville, USA, to Thailand and Italy. The new state-of-the-art Beverage and Laundry factory in Thailand provides higher business competitiveness, advanced logistics, and the ability to scale up for future expansion.

In order to sharpen our focus on, and profitability of, beverage and food preparation, a separate division has been created within the Food & Beverage segment. It reflects the specific differences in the business model exemplified by different channel partners, lower sales values, and a faster-moving product cycle.

Several important new products have been launched during the year, such as the new food preparation mixer and the new free-standing mobile work-station Libero Pro, that meet the market trends. I would also like to mention that the major product launches of 2020, Line 6000 washer and dryers and Skyline ovens and blast chillers, have all been further enhanced with improved functionality and connectivity.

The acquisition of Unified Brands significantly strengthens our presence in the US. Unified Brands has a very attractive portfolio of products and brands, as well as strong local market

“ Despite the pandemic, we have been able to strengthen Electrolux Professional during 2021. ”

Alberto Zanata,
President and CEO



recognition, customer relations, and presence in chains, which supports our strategy to grow in food service chains.

After being hit harder by the pandemic than product sales were, our Customer Care business has now started to grow faster than product sales thanks to a more focused sales approach. A new eco-certified range of cleaning solutions and detergents has been launched, completing our portfolio of accessories and consumables.

The newly launched The OnE Digital Platform is a seamless, one-stop, self-service way for customers to interact with us, enabling them to place or track an order in real time, search for product documentation, or see the status of connected appliances. The platform allows us to interact with our customers innovatively – not only with a single product but covering the entire laundry and kitchen ecosystems.

Sustainability creates value

Sustainability is a key part of our culture, day-to-day operations, and strategy. Our sustainability targets center on climate, health & safety, and diversity.

Electrolux Professional is a signatory of the UN Global Compact, and our sustainability work is based on the United Nations Sustainable Development Goals. Electrolux Professional is committed to continuing its support of the UN Global Compact and its ten principles. 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. In 2021, carbon emissions related to our industrial operations were reduced by 31% (36) compared to 2015. **See more on page 67.**

Clarity and transparency regarding our climate impact and our actions is a priority. We have therefore started to disclose our climate impact through the Carbon Disclosure Project (CDP) where we received a B rating, which is just below the highest rating.

Since product use represents the majority of our emissions impact, around 95%, we are determined to continue developing products with lower consumption of resources. In practice this means reducing the impact from product-use in respect of energy, water, and detergents. This is good for both our customers' running costs as well as the environment.

During 2021 we have also signed a sustainability-related loan agreement with the Nordic Investment Bank related to the reduction of CO2 emissions, product water efficiency, and the use of HFC gases.

Sustainability is not only about the environment, it also encompasses our social impact. We therefore seek to earn the trust of everyone affected by our operations, globally demonstrating our commitment to ethics and human rights. By managing the total impact of our business on people and the planet, we can create the conditions to exceed our customers' expectations and remain an attractive employer, thereby delivering long-term value creation.

A new cultural journey

Our mission is to make our customers' work-life easier, more profitable – and truly sustainable every day. This can only be accomplished by our greatest asset, our people.

An important part of our cultural development journey as a stand-alone company has been the introduction of our new guiding principles. They are an important part of our identity and express who we are and aim to be, what we stand for, and how we do things.

Back to pre-pandemic levels

As we enter 2022, our business in the hospitality industry is back or almost back to pre-pandemic levels in several countries, with the US being ahead. Underlying market trends remain supportive, and we have experienced several months of sales recovery and strong order intake, despite still dealing with global supply disturbances.

Fundamentally, we have the building blocks in place to continue to grow our business. We are at the forefront of our industry in innovation, sustainability, and connectivity and we have one of the largest single brands in our industry. This, combined with being a solid and profitable company with dedicated employees and high-performing customer solutions, makes me confident that we have all the right ingredients for the next phase of our company development.

Alberto Zanata,
President and CEO





Our strategic foundation

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Our business model – how we create value

WE ARE
a global provider of professional food, beverage and laundry solutions, serving a wide range of customers globally

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

Our business model

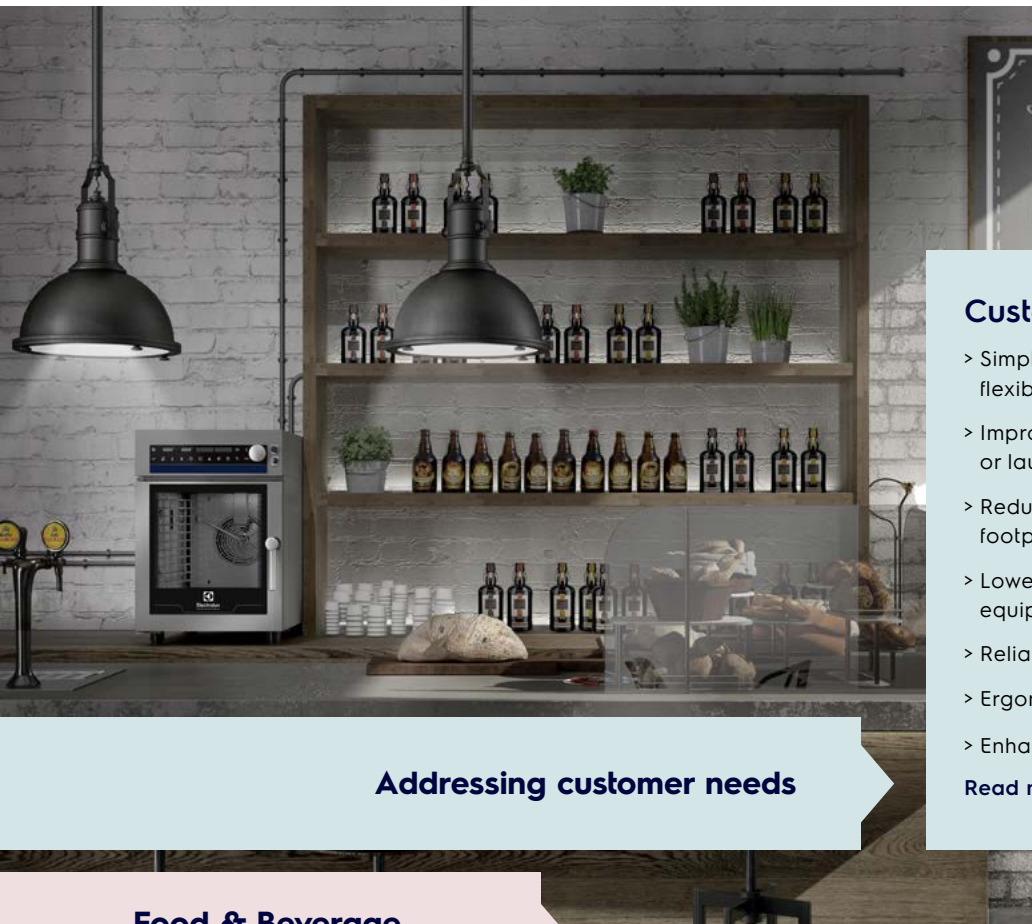


7 underlying trends

- > 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 26.](#)

Our resources

- > 4,000 committed employees, [page 52.](#)
- > 12 manufacturing sites, [page 51.](#)
- > More than 3,000 larger customers in 110 countries, [page 28.](#)
- > Long-term relations with stakeholders in our value chain, [page 69.](#)
- > Strong brand – known for innovative, sustainable solutions and the OnE offering, [page 22.](#)



Addressing customer needs

Customer value

- > 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 pages 28 and 62. →

Food & Beverage

Read more on page 34. →

Laundry

Read more on page 40. →

**Sustainable solutions
Sustainable operations**

Read more on page 62. →

Distributed value



Created value
SEK 7,453m

Shareholders

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

Read more on page 168. →

Financial targets and dividend policy

Electrolux Professional’s goal is to create value for its stakeholders through profitable growth. The strategy focuses on four pillars, built on a foundation of operational excellence to improve sales productivity and cost efficiency within the supply chain. These four pillars are: grow via innovative sustainable solutions, grow in chain businesses, boost Customer Care for higher margins, and leverage “The OnE”-approach and drive digital transformation.

Net sales growth
Organic annual growth of more than

4%

over time. Complemented by value-accretive acquisitions.

OUTCOME:
2021: 10.6% (-21.0) Average 2017-2019: 3.1%

Comment on 2021 outcome
Although still affected by the pandemic, the hospitality industry bounced back in 2021, sales in Food and Beverage increased by 14.3% while Laundry was almost back to pre-pandemic levels with a sales increase of 5.5%.

Profitability
EBITA margin of

15%

OUTCOME:
2021: 8.4% (6.3) Average 2017-2019: 13.1%

Comment on 2021 outcome
The pandemic continued to have a negative impact on sales volumes and profitability, but short-term and structural cost-saving measures mitigated part of the sales decline, thus EBITA improved substantially during 2021.

Asset efficiency
Operating working capital below

15%

of net sales.

OUTCOME:
2021: 14.9% (19.9) Average 2017-2019: 15.9%

Comment on 2021 outcome
Working capital as a percent of net sales improved during the year. This is due to improvements in inventory and the reduction of receivables in relation to 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 de-leveraging.

OUTCOME:
2021: 1.9x (0.8)

Comment on 2021 outcome
The net debt/EBITDA ratio was 1.9 at the end of 2021 which means that we are better or in line with our target Net debt/EBITDA increased due to the acquisition of Unified Brands. In total, net debt increased from SEK 549m on December 31, 2020 to SEK 1.705m as of December 31, 2021.

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 2021 outcomes
The Board proposes a dividend of SEK 0.50 per share which is in line with the dividend policy.

Building blocks for achieving 15% EBITA margin

Margin expansion will come from a combination of cost cuts and sales growth, both of which are equally important. Execution is in full swing with good progress being made.



Sustainability strategy and targets



Sustainable operations

Improve sustainability performance within our operations through proper management and a systematic approach, with an emphasis on improving our environmental and social negative impact every day.



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.



Ethics and relationships

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

Climate targets for 2025

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

>50%

by 2025 (base year 2015)

OUTCOME 2021:

Scope 1 and 2 emissions in 2021 amounted to 3.4 (3.1) kton CO₂, which is -31% compared to 2015.

Comment on 2021 outcome

CO₂ emissions increased in 2021. The increase was expected as volumes had decreased sharply in 2020 due to the pandemic. Outdoor temperatures impacted need of heating in manufacturing facilities. Electrolux Professional will continue to increase its share of renewable energy to further reduce emissions.

Health and safety target for 2025

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

<0.3

by 2025

OUTCOME 2021:

Number of accidents resulting in lost work time decreased in 2021 and the lost time injury rate improved to 0.7 (1.1).

Comment on 2021 outcome

The lost time injury rate improved by 34% compared with 2020. During the year we have continued to address root causes of accidents, and worked preventively with near misses, unsafe acts, and conditions inside our manufacturing sites

Gender diversity target for 2030

Gender diversity
Distribution men/women or women/men

40/60

Distribution across managerial positions by 2030

OUTCOME 2021:

The percentage of women in all managerial positions was 26% (26) in 2021.

Comment on 2021 outcome

Gender diversity across managerial positions was unchanged compared to 2020. During the year the company has performed activities related to diversity and inclusion as well as educating hiring managers.

Our climate ambition for 2030

To become climate neutral within our industrial operations by 2030.

WE SUPPORT



Strategy for growth built on a foundation of operational excellence



Our strategic targets

Our strategy for growth focuses on four pillars, built on a foundation of operational excellence to improve sales, productivity and cost efficiency in the supply chain. In the following pages we describe the core activities within each pillar.



1 GROW through innovation

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

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

Part of our innovation strategy is to prioritize appliance digitalization. Our ambition is to address our customers' increased requirements for flexible machines with low running costs and reduced energy and water consumption.

Investments in R&D 2021

SEK 333m

Sales revenue from products launched during the last 3 years

50%

Yearly average R&D expenditure share of net sales 2017-2021

4.4%



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 with access to the latest technologies by diversifying our technology resources. Furthermore, 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. From 2017 to 2021 the company’s R&D expenditure was an average of approximately 4.4% of net sales per year.

Current trends

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

- digitalization of appliances
- appliance connectivity
- versatile appliances
- 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. **Read more on page 16.**

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.

Innovation is carried out by 3 teams:

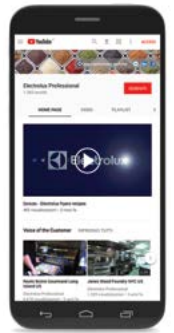
- **Innovation HUBs** that gathers, organizes and prioritizes all innovation ideas to maximize both customer and company value.
- **Open Innovation** manages contacts with external stakeholders such as universities and start-ups.
- **The Research Hub by Electrolux Professional** with up to 10 PhD students working with Electrolux Professional’s Global R&D, to develop projects with a low Technology (maturity) Readiness Level (TRL).

Connected products

In 2021, 85% of all Electrolux Professional products manufactured have been connectable to be able to provide their users with useful information. The main projects currently operating are:

- Display of the status and main operating information of the device
- Operation and usage statistics
- Alert management and trouble shooting
- HACCP management of Hazard risk assessment
- Create, store and share single or multiple cycles directly in multiple connected appliances and across multiple locations, such as restaurant chains.

Read more on page 23.



Intellectual property rights

Electrolux Professional’s research and design portfolio includes approximately 620 patents and 120 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.

Share of connectable products manufactured, 2021

85%

One Connected – examples of connected solutions



1

Growth through sustainable solutions

Offering our customers truly sustainable solutions is one of our key strategies for growth. We aim to be a sustainability role model in our industry and continually find new, more energy and resource-efficient methods for food, beverage and laundry. As a result, not only do we help our customers to reduce their operating costs, but we also have a large impact on their sustainability efforts.

In 2021 several sustainability focused development projects went into production, meaning that we can offer more solutions that significantly reduce energy and water consumption compared to previous products. We are also replacing Hydrofluorocarbon greenhouse gases (HFC gases), such as refrigerants in all refrigeration and beverage products, since they are deemed to be harmful to the environment.

Lower climate footprint

Our products make a difference to the environment. As an example, in comparison to older products or the industry standard, the global sales of our Laundry products in 2021 led to a decrease in the world's water consumption of approximately 20 million m³, which corresponds to all the water

consumed in Sweden over 14 days. Similarly, use of our Laundry products sold this year equated to a reduction in carbon dioxide of 500k tonnes, which amounts to two days' worth of carbon dioxide emissions in Sweden.

Improved working environment

We want our products to help create a better work life for our customers' employees. As part of this, we have gradually introduced ergonomic certification of new products. We want to help reduce muscular fatigue and thereby injuries, as well as cut accidents for our customers' employees.

We welcome certifications

Our strategy is based on the fact that, just like us, more and more customers want to contribute to a more sustainable

future, reduce their climate footprint, and be a good employer. Different types of sustainable certifications will be beneficial to us and our products in this regard.

2021 OUTCOME
 Many of the products launched during the year, such as the upgraded Line 6000 washers and dryers and Skyline Cook & Chill, have improved our sustainability offering as well as our profitability. Today, approximately 50% of sales come from products launched in the last three years.

Our sustainable solutions deliver long-term value for our customers

Smart cooking

Responding to the needs of today's kitchen, the Thermaline Pressure Braising Pan provides multi-functionality and savings. Pressure cooking reduces cooking time by up to 70%. This means more vitamins and essential nutrients are retained and food keeps its color. It also reduces the use of energy up to 77%. [Read more on sustainable food solutions on page 38.](#)



70% reduced cooking time and up to **77%** less energy used

Dishwashing with low running costs

Green&clean's innovative multi-rinse module uses fresh mains water for the final rinse and removes detergent and sanitizes wares using just 0.4 liters of water per rack. The water is filtered and recycled twice using a twin-tank configuration with a six-rinse arms system.

Wash one rack with just one glass of water.



34% less energy used

63% less water used

62% less detergent



Sustainable laundry

Electrolux Professional's advanced technology behind the new heat pump range brings up to 60% savings in energy consumption, without impacting the drying time compared to a traditional dryer, thereby lowering the laundry's carbon footprint without impacting productivity. [Read more on page 43.](#)

Life cycle cost savings with Electrolux Professional innovation.



Up to **60%** energy savings

20% less running costs



The shift to green gases in refrigeration solutions

Electrolux Professional is replacing Hydrofluorocarbon greenhouse gases (HFC gases), in 18 different product families, offering solutions with more natural, climate-friendly green gas alternatives.

In May 2021, the first products using the most climate-friendly CO₂ natural refrigerant were launched on the market. The CO₂ option is available for refrigerated cabinets, freezers, counters, Blast Chillers, and several other refrigerated products.

These greener, more natural refrigerant gas alternatives are safer and offer improved operational performance, as well as increased energy efficiency. This will contribute to a more sustainable range for customers as well as a reduced impact on the planet from greenhouse gas emissions.



2

EXPAND in food service chains

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

We have well-defined growth priorities, which mainly include 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 road-map.

2021 OUTCOME

During 2020 and the beginning of 2021 many roll-outs to chains were put on hold due to the pandemic. However, new roll-outs started during the year, especially in the US, and a larger roll out of dishwashers to an American chain in China, KFC, took place in 2021. In December, the acquisition of Unified Brands in the US substantially strengthened our position in chains in the US.

FOOD CHAINS – KFC CHINA

From single solutions to a scalable business for KFC in China

“The XL Hood Type dishwasher”

The connected XL Hood Type dishwashing solutions for chains is a product that in 2021 was especially developed and delivered for Yum China that operates KFC in China.

Designed with a compact footprint, flexible installation, and high cleaning performance, it enables KFC to maintain high standards of hygiene and manage large-scale volume regardless of the size of the store or kitchen. The IoT capabilities provide real-time data, used to ensure optimal operations.

Market potential in Asia, specifically within Food chains, is very big. The core focus in these projects is initially on customization and delivery targets. The Electrolux Professional team managed the demanding delivery during the pandemic, with the global and local teams working closely together, delivering quickly for an advanced customer.

The XL Hood Type dishwasher was exclusively developed according to the customer-specific demands and specifications. Manufacturing of the product was set up in Electrolux Professional's manufacturing site in Shanghai in China.



Acquisitions to accelerate growth

Electrolux Professional aims to accelerate growth through selective add-on acquisitions, primarily acquisition targets that clearly align with the company's strategic roadmap.

In December 2021, Electrolux Professional acquired Unified Brands, a leading US-based manufacturer of food-service equipment. The acquisition

will significantly strengthen Electrolux Professional's presence in the US and supports our focus on growth in food service chains.

Prior the acquisition, Unified Brands was part of the Refrigeration & Food Equipment division of the Dover Corporation industrial group – a diversified US-based global manufacturer and

solutions provider. Previous acquisitions have primarily been in the beverage segment, including UNIC – a French producer of professional coffee solutions in 2019, Grindmaster-Cecilware – a North American coffee solutions producer in 2017, and in 2018 SPM Drink Systems, an Italian manufacturer of frozen beverage equipment.

This is Unified Brands

Unified Brands is a leading US-based manufacturer of food-service equipment.

Unified Brands' attractive portfolio of products and brands for the professional food service industry offers cooking equipment, refrigeration, washing systems, ventilation, cook-chill, and meal distribution systems under the Groen, Randell, Avtec, Power Soak, and CapKold brands.

The Americas sales support organization works with dealers, consultants and end-users to promote Unified Brands' food-service equipment. The Chain sales business is primarily conducted through dealers, with some direct relationships. Sales are primarily to chain and independent restaurants, schools, colleges and universities, health care, hospitality, accommodation, and staff restaurants.

Unified Brands was founded in 1907, has approximately 600 employees, and has two manufacturing and R&D facilities, located in Weidman, Michigan and Vicksburg, Mississippi.

For more information, visit www.unifiedbrands.net

In 2021 Unified Brands had sales of **SEK 1,134m**

unified brands

- groen.** Cooking Equipment
- randell.** Refrigeration & Custom Fabrication
- avtec.** Ventilation and Air Handling Systems
- power soak.** Warewashing systems
- capkold.** Sous Vide and Cook-Chill Systems



3 BOOST Customer Care and 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.

Share of net sales 2021

Customer care



2021 OUTCOME
Sales of customer care increased by approximately 13% in 2021 and was negatively affected, especially in the beginning of the year, when many countries were affected by the pandemic which meant that service technicians could not access the sites. Sales of service contracts and detergents demonstrated good progress.

Essentia - the heart of Customer Care

To maintain the highest customer experience throughout the ownership period of the Electrolux Professional equipment, Customer Care assists our customers with support services and products throughout the whole lifetime of customer ownership. Electrolux Professional offers Customer Care in over 110 countries via 2,200 service partners in a hybrid model of direct and indirect service technicians.

Detergents

In addition, performance-enhancing consumables, including eco-certified laundry detergents, are developed and sold under the Electrolux Professional

brand. These provide a high level of quality, safety and effectiveness. A low environmental impact is ensured through reduced water pollution, waste production, and energy consumption compared to standard products on the market.

Spare parts and maintenance kits

Spare parts kits are sets of spare parts for the most common repairs and maintenance needs, collated in one box. Spare parts is the largest part of Customer Care sales. The maintenance and spare parts kits contain all the preventive maintenance parts to service the equipment according to the maintenance

schedule in the conditions of normal usage. We also offer refresher kits for longer service life of our equipment.

Two pair of eyes

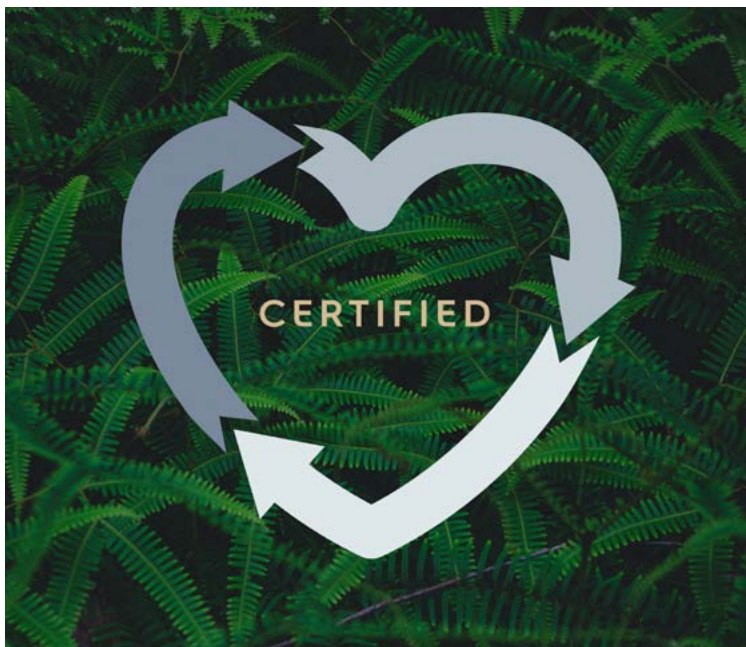
Through Two Pairs of Eyes, we provide our customers remote guidance with a seamless connection between their Field Service Engineers and the Electrolux Professional technical experts.

Essentia

All these services are brought to market under a differentiated portfolio - Essentia.

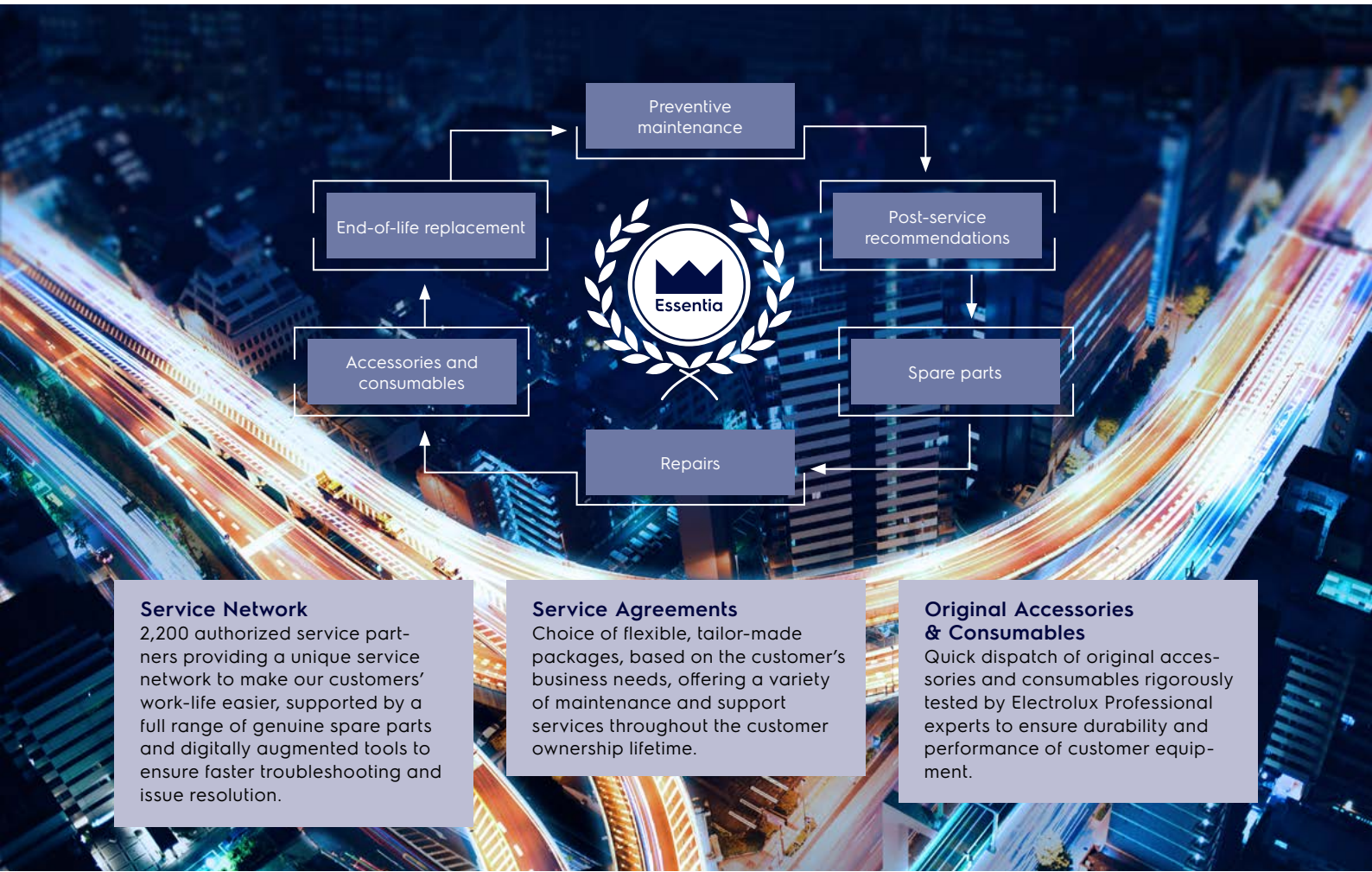
The Essentia service offering is built on the basis that the Original Equipment Manufacturer is best suited to understand and handle requirements for supporting the efficiency and long life of its own equipment. By offering sustainable upgrade solutions to the marketplace we also ensure the initial customer investment in our products extends for a longer time.





Certified program – a truly circular offer

Our new Certified program offers an upgrade to washers and dryers that have spun some way into their life cycle, via new original parts. The life time of the machines thus becomes longer, at a low cost. At the same time, we offer an extended machine warranty. This service is initially intended for washers and dryers that are a few years old and are provided in some of our markets in Europe.



Service Network
2,200 authorized service partners providing a unique service network to make our customers' work-life easier, supported by a full range of genuine spare parts and digitally augmented tools to ensure faster troubleshooting and issue resolution.

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

Original Accessories & Consumables
Quick dispatch of original accessories and consumables rigorously tested by Electrolux Professional experts to ensure durability and performance of customer equipment.

4 LEVERAGE "The OnE approach"

We want to strengthen our global product and service offering. Our broad market presence in different geographies can be further strengthened, both in terms of customer relationships and the service network. Our ongoing relationships with customers throughout the equipment lifecycle, and our ability to add value, creates a need for repurchases and additional services.


2021 OUTCOME

We are currently the only global player that offers food, beverage, and laundry equipment under one brand. In 2021, this offering has been further enhanced with the launch of "The OnE" Digital customer platform. Digital transformation investments have been initiated to improve customer experience, data-driven sales activities, and operational excellence.



The OnE

The 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. The OnE also includes management of the entire value chain, from project planning and design to production, installation, Customer Care and service.

 <p>GLOBAL SERVICE OFFERING</p> <p>The OnE value proposition A global, comprehensive product and service offering with both single and full solutions and services for all Food, Beverage, and Laundry products under one brand.</p> <p>Read more on page 34-44.</p>	 <p>DIGITAL CONNECTIVITY - REMOTE CONTROL OF THE WHOLE BUSINESS</p> <p>Connectivity Customers are offered better insights into their equipment and we can create an ongoing relationship with customers throughout their equipment lifecycle, thereby creating the need for repurchases and additional services.</p> <p>Read more on next page.</p>	 <p>GLOBAL CUSTOMER CARE</p> <p>Customer Care Our innovative service offering, Essentia, addresses an increasing demand for subscription models and service agreements, tailored spare parts, and other Customer Care accessories and consumables.</p> <p>Read more on page 20-21.</p>	 <p>PROJECT CAPABILITIES</p> <p>Project capabilities Our The OnE offering also includes management of the entire value chain, from project planning and design to production, installation and Customer Care.</p>
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Digital transformation

For many years, Electrolux Professional has embraced digital technologies to enhance business efficiency including 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 customer transactions are done completely digitally in 2024, which is why our digital transformation is imperative. We also aim to have 50% of all products connected. Today, the majority of the products we sell are already connectable, but that does not always mean they are connected, at least not yet.

Digital vision 2024

Customer transactions, digital

65%

Connected appliances of future installed base

50%

The digital transformation plan is being delivered within four strategic areas:

1 Customer experience – a new The OnE Platform

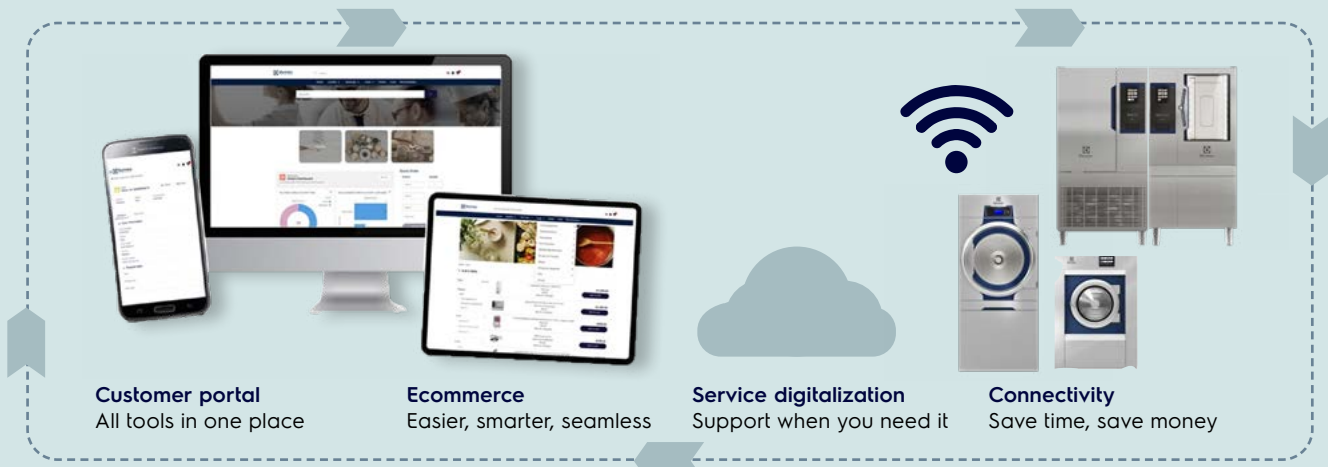
The OnE Platform will provide our company and customers with one single platform for e-commerce, Customer care, IoT, and the performance and maintenance of appliances, as well a community platform for sharing insights and updates.

In 2021 we have successfully piloted launches of The OnE Platform for dealers and the platform is live in the UK, Sweden, and Germany. In 2022 we will deploy the platform also in further markets.

2 Customer experience – The OnE Connected

We want The 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 new The OnE Customer Portal



3 Employee Experience

A digital ambassador community was launched in 2020 to further drive knowledge sharing and learning in our organization. We now have a very lively digital ambassador community that has helped foster adoption of our digital workplace solutions and truly raise the bar in terms of digital competence. The next step is to strengthen our employees ability to use new data and AI tools.

4 Automation

The automation of our plants continues with further roll-out of a new management system and supplier portal. This will provide a common IT system for procurement, planning, and production. During 2021 two more sites have been successfully implemented. Our very first Robotics Process Automation solution (based on machine learning) was deployed in 2021 as a pilot in one factory, with the aim to fully automatize account payable processes.

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. **Read more about our production on page 46.** →

We want our operations to contribute to a more sustainable society and our ambition is to become climate neutral in our industrial operations by 2030. **Read more about our sustainability focus on pages 55–70.** →

2021 OUTCOME

The new state-of-the-art factory in Thailand was inaugurated, combining the two previous factories in Thailand. In addition, production of Beverage in Louisville, Kentucky, US has been transferred to factories in Thailand and Italy, thereby creating savings. The shortage of components and shipping availability has created pressure and increased cost in the supply chain. Also raw material costs have increased towards the end of the year as global raw material prices have increased.





Global trends and markets

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Global trends affecting our industry

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 required.
- There is a post-pandemic shortage of labor in the hospitality industry. This is accelerating the automatization and digitalization trend as there is a need to ensure high productivity with fewer employees.

Population growth

The 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 and the extension of the working age means that the time for household chores, such as cooking and cleaning has decreased.

Climate change and effective use of resources

Climate change and a shortage of water, energy, and other resources creates a need for sustainability and energy efficiency in all parts of society. Since energy cost is a significant part of the total cost of ownership, energy efficiency in professional solutions is central to any investment decision.

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 means more people 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

Global digitalization is affecting the way we work and interact, and is changing 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.

The 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.

In 2021¹⁾, the food and beverage segment accounted for approximately USD 23.5bn of the global market, and the professional laundry segment accounted for USD 2.5bn.

The industry is largely characterized by

- Favorable general end-market trends with multiple catalysts for structural growth.
- Product performance having a material impact on customer productivity.
- The requirement for reliable and technologically advanced products.
- Significant benefits 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 a 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, and health and safety considerations.

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.

Total market estimated 2021

USD 26bn

The **SEVEN** largest professional food and beverage equipment companies, incl. Electrolux Professional, represent

50%

of the market in terms of sales

The **THREE** largest laundry companies, incl. Electrolux Professional, represent

50%

of the market in terms of sales

¹⁾ Company estimates. Global market size based on total sales (including Customer Care services).

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 building 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 | • Sealion |
| • Welbilt | |
| • Kingbetter | |

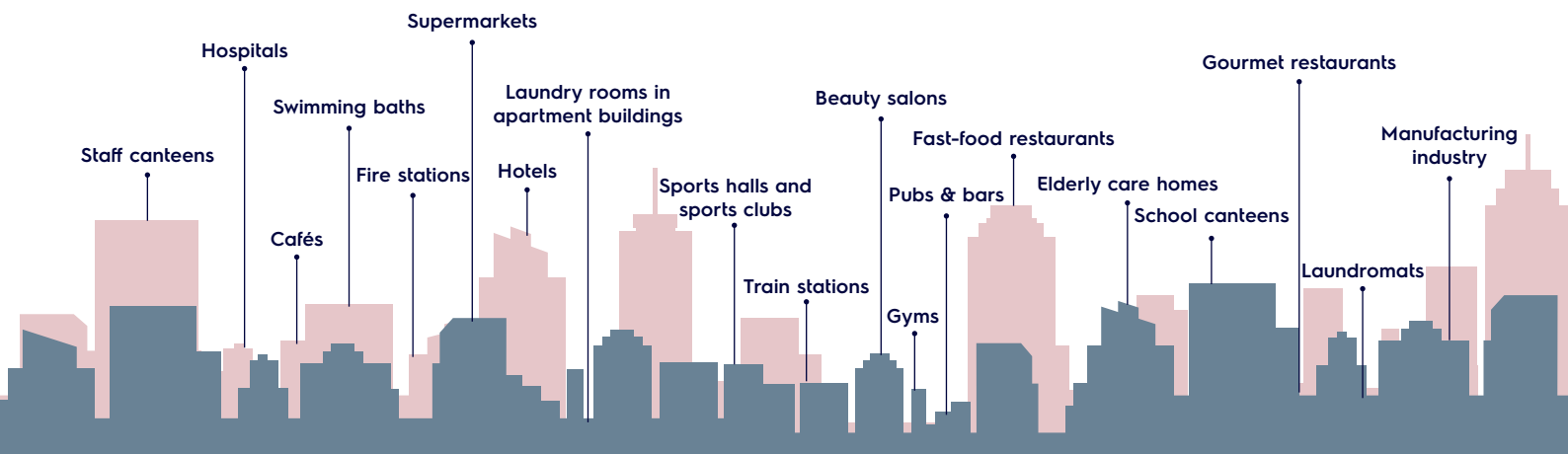
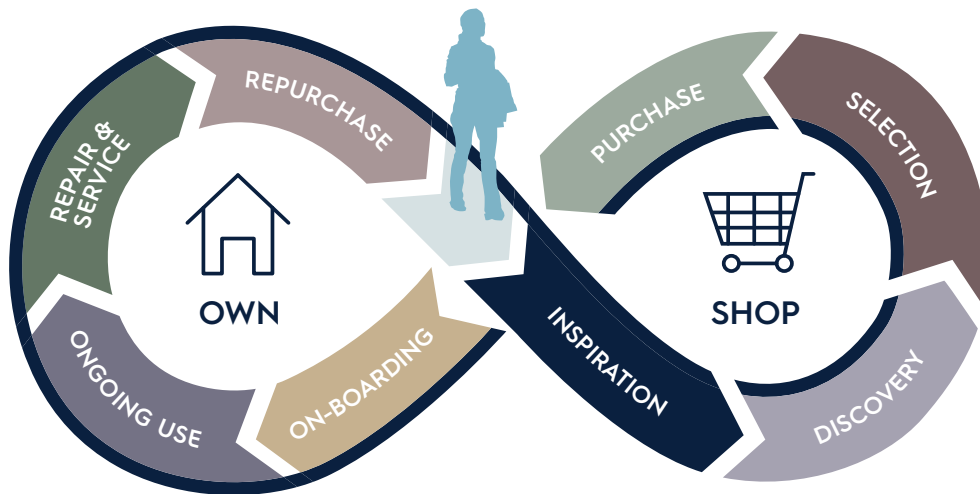
Customers

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

Long-standing relationships

As a food, beverage, and laundry equipment provider we generally maintain long-standing relationships with our key customers and distributors in order to increase our wallet share and overall

growth. Close customer relationships are particularly important for chains in the food and beverage businesses. **Read more about Customer Care on pages 20-21.**



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
- > Handling labor shortages post covid-19 pandemic
- > Reliability of the equipment system
- > Ergonomic and human-centric design
- > Enhanced hygiene demands



Customers

Our customer base is diverse, from small independent owners to large chains. We also have many customers in elderly care homes, government and private healthcare facilities, multi-housing laundries, and coin-ops.

Large chains contracts

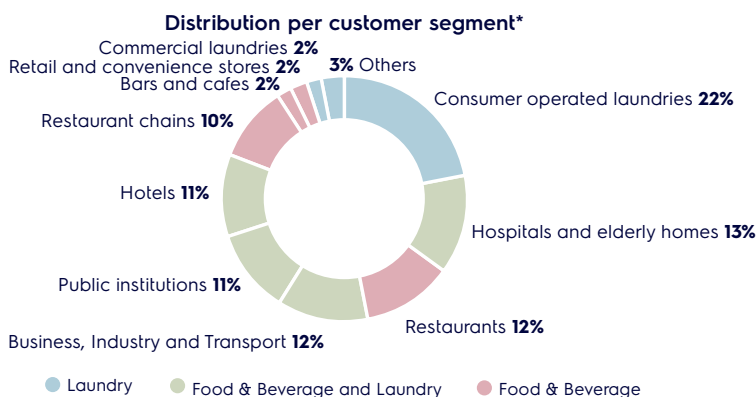
Even though we generally do not enter into long-term contracts, large food-service chains usually authorize specific appliance manufacturers as their “preferred vendors” for specific equipment. Furthermore, many quick-service restaurant chains launch or refurbish a larger number of branches, or frequently 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 15.**



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

Customer segment

Examples of customers

Customer segment	Examples of customers
Restaurants & Chains	Subway, Yum! Brands, 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- and Sports facilities	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, Elixor, Carnival, Costa Cruises
Public institutions	Fraport, Italian Navy, British Army, Swiss Army
Apartment Building Laundries, Launderettes	Tide (Procter&Gamble), HBV (Purchasing for public housing companies)
Caterers	Sodexo, Compass, LSG Sky chef

Sales

The main differentiating factor of our sales network is its ability to serve customers as a single supplier with a broad portfolio of products and brands. 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.

An active sales organization
Our products are mainly sold through a global network of dealers and distributors but sometimes also directly to end customers. The majority of the products

sold are replacement products meaning the end customer only buys one or a few products to replace existing products. Project sales form the rest of our sales. These are full installations such as a

launderette or a fully equipped restaurant that needs a complete refurbishment as well as new builds.

Our sales process

Our products are normally sold in three different ways:

1 A distributor or dealer buys our ready-made products without any specific customer specifications. Normally we keep track of the products through the dealers or through our service-partners who perform installations, commissioning, warranty activation, service, and maintenance.

2 The end customer deals directly with us regarding their product needs. If needed we customize their products and agree on pricing. This can be for single products or full projects.

3 We talk to the end customers and agree on specifications and pricing and we invoice the end customers. This sales process is used in specific countries, for some large customers or for large projects where the distribution infrastructure is not well developed.

Local distributor/ Dealer

The distributor/dealer sell the solutions to end customers (such as a restaurant chain or a launderette). This sales process is referred to as "replacement" but it is also used in projects where the dealer acts as a consolidator. In this type of sales we do not have any direct interaction with the end customer.

The end customer places the order with a distributor or dealer who in turn orders the products from us. This process is normally used by chains that rely on kitchen contractors who act as consolidators.

End customer



Circular and flexible business models

A circular business model creates higher resource efficiency, generating opportunities for better profitability and environmental benefits. Electrolux Professional provides several options for circular business models in the different markets. Our "The OnE Lease" model, a rental solution launched in some markets,

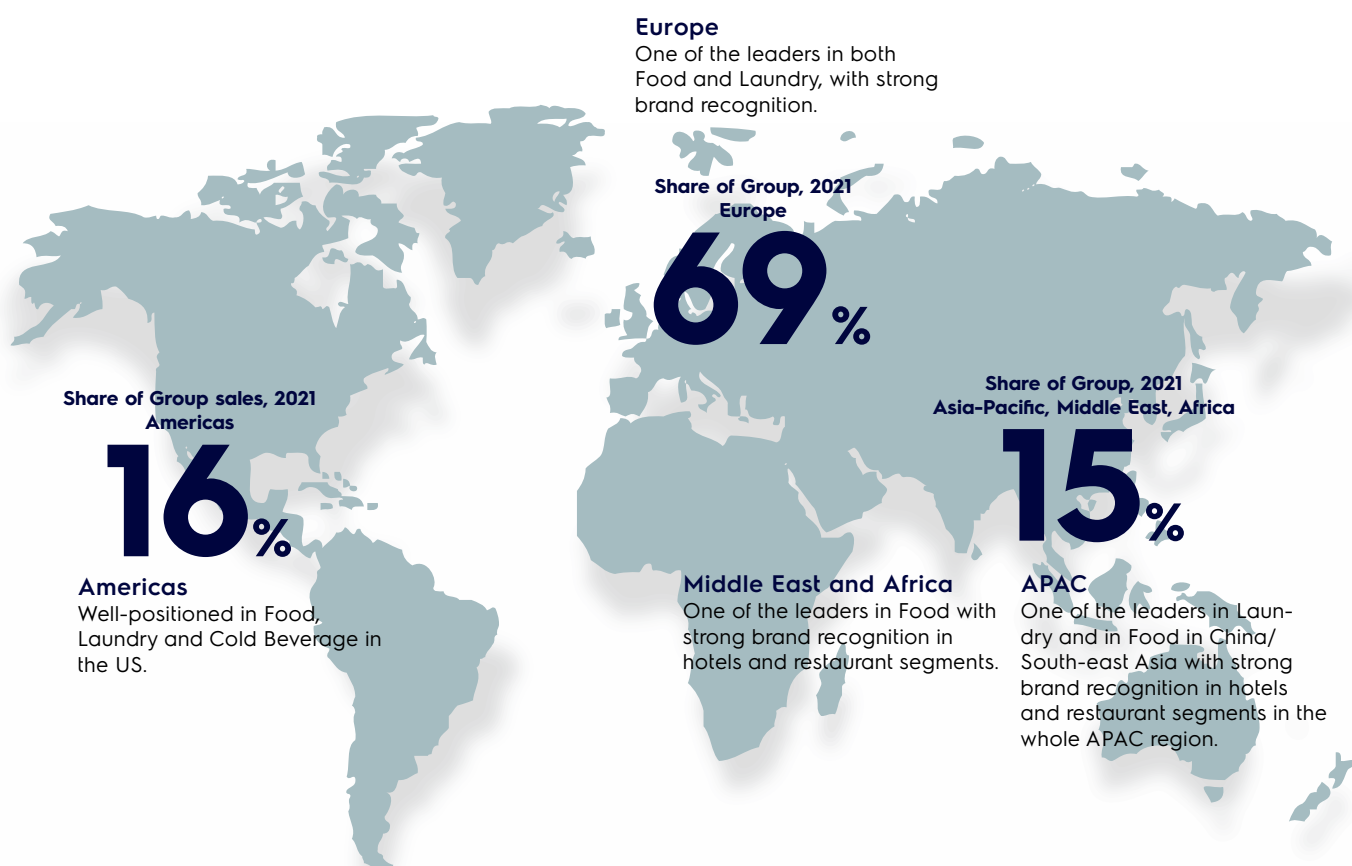
offers everything the customer needs for hassle-free operations – equipment, accessories, and cleaning products. Along with a service agreement, financing is included which gives the customer a fixed monthly cost. In addition, the solutions are tailor-made according to the customer's needs, and it is easy to change or upgrade the equipment.

In addition to The OnE Lease model, we also offer Schneidereit, which is our full-service rental professional laundry solution in Germany and Austria. Upgrading, adding service and support, individual adjustments for optimization, or even replacement of machines are all possible at any time thanks to the flexible rental model.

Our markets

Well-positioned in attractive markets

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



Europe

In Europe, we have approximately 840 employees in our commercial organization, divided into 24 sales companies throughout the continent. The largest countries are Italy, France, Sweden, and Germany.

80% of sales are handled via distributors and agents. 20% of sales are served by our own sales organizations, mainly via key accounts and large projects.

Our business priority is to leverage our strong 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.

Asia-Pacific, Middle East and Africa

In the region, we have approximately 260 employees in our commercial organization covering sales and marketing, Customer Care, order processing, and administration. The region is divided into 12 sales companies.

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

Americas

In the Americas, we currently have two different organizations with the recent acquisition of Unified Brands completed in December 2021.

The combined commercial team for the Food and Beverage business is made up of approximately 80 employees.

Large chain accounts are served through a direct sales team while the broad institutional markets such as schools, healthcare, institutions, and independent restaurants, are served through independent sales representatives working in partnership with dealers and consultants.

Additionally there is a network of distributors across the Americas selling and stocking products locally for quick shipments.

Marketing and brands

Tailored marketing strategy backed by global strength

Electrolux Professional’s marketing efforts are tailored to each geography and distribution channel. 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 market- ing 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.

Brands

Our master brand Electrolux Professional includes all categories within Laundry, Food and Beverage. In addition to our master brand, we

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

Brand overview

All categories, Full solution	 Electrolux PROFESSIONAL	The master brand is approximately 80% of the company sales within Food, Beverage and Laundry.
High-end Cooking		Specialty brand Luxury, food
Cooking, Dishwashing, Refrigeration		Specialty brand, food
Cooking		Specialty brand, food
Cook/Chill		Specialty brand, food
Food Preparation		Specialty brand, food
Dishwashing		Specialty brand, food
Dishwashing		Specialty brand, food
Refrigeration/Preparation		Specialty brand, food
Refrigeration		Specialty brand, food
Refrigeration		Specialty brand, food
Ventilation systems, conveyors and utility distribution solutions		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
Cold Beverage, Slush Ice, Ice Cream		Specialty brand, beverage
Laundry		Specialty brand, laundry



Business segments

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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.

Food & Beverage, share of Electrolux Professional's net sales

60% (58)




Market size and growth

The total market for Food & Beverage equipment in 2021 is estimated at approximately USD 23.5bn. According to our estimates, the food service and beverage segment experienced a compound annual growth rate of around 3-4% from 2015 to 2020 before the coronavirus pandemic, with growth in beverage being slightly stronger than food service.

In 2021 the Food and Beverage market increased substantially after a decline of approximately 25% during 2020 due to the pandemic that heavily affect the hospitality industry. The market is expected to return to pre-pandemic levels during 2022.

Growth has been 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.

Food

The food market is seeing an increasing demand for more versatile food preparation equipment that can prepare a larger variety of meals.

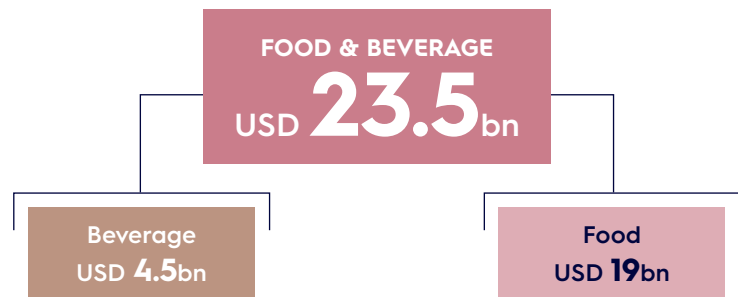
This is mainly due to a reduction in kitchen space and an increase in menu variety. Also, restaurant owners are looking to reduce the number of pieces of equipment used for daily operations, requiring versatile machines.

Beverage

Growth rates are expected to be high in the beverage industry. This mainly stems from the 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 of the industry. The hot and cold beverage segments are approximately equal in size.

Food & Beverage equipment market 2021*



* Company estimates

Key drivers in the professional food and beverage market

Change in consumer food and delivery models

Restaurant owners have gradually increased the variety of their menus in response to a change in consumer food habits, which demands a more versatile kitchen equipment. In addition, the take-away and delivery business models are heavy growth drivers.

Total cost of ownership and environmental awareness

There is a greater focus on the total cost of ownership as a purchase decision. The cost mainly includes energy, maintenance, and food-waste related costs, as well as labor costs for operating the equipment.

Connectivity

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

New and innovative beverage trends

Customers are moving towards healthier beverage options. In addition, new and innovative products are emerging. Particularly in mature markets, such as Europe and North America, customers are tending to shift toward customized flavored beverages, with an increased demand for more versatile equipment.

Electrolux Professional's response

We have a wide range of multi-functional products for Food service & Beverage which allows the operator to adapt easily to new trends. Speedelight, SkyLine Cook & Chill, SafeBox Hold, and LiberoPro are excellent examples of our solutions that meet the new demands for top performance, flexibility, and mobility.

All our newly developed products significantly reduce the total cost of ownership and usage of energy, water, and chemicals for the operator. This enables us to shorten the payback time of the investment for our customers. Food waste is a significant cost factor, and thanks to the Thawing Cabinet and the Cook & Chill system, our customer produce only the food they consume.

Our The OnE Connected solution allows users to monitor their entire kitchen. It makes data available to our customers so that they can optimize the production flow and reduce the cost of operation.

Our beverage solutions have many practical benefits such as insulated bowls for visual slush machines, and easy cleaning and operation for the Bubblers range. Our equipment ensures energy savings, high performance and efficiency.

2021 performance

Markets and customers

In Europe sales are particularly significant in Southern Europe where we have a strong market position under the Electrolux Professional brand, in addition to other well-known historical brands such as Zanussi, and the acquisitions in the coffee- and beverage segment with UNIC in France and SPM in Italy.

In Asia-Pacific & Middle East and Africa 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. Beverage in the Asia-Pacific & Middle East and Africa region is focused on the QSR and Convenience Store segments - building on a strong history in cold beverages in South East Asia.

In the Americas the focus within food and beverage has traditionally been on fine dining, projects and schools, and major chains. During 2021 the region has seen a shift towards food retail, quick-serve, and e-commerce customers. Mid-size chains fueled the growth of the business.

Sales development

In 2021 Food & Beverage sales was SEK 4,704m (4,198), an increase of 12.0% compared to the same period last year when sales were heavily affected by the coronavirus pandemic. Organically sales increased by 14.3% (-28.1) and currency had a negative effect of -4.7% (-1.2). The acquisition of Unified Brands contributed by 2.5%.

Earnings development

Operating income excluding amortization of intangible assets (EBITA) amounted to SEK 299m (87), corresponding to an EBITA margin of 6.4% (2.1). Operating income amounted to SEK 244m (35), corresponding to an operating margin of 5.2% (0.8).

New Beverage and Food Preparation division

During the year, a new, separate division within the Food and Beverage segment, was created to encompassing Beverage and Food Preparation solutions. The purpose is to increase focus, speed, and agility in the markets.

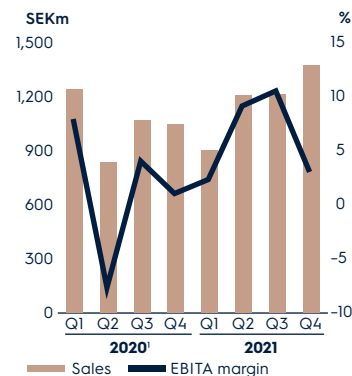
This business change will help us respond to the specific drivers of Beverage and Food Preparation, often operating in separate customer segments, with their own channels and brands and specific marketing fundamentals, compared to the general Food and Laundry businesses of the Electrolux Professional portfolio.

The new division brings together the solutions from the Grindmaster, SPM, UNIC, Cratcho and Dito Sama brands.

Acquisition of Unified Brands Inc

In December we acquired Unified Brands Inc, a leading US-based manufacturer of food service equipment. Unified Brands' attractive portfolio of products and brands, and strong local market recognition, customer relations, presence in chains, and local manufacturing capabilities, will significantly strengthen our position in the US. **Read more about Unified Brands' products on page 19.**

Sales and EBITA margin



1) The third quarter 2020 includes items affecting comparability of SEK -55m.



Net sales total, Food & Beverage

SEK 4,704m
(4,198)

EBITA

SEK 299m
(87)

EBITA margin

6.4%
(2.1)










Products for food service & beverage

Products for food

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, and speciality accessories and consumables.

Products for beverage

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.

Dynamic food preparations	Cooking	Refrigeration	Dishwashing	Stainless steel fabrication	Hot	Cold	Frozen	Soft
<ul style="list-style-type: none"> • Slicers & food processors • Vegetable washers • Spin dryers • Planetary mixers • Vacuum packers & sealers • Multi-purpose peeling machines 	<ul style="list-style-type: none"> • Fryers • Boiling & braising pans • Grills & griddles • Ventilation equipment • Modular cooking ranges • Fry tops • Combi ovens • Convection ovens • Made2 Measure cooking suites 	<ul style="list-style-type: none"> • Refrigerated cabinets • Refrigerated counters • Saladettes • Cold rooms • Blast chillers 	<ul style="list-style-type: none"> • Dishwashers: <ul style="list-style-type: none"> • Under-counter • Hood type • Rack type • Flight type • Waste and dishware handling systems • Accessories 	<ul style="list-style-type: none"> • Cabinets and cupboards • Work tables and shelves 	<ul style="list-style-type: none"> • Coffee grinders • Coffee brewers • Espresso machines • Coffee urns • Hot beverage dispensers 	<ul style="list-style-type: none"> • Cold beverage dispensers • Cold juice dispensers • Beer dispensing systems 	<ul style="list-style-type: none"> • Frozen granita dispensers • Frozen ice cream dispensers 	<ul style="list-style-type: none"> • Soft serve • Soft ice cream dispensers
								

Sustainable food solutions

Smart cooking

Electrolux Professional products include unique features that save energy while providing high performance and respecting the environment.



Decrease oil consumption by

50%

Fryers

The integrated advanced filtering system cuts oil consumption by half.

Decrease gas consumption by

60%

Flower- and Ecoflame

Adjusts the hob flame to fit pans of any diameter. Heat is concentrated on the bottom of the pan, avoiding dispersion into the kitchen. Ecoflame on gas burners fitted with pot recognition sensors realize even higher savings, compared to traditional burners.

Decrease energy consumption by

35%

Ecotop

A special solid top coating prevents heat escaping into the working area and guarantees high efficiency and savings in energy costs. The built-in stand-by function automatically reduces the power whenever there are no pots on the hob.

Decrease consumption by

90%

Induction – an energy champion

Thanks to heat loss reduction the Induction cooking system, is an efficiency champion reducing energy consumption by 90% compared to traditional electric tops.

Read more about our Sustainable solutions on page 62. [→](#)

Transparent process management at Landgut Stober Hotel, Germany

The bio-certified flagship Hotel Landgut Stober in Brandenburg near Berlin is one of the top addresses for congresses and events of all sizes. Electrolux Professional's cloud-based platform, The OnE Connected, is used in the hotel's canteen kitchens and domestic laundry in answer to the hotel's desire for both innovative equipment technology and intuitive as well as 'transparent' process management.

The combination of the OnE Connected solution and Electrolux Professional's range of sustainable products allows all devices to communicate with each other in real time, enabling a complete over-

view and evaluation, and guaranteeing maximum sustainability and cost-effectiveness.

The platform collates all relevant process and safety data from all devices. Time-shifted – and thus energy-optimized – processes are forced, automated and promoted with the help of appropriate programming of the devices. In addition, the system can also avoid unforeseen repairs; all devices report themselves 'forward-looking' if maintenance is due, which guarantees the Stober estate the highest possible production reliability.



OnE Connected

FOOD TRENDS

Ghost, Dark, Cloud, or Virtual kitchens

The sudden shut-downs and lock-downs when the coronavirus rocked the world in 2020 and 2021 affected the whole restaurant industry. Years' worth of disruption to dining evolved in a matter of months as ghost kitchens helped put disheartened business owners back in business, despite not having in-house guests.



Ghost kitchens – also known as dark, cloud or virtual – are delivery-only ‘restaurants’ that have no physical space for customers. Orders are placed online, through websites or apps, and food is delivered to the customer’s door, often through third-party companies.

The severe indoor dining restrictions accelerated the existence of these kitchens and massive growth projections ensued. According to Euromonitor estimates, the industry could be worth USD 1 trillion by 2030. Still, the rise of ghost kitchens was simmering pre-pandemic, largely fueled by the start-up and take-up of food ordering and delivery apps. According to a 2021 McKinsey article,

the global food delivery market has tripled since 2017 and is today a permanent fixture in the dining landscape.

A recipe for success

The new apps radically change what it means to operate a restaurant. Food entrepreneurs no longer need to plough money into high-cost real-estate and huge overheads – essentially what they need is the access to a kitchen and to hook up with the likes of delivery companies.

Food delivery – an ever-rising consumer trend

Ghost kitchens are expected to remain an integral and growing part of the restaurant business. Many operators consider off-premise dining to be their best growth opportunity. The business benefits are numerous; reduced overhead costs, maximized workflows, and flexibility to keep up with consumer behavior and food trends. Convenience and speed are key factors to respond to demand for ubiquitous delivery – food anywhere, anytime – and the possibilities are infinite.

Ola Foods – the story

One of Electrolux Professional’s customers, Ola Foods, is a company that began as a successful cab service app offering ride-sharing and delivery in India. In 2017 it acquired Foodpanda India, to enter the online food delivery business, and launched Ola Foods. It has developed multiple cloud restaurant brands that today include kitchens specialized in pizza, biriyani, khichdi, and more.

As the pandemic propelled food delivery habits in India, our partnership with Ola Foods has resulted in significant product orders.

Having visited our Center of Excellence in Gurgaon and seen product demos back in 2018, Ola Foods asked for design support to their first ‘cloud kitchens’. Electrolux Professional’s compact fryers, induction cook tops, convection and pizza deck ovens, and cold rooms are now included in the more than 40 kitchens across 6 cities in India. Ola Food has ambitious expansion plans to open many more kitchens.



FOOD HOLDING SOLUTIONS

SafeBox Hold from Electrolux Professional

Launched in 2021, our unique holding solution for take-away and delivery, the SafeBox Hold, keeps multiple packaged meals ready for pickup. The product enables our customers to safely deliver hot and tasty food to their clients without needing to worry about bacteria proliferation.

- Gives guests the same great taste as eating out, but in the comfort of their own home
- Improves the flexibility and productivity of the kitchen
- Optimizes the preparation phase timing, balancing the orders received online and the on-place peak hours





Laundry

Laundry provides equipment designed for a range of professional users, from self-service coin-ops and the hospitality industry to health-care providers and commercial laundries. Customers include hospital and hotel laundries, laundries in apartment buildings and laundrettes.

Laundry segment, share of Electrolux Professional's net sales

40% (42)

Market size and growth

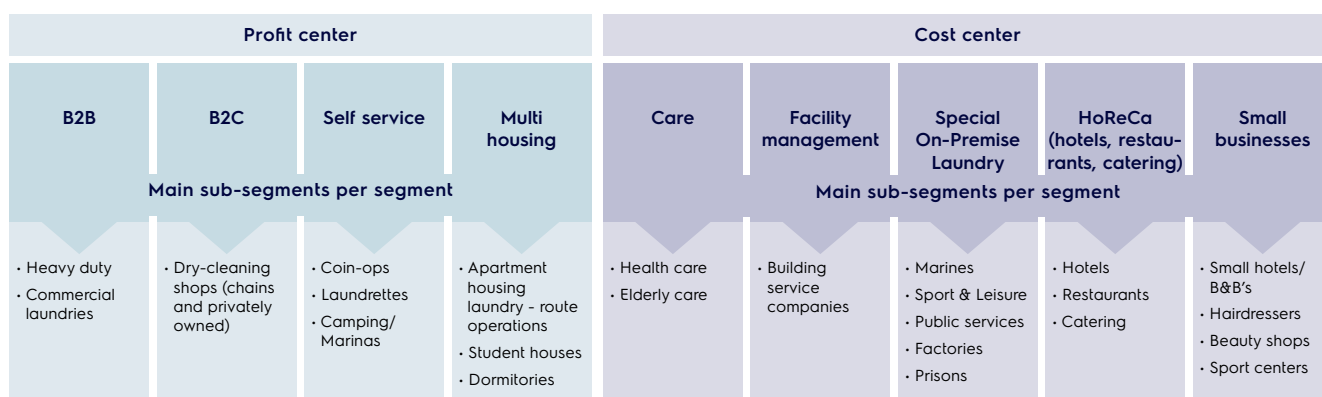
The total market for professional laundry equipment is estimated to be approximately USD 2.5bn in 2021 (our own estimates). Prior to the Corona pandemic, the market for global professional laundry equipment experienced annual growth of 2-3%, and this is expected to continue over the medium term. At the end of 2021, the market was back to pre-pandemic levels.

Market growth is mainly being driven by an increased focus on product sustainability and efficiency, labelling and certification requirements, good ergonomics, and the demand for appliance innovation and connectivity for better control, flexibility, and to be able to reduce the cost of labour. While these trends are evident worldwide, the importance of each varies from region to region.

As more technologically-advanced equipment is introduced, major equipment replacement cycles are expected to take place. Customers are expected to demonstrate more price flexibility as a result of lower ownership costs. Customer service and after-market support are key competitive factors.

Two major market segments in Laundry

The Laundry segment divides its market into two main areas; the first is comprised of customers whose main business is professional laundry, and the second is made up of customers that consider laundry as a cost center.



Key drivers in the professional laundry equipment market

Reduced cost of ownership

Customers are increasingly looking for equipment that reduces operating costs. They are focusing more on the total cost of ownership of equipment rather than the initial investment, for instance costs for labor, electricity, water, and detergent.

Greater environmental and climate awareness

Many customers want to be able to meet environmental standards and desire lower water consumption, more efficient appliances, gentler detergents, and less impact from chemicals.

Increased demand for flexible business models

Functional sales or equipment rentals are gaining traction in the market. Demand for equipment rental is rapidly accelerating, particularly in Europe and especially from smaller companies.

Enhanced hygiene demands

The global health situation has created new challenges and our priority is to give our customers and their personnel confidence that we put their health and safety first. The ability to disinfect laundry is currently in demand in all types of laundry settings.

Electrolux Professional's response

Our innovation and development has long been focused on continuous improvement of our appliances to increase productivity and reduce the total cost of ownership. This means a reduced environmental impact through lower consumption of water, electricity, and detergents. We also offer a detergent that is gentler on both the environment and textiles. [Read more about this on page 43.](#)

The ability to connect our machines in a digital ecosystem also makes them more efficient, and helps customers gain a more flexible and efficient workflow.

We provide rental solutions in some markets, offering everything the customer needs for hassle-free operations - equipment, accessories, and cleaning products. [Read more about this on page 30.](#)

In 2020 and 2021 we responded quickly to market needs and launched several products that further enhanced sanitization and hygiene capabilities. [Read more about this on page 44.](#)



2021 performance

Markets and customers

In Europe we are one of the leading laundry equipment players with the most significant sales being in Sweden, where the majority of customers are property owners with laundry rooms. During the pandemic we have been able to maintain a high level of sales in the region, in particular within elderly care homes and hospitals, as well as apartment buildings that wanted solutions to improve hygiene.

In the Asia-Pacific, Middle East and Africa Region, sales come from an equal mix of laundrettes, hotels and recreation, and elderly care homes and hospitals.

Our business in North America has traditionally been heavily weighted towards laundromats, with good growth also in the other segments. The Laundry market in the Americas generally

recovered well in 2021 and increases in market shares enabled us to grow even further through our solutions for lower cost of ownership. We are one of the market leaders in the US.

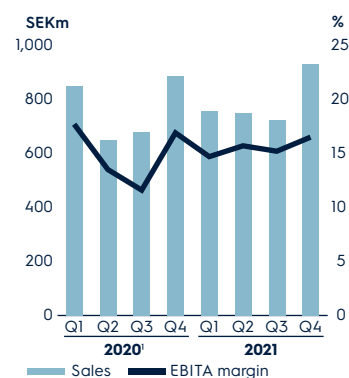
Sales development

Net sales in Laundry was SEK 3,159m (3,065) in 2021, which is an increase of 3.0% compared to the previous year. Sales increased organically by 5.5% and currency had a negative effect of -2.5%.

Earnings development

Operating income excluding amortization of intangible assets (EBITA) amounted to SEK 492m (467), corresponding to an EBITA margin of 15.6% (15.2). Operating income amounted to SEK 475m (452), corresponding to an operating margin of 15.0% (14.7).

Sales and EBITA margin



1) The third quarter 2020 includes items affecting comparability of SEK -22m.

Total net sales - Laundry

SEK 3,159m
(3,065)

EBITA

SEK 492m
(467)

EBITA-margin

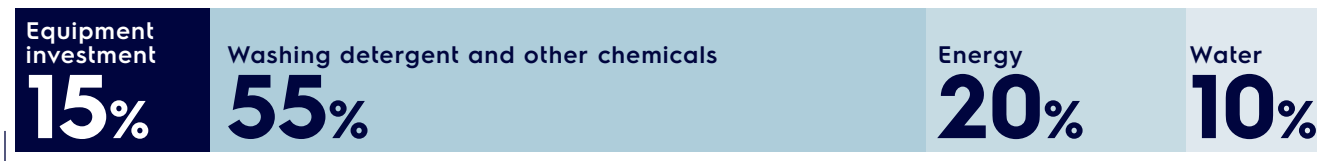
15.6%
(15.2)

Sustainable laundry solutions

Investment in equipment is a smaller portion of the overall ownership cost

When purchasing a washing machine, the upfront investment cost is only a small part of the overall cost of ownership. Operating costs accumulate year on year and in the end they make up the majority of the customer's costs. Over the long term our washing machines and tumble dryers cost less than most of our competitors' products, which makes the initial investment more profitable.

Estimated total cost of ownership of a washing machine over its lifetime



Calculated is based a typical washer (20 kg) and typical prices within Europe. Note that the figures differs depending on equipment, water, energy and detergent costs in different markets.

Lower cost of ownership and reduced environmental impact for customers

We endeavor to provide the most efficient laundry equipment on the market. Our prime reasoning is that an investment in our products provides long-term savings by reducing the cost of ownership and decreasing the customer's climate footprint. New equipment also increases customer productivity and gives customers whose main business is laundry an opportunity to increase revenues. Our most productive heat pump dryers in the Line 6000 range provide energy savings of up to 60% and have the shortest drying time in the market.

All new washing machines are equipped with the ability to have automatic dispensing for detergent, fabric softeners, and other chemicals. Combined with the Automatic Savings functionality this can reduce detergent consumption by up to 60%. We have also developed lagoon® Advanced Care, a water-based alternative to dry-cleaning for laundering sensitive garments such as leather and shoes.

All product development expands on an existing intelligent and modular product range of appliances that can be connected together for real-time and important user and performance data provided to the end-user.

High level of user friendliness and ergonomic certification

As washing equipment is an important component of the working environment and customer experience for many, ergonomically designed washing solutions with ergonomic certification are an important part of our laundry product innovation efforts. Professional operators who work in commercial laundries, and in institutions and hotels with laundrettes, load and unload thousands of kg of washing every day.

The new, intuitive, user-friendly display simplifies the choice of washing program, needs no specific language skills, and facilitates smarter energy and water consumption, fully automatically.

Laundry products

The most important products in the segment include equipment for laundry, drying, and ironing. Our major products are washers, tumble dryers, drying cabinets, ironers, and related specialty accessories and consumables.

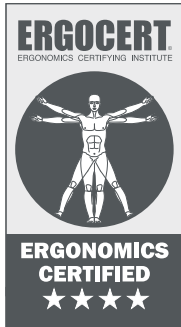
Laundry	Drying	Ironing
<ul style="list-style-type: none"> • Front-load washers • Efficient dispensing systems • Barrier washers • Semi-professional washers 	<ul style="list-style-type: none"> • Tumbler dryers • Drying cabinets • Semi-professional dryers 	<ul style="list-style-type: none"> • Ironers • Finishing machines

How Line 6000 Washer and Dryer range has improved since 2000

We have worked systematically to improve our products, and introduce new functionality (hardware and software) and intelligent monitoring. For instance the washer senses the weight of the load and can adapt the water, energy, and detergent used, and tumble dryers can sense the residual humidity in the garments and stop drying once the garment is dry. We have also developed heat pump dryers and more.



* Typical consumption data per kg/laundry, 60 degree full load. ** T3190 vs. TD6-10 consumption data per kg/laundry, full load.



Line 6000 equipment has an ERGO-CERT certification, which means it has been third-party, human-centric-design certified.

New products enhance hygiene in the fight against invisible enemies

Electrolux Professional offers a complete process that includes machines, washing programs, detergent, and a traceability system to ensure the best

possible disinfection results in all types of clothes, linens, and other textiles.

The laundry room of the future

We have developed a washing machine solution for apartment buildings that inactivates pathogenic microorganisms via the washing program. With the assistance of technical experts and virus researchers from the RISE research institute of Sweden, we have launched different washing programs that can inactivate viruses such as Covid-19, SARS, MERS, and winter vomiting disease.

Barrier washers

Our new barrier washers prevent cross-contamination and guarantee maximum hygiene at every stage of the washing process, which protects both personnel and care assistants, for instance at hospitals.

Mop washers

Our mop washers for professional usage are equipped with a special heater, an inner drum and an electric drainage valve which ensures rapid, efficient draining. The result is a first-class wash combined with low costs and maximum protection against the spreading of microorganisms.

Ramunderstaden, in Söderköping Sweden

Climate-smart laundry room



Estimated reduction of the tenants' climate footprints during 10 years:

Energy savings

60%

Water savings,
semiloaded

50%

Detergent savings,
semiloaded

50%

Ramunderstaden, a housing company in Söderköping Sweden, decided to review and overhaul the 19 laundry rooms in its properties.

The company wanted to modernize the laundry rooms and reduce electricity and water consumption. Improving tenant satisfaction was important as laundry rooms were an important topic in customer satisfaction surveys.

Ramunderstaden selected an end-to-end solution from Electrolux Professional encompassing the replacement of all equipment and a 10-year full-service agreement. The customer also chose our digital booking system and automatic dispensing of detergent and fabric softeners.

Beyond getting more efficient equipment that is more ergonomically adapted, the net savings over the 10-year period will amount to SEK 4.6m after the investment has been paid.

A further positive outcome is that tenants have started to return to the laundry rooms. There are probably several reasons for this. Washing is cheaper, and faster washing programs have increased laundry room availability. Shorter washing programs also increase the lifetime of clothing.

We have calculated that three professional washing machines do the same job as 140 domestic machines. Simply climate smart laundry rooms provided by Electrolux Professional.



Operations

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Our production

Electrolux Professional's manufacturing units are organized mainly by product category to ensure proximity and agility to serve customers. Our three largest factories, Vallenoncello in Italy, Ljungby in Sweden, and Rayong in Thailand, produce for the global markets. The other plants mainly serve regional markets, some of them with solutions already adapted for the global markets, with a significant potential to grow.

After the merger of the two factories in Thailand into one factory, the transfer of production from the factory in Louisville, US to Thailand and Italy, and the acquisition of Unified Brands in the US with two factories, Electrolux Professional now has 12 factories. The manufacturing sites are committed to a systematic approach for the responsible use of resources, occupational health and safety, and a clear road map to become carbon neutral in their operations by 2030.

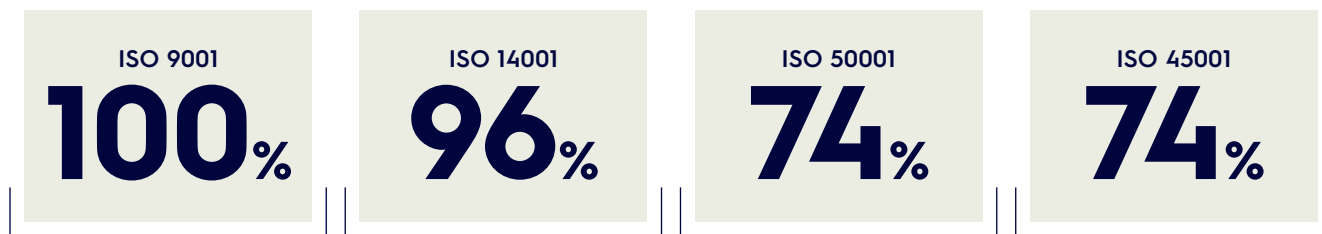
First year of the new plant in Rayong, Thailand

At the beginning of 2021, the construction of the new factory in Thailand was complete and the two existing factories in Thailand were merged into one. Despite the challenges during the pandemic, we were able to meet targets in terms of cost and timing, and thus started production in June 2021. Thanks to excellent collaboration between local and global teams using digital tools for remote management, the consolidation

of production of both laundry and beverage products started on time and in line with expected costs, creating zero disruption for the sales organizations.

The new factory allows significant cost optimization, creates a "state-of-the-art" working environment in line with the highest sustainability standards, and improves our capability to develop customized innovative solutions with new R&D laboratories for the cold and hot beverage center of excellence.

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



* Excluding Unified Brands production volumes.

Louisville, US – Logistics hub for the US market

To improve profitability and reduce complexity in the Beverage portfolio, all production from the Beverage plant in Louisville, has been transferred to production sites in Thailand and Italy. In addition, the existing warehouse in Charlotte, US is being consolidated into a warehouse location in Louisville creating a significant logistics hub to serve the US market.

Unified Brands – 2021 acquisition

In December, 2021, Electrolux Professional acquired Unified Brands, a US-based manufacturer of food solutions. Unified Brands’ industrial footprint includes two production sites in North America. The factory in Vicksburg, Mississippi employs approximately 250 people and manufactures Groen and Power Soak products.

The factory in Weidman, Michigan employs approximately 270 people and manufactures Randell Custom refrigerated preparation tables.

Globally organized manufacturing

The purpose of the governance model for the global industrial approach is to ensure effectiveness and efficiency. Global functions allow local structures to remain lean, while a common standardized production system, based on the World-Class Manufacturing framework, supports the distribution of standards and best practices across the different sites.

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 cost savings.

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 a focus on sustainability, customer satisfaction, and cost reduction.

Optimized footprint

We use a holistic approach to assess and optimize manufacturing processes based on different criteria and alignments such as:

- Business strategies
- Financial synergies
- Efficiency of the assets
- Identified risks to maintain resilience and address change
- Managerial aspects to calibrate timing for performing required changes

We continuously evaluate our manufacturing footprint to ensure all 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 and creates a new set-up for the supply chain, which improves efficiency.

Climate-neutral operations by 2030

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

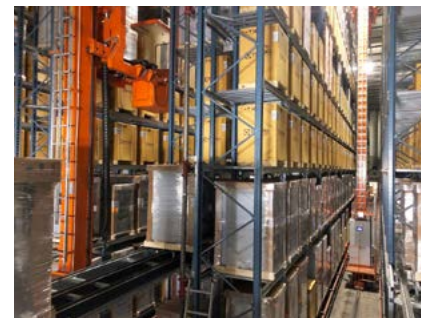
All our manufacturing sites are progressing with their sustainability efforts. This includes a systematic approach

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.

ISO certified plants

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

Read more in the Sustainability report.



The Northern Logistics Hub

At Electrolux Professional’s logistics hub in Ljungby, Sweden, all activities are now entirely digitally integrated, from the customer order to loading and invoicing. Shelves are placed on wheels and rails, that are remote-controlled by an operator. Most products are automatically picked from their shelves, increasing safety, productivity and capacity. As a result, storage capacity has increased by 70%. The hub is also equipped with a fully automated warehouse and a crane, which ensures optimal storage.

“Zero quality-defect measures”

Our Quality framework

The Quality framework is focused on having quality as an integrated part of the entire organization. It is about having a mindset that focuses on preventative and proactive activities – to the point of identifying unknown problems before they even happen, rather than a reactive approach.

The Quality framework supports the use of standardized design tools and practices as well as performing product and process audits.

The Quality framework is built on the foundation of the “power of zero”, meaning zero quality defects, zero service call rate and zero safety issues.



Quality

Our approach

Electrolux Professional’s zero quality-defect product approach is part of the Electrolux Professional production system. It embodies a philosophy of defect-free, reliable, cost-effective appliances that exceed customers’ quality expectations. According to our quality policy, we are committed to market products that are of such high quality that this alone would be a defining reason why customers choose our products over the competition, whether it’s a first-time buy, recommendation, or repurchase.

Quality improvement initiatives

We believe that each employee in our organization is fully aware of quality issues, has a strong sense of ownership and accountability to solve them, strives for continuous improvement, and collaborates closely with colleagues.

We have built a corporate culture that focuses on addressing any quality issues, solving them quickly, and preventing them permanently from reoccurring, resulting in total customer satisfaction.

Quality assurance

We strongly believe that quality is not a one-time act but a continuous sustainable improvement every day. In our operations, quality assurance starts with design and covers the full supply chain, through delivery and commissioning at the customer site until the product’s end of life. We make sure that we do not only fix the quality issues rapidly, but moreover, we proactively avoid them from day one, from the day we launch a new solution to our customers.

Logistics

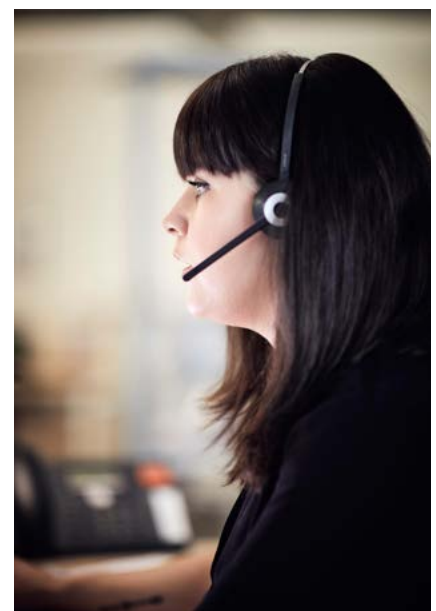
The aim of the logistics organization is to serve customers with the right products and parts, on time, at the lowest possible cost. This is delivered through effective and prompt customer order management, an efficient global planning organization, as well as a comprehensive global distribution network,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

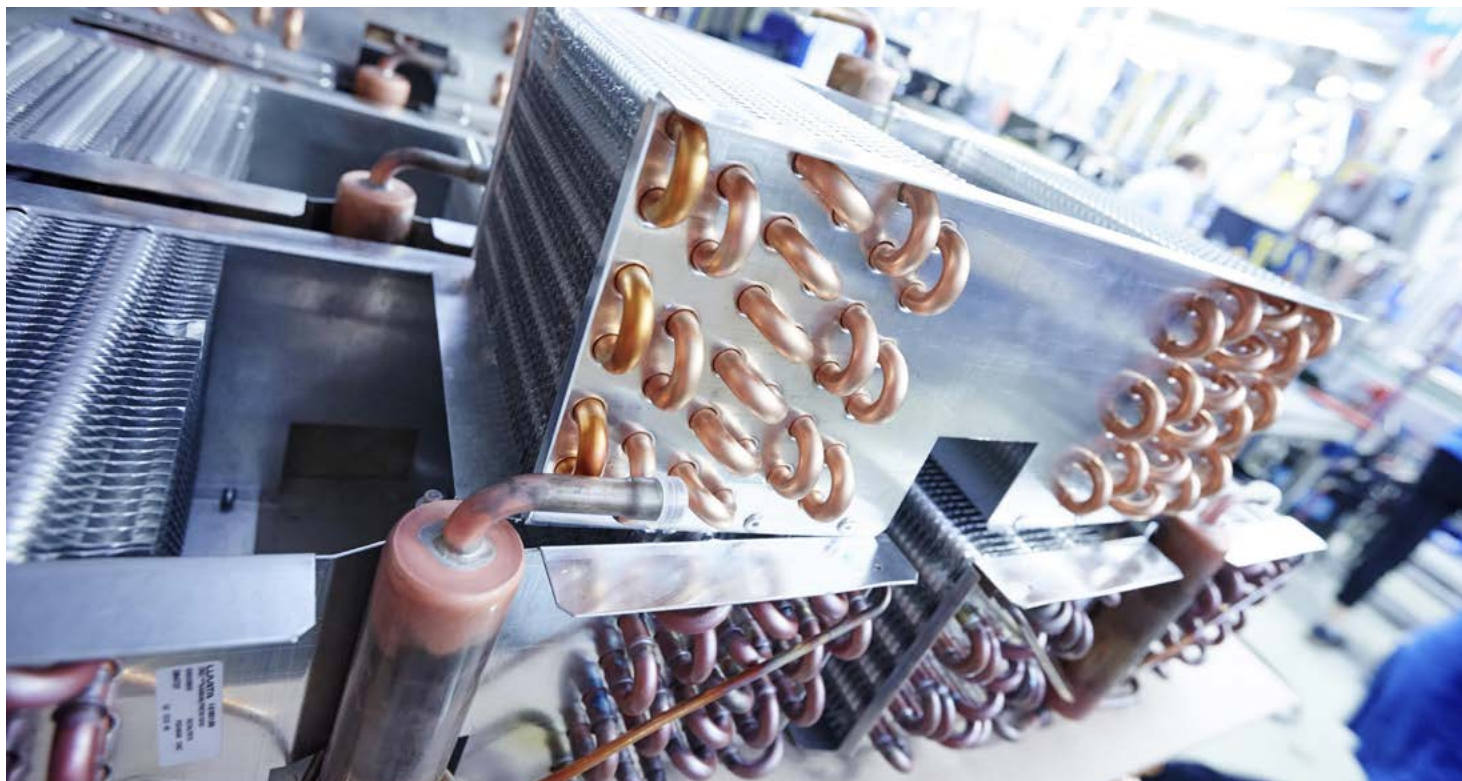
The outbound infrastructure is organized into four logistics hubs that currently serve 110 countries.

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 costs. Steel, both austenitic and carbon steel, and mechanical components are traditionally the largest commodities, while electronics have 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. The 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 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.

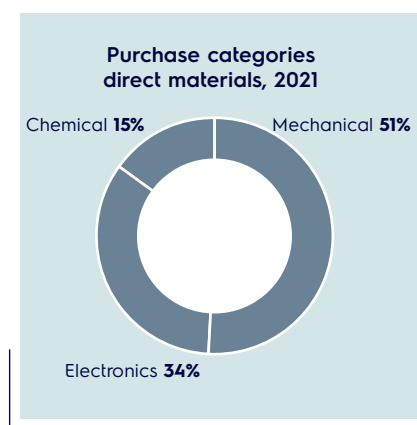
Purchasing 2021

In 2021, expenditure on direct materials and products totaled approximately SEK 3bn, which amounts to approximately 60% of total purchasing. Raw material costs have increased substantially during 2021 due to higher world market prices. In addition, the shortage of components has forced us to occasionally buy them at much higher spot-market prices. In 2021, the direct materials purchased were primarily

mechanical materials such as steel, aluminum, and cast iron, amounting to approximately 50% of total direct material expenditure.

Purchasing organization

Purchasing is a “glocal” organization where buyers are as close as possible to the suppliers. We have long-term relationships and contracts with most of our suppliers.





Factory in Rayong

The new state-of-the-art plant in Thailand – a green leap

Electrolux Professional’s 18,000m² new factory in Rayong, Thailand, was completed during 2021. The state-of-the art factory provides new professional Laundry and Beverage solutions manufacturing with a better workplace for the employees, higher business competitiveness, advanced logistics, and the ability to scale up for future expansion.

The project prioritized addressing the environmental implications of manufacturing, improving the safety and wellbeing of employees:



People safety and wellbeing

- Separation of flows for people, incoming material, and outbound finished products
- Effective natural and forced ventilation (scalable for cooling/forced ventilation)
- Canteen combined with recreational area in multi-purpose space
- Reflective glass windows combined with white ceiling and 100% self-adjusting LED-lights with 400 lux capacity.



Water consumption

- Rainwater for toilet flushing and irrigation, provision for testing water closed loop



Renewable energy and energy management

- Roof for solar panels
- Metering and control of main energy vectors using Building Management System

Manufacturing sites



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
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
Vicksburg, Mississippi, United States	Food solutions	<ul style="list-style-type: none"> Preparation, cooking and cleaning systems Steamers, kettles and braising pans and cleaning system
Weidman, Michigan, United States	Food solutions	<ul style="list-style-type: none"> Refrigeration and preparation tables Made to measure solutions



Our people

Our mission is to make our customers' work-life easier, more profitable – and truly sustainable every day. This can only be accomplished through our greatest asset - our people.

A new cultural journey

During 2021 we launched our Guiding Principles to support our mission and strategy by giving direction to our behaviors. It is important for us to clearly state the behaviors we want to see to drive the company identity and culture. Our actions and decisions throughout the company should reflect and be aligned with these principles. Our Guiding Principles are:



Be customer obsessed

At Electrolux Professional, our customers are at the heart of everything we do. We recognize our customers as both our external end customers, as well as the colleagues that are impacted by our actions and that benefit from our work - and we value both, equally. Our mission reflects our drive to continuously create better experiences for customers to elevate and enrich their everyday work-life. We take pride in knowing our customers' needs first-hand and are committed to always adopting a customer-first approach to deliver value.



Build trust

At Electrolux Professional, we believe that trust is an essential element both for the business and for our people to thrive. We welcome healthy debates and honest conversations in which everyone has a voice and is encouraged to use it, regardless of hierarchy. We are honest about our mistakes and learn from our setbacks. We seek commitment and accountability and value honesty, integrity, and ownership - both in ourselves and others. We understand the power of collectiveness to reach greater results and always strive to collaborate to enable others to deliver.



Be bold

At Electrolux Professional, everyone is empowered to take action to deliver better outcomes. We take risks with confidence and support courageous decisionmaking that inspire progress and growth. We welcome new perspectives and ideas and approach them with an open mind. We appreciate and respect our cultural differences and embrace all people - irrespective of race, ethnicity, or gender. We recognize the strength in our diversity, strive for equal access, and seek greater inclusion.



Act sustainably

At Electrolux Professional, we know how our day-to-day actions can have an impact in shaping a better society. We consider the development of our people to be as important as preserving our environment and take decisions that reflect our efforts to build a better future. We aim to reduce our environmental and social impact by improving our sustainability performance within operations and developing innovative and sustainable solutions to enable future generations to live more sustainably. We always act ethically and will only work with partners that reflect values similar to our own.

An engaged workforce

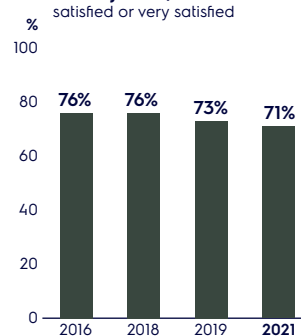
A talented and engaged workforce is essential for the execution of the company strategy. We strive to attract and develop committed, curious, passionate, and dedicated employees from diverse backgrounds in terms of nationality, gender, age, experience, and education. We are dedicated to being a responsible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

Employee surveys

We run a company-wide extensive Employee Engagement Survey (EES) annually, as well as quarterly one-question engagement surveys, Employee Net Promoter Score surveys, (eNPS).

The annual Employee Engagement Survey provides important insights for the organization. 2020 and 2021 were challenging years for the company and our employees, with the pandemic heavily affecting our business and work-life.

Employee satisfaction survey rate, satisfied or very satisfied



EES Survey participation rate 2021

91% (88)

The survey participation rate in 2021 was 91% (88), and 71% (73) of the 3,256 (2,954) employees that participated were either satisfied or very satisfied.

In 2021 we ran the eNPS survey in April and in July and saw some slight improvement between the two, indicating that the action plans are moving us in the right direction.

A new and more flexible work-life

As countries have opened up post covid-lockdowns we decided to take a stand on how flexible we would be with regards to the choice of workplace (e.g. working from home). We decided to be bold and to show trust in our employees. Those, whose work activities allow it, may choose where they work for up to 80% of their work time per month. We recommend and prefer that all employees come to their workplace at least half of the time. We believe that this is important for team collaboration as well as for informal interactions.

A diverse and inclusive organization

We recognize and seek diversity in all its forms. It is paramount to our business success that we have a wide and diverse perspective on matters. We also believe that an open, fair, and inclusive work environment will drive higher engagement and better growth and development for our employees. We measure gender diversity and we have clear and cascaded objectives to increase gender diversity. All employees will be treated according to their abilities and qualifications in any employment decision, including hiring, promotion, compensation, training, 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 one another with respect, dignity, and common courtesy.

Our ethics framework has been designed to provide guidance to our employees in applying the Electrolux Professional's Code of Conduct.

Reporting misconduct

All employees can report conduct that they believe, in good faith, to be a violation of laws or our Code of Conduct to their manager or in accordance with locally established procedures. Misconduct and violations of the Code of Conduct or Group policies can also be reported through the third-party provider's EthicsPoint web tool. Anyone reporting a violation shall, to the extent legally permissible, have the possibility to remain anonymous.

A safe and healthy workplace

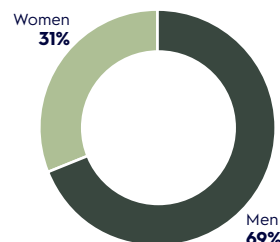
Knowing that our employees are the single most important factor in achieving long-term success, we are committed to continuously developing a work environment that enables sustainable performance and development so that all employees can deliver their best.

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.

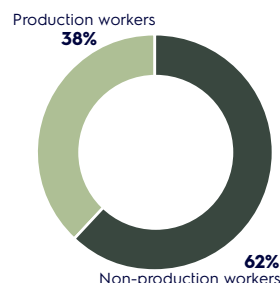
Number of employees

On December 31, 2021 Electrolux Professional had 4,015 employees in 33 countries (including Unified Brands). We have 12 manufacturing sites including R&D centers. The biggest countries in terms of number of employees are Italy, the US, and Sweden. The number of employees increased substantially in the US when Unified Brands was acquired in December 2021.

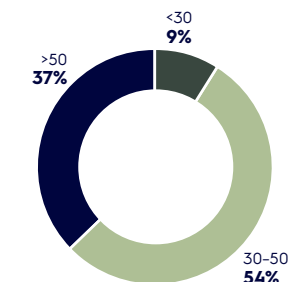
Gender distribution*



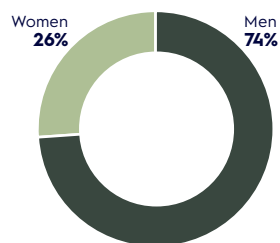
Worker distribution*



Age distribution employees*



Leadership diversity*



* Excluding Unified Brands

Employees by region

Europe

67%

Americas

18%

Asia-Pacific, Middle East, Africa

15%

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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Mission

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

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 a greater

impact and opportunity to make a difference. [Read more on page 59.](#)

We also believe that commitment to, and application of, standardized frameworks such as the UN Global Compact, ILO Convention, GRI and ISO standards simplifies the understanding and fulfillment of stakeholder expectations.

Electrolux Professional's materiality assessment is based on the magnitude of our social, environmental, and economic impacts and value generation for our stakeholders. We gain a deeper understanding of stakeholder expectations through stakeholder dialog. [Read more about our Stakeholder dialog on page 70.](#)

Our guiding principles



Be customer obsessed



Build trust



Be bold



Act sustainably

[Read more on page 53.](#)

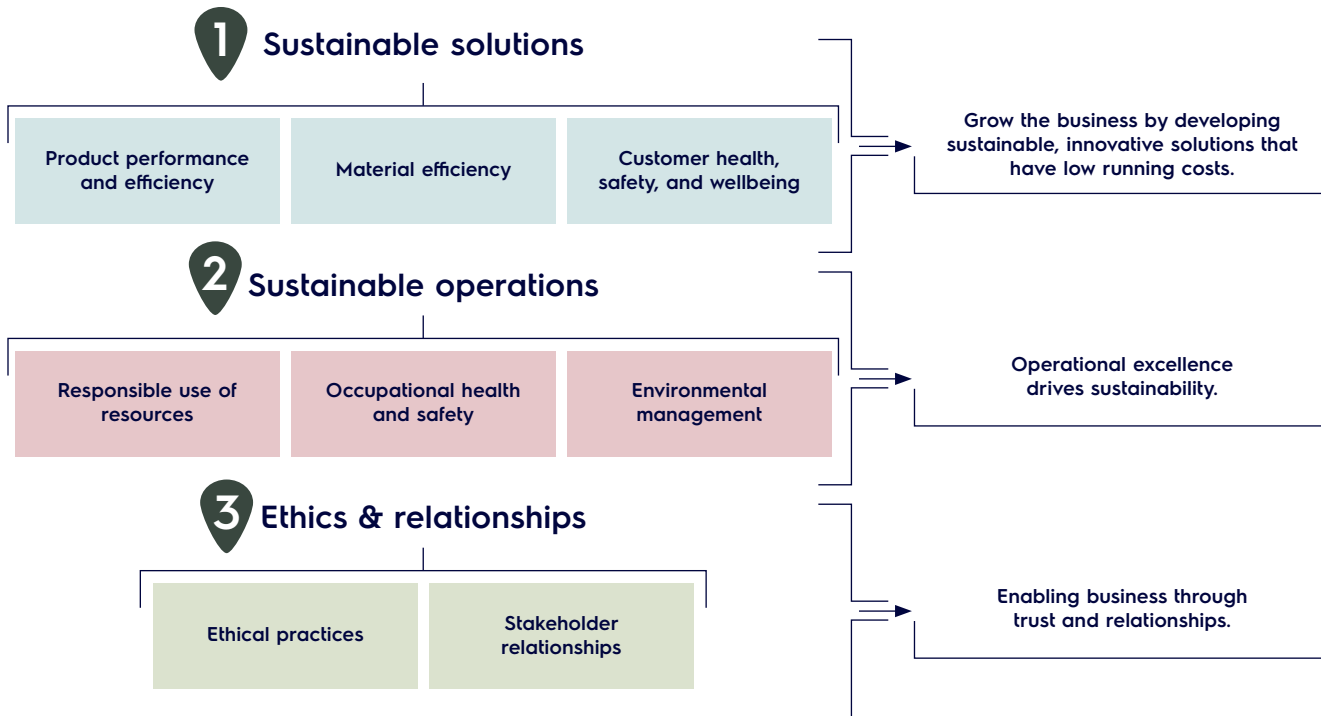


Value generation for stakeholders

- Build 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 value, generated and distributed
- Improved environment and social footprint within our value chain

The OnE Sustainable Partner

Our Sustainability framework “The OnE Sustainable Partner” frames how we work with our material sustainability topics. We perform impact analysis and strategic assessments, which together with stakeholder expectations and dialog serve as the basis for our sustainability efforts and materiality analyze. **Read more about our material topics on pages 62-70.** [➔](#)



Sustainability strategy and targets



Sustainable operations

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



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.



Ethics and relationships

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

Climate targets for 2025

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

>50%

by 2025 (base year 2015)

OUTCOME 2021:

Scope 1 and 2 emissions in 2021 amounted to 3.4 (3.1) kton CO₂, which is -31% compared to 2015.

Comment on 2021 outcomes

CO₂ emissions increased in 2021. The increase was expected as volumes had decreased sharply in 2020 due to the pandemic. Outdoor temperatures impacted heating need for manufacturing facilities. Electrolux Professional will continue to increase its share of renewable energy to further reduce emissions.

Health and safety target for 2025

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

<0.3

by 2025

OUTCOME 2021:

Number of accidents resulting in lost work time decreased in 2021 and the lost time injury rate improved to 0.7 (1.1).

Comment on 2021 outcomes

The lost time injury rate improved by 34% compared with 2020. During the year we have continued to address root causes of accidents, and worked preventively with near misses, unsafe acts, and conditions inside our manufacturing sites.

Gender diversity target for 2030

Gender diversity Distribution men/women or women/men

40/60

Distribution across managerial positions by 2030

OUTCOME 2021:

The percentage of women in all managerial positions was 26% (26) in 2021.

Comment on 2021 outcomes

Gender diversity across managerial positions was unchanged compared to 2020. During the year the company has performed activities related to diversity and inclusion as well as educating hiring managers.

Our climate ambition for 2030


To become climate neutral within our industrial operations by 2030

WE SUPPORT



Sustainable Development Goals

Electrolux Professional uses the SDGs as our compass to contribute to a better society. We have identified six SDGs where we believe we have a greater impact and opportunity to make a difference. We believe that the SDG's are good indicators of the priorities and challenges that the world is facing.

 <p>SDG 7 Clean and affordable energy & SDG 13 Climate action</p> <p>We can make a difference throughout our value chain by developing energy-efficient products and working with energy efficiency in our operations.</p> <p>OUR MAIN ACTIONS</p> <ul style="list-style-type: none"> • Energy-efficient and low-consuming products • Identify alternatives to HFC (Hydrofluorocarbon) gases • Be proactive in the switch to renewable electricity 	 <p>SDG 8 Decent work and economic growth</p> <p>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.</p> <p>OUR MAIN ACTIONS</p> <ul style="list-style-type: none"> • 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 labor rights (ILO conventions) 	 <p>SDG 12 Responsible consumption and production</p> <p>To reduce the environmental footprint related to our products and operations, we have a major focus on developing sustainable products for our customers.</p> <p>OUR MAIN ACTIONS</p> <ul style="list-style-type: none"> • Environmental performance in operations (water, energy, waste etc.) • Efficient use of materials • Sustainable innovations and product efficiency
 <p>SDG 6 Clean water and sanitation</p> <p>As a number of our products consume water, Electrolux Professional can make a difference by developing and offering water-efficient products.</p> <p>OUR MAIN ACTIONS</p> <ul style="list-style-type: none"> • Provide more water-efficient/low-consuming products • Improve water efficiency in our own operations, with a special focus in water risk countries • Management of water discharge to control quality and destination 	 <p>SDG 5 Gender equality</p> <p>Electrolux Professional values diversity and inclusion and has zero tolerance for discrimination and harassment. We aim to increase the share of female leaders at all levels of the company.</p> <p>OUR MAIN ACTIONS</p> <ul style="list-style-type: none"> • Anti-discrimination policies • Actively promote diversity and inclusion 	<p>Other relevant SDG's</p>  <p>SDG 3 – Health and wellbeing SDG 11 – Sustainable cities and communities SDG 16 – Peace, Justice and Strong Institutions SDG 17 – Partnerships for the goals</p>

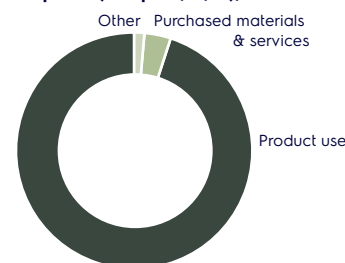
The climate challenge

Electrolux Professional recognizes that actions related to climate change mitigation are highly important and we support the ambitions of the Paris Agreement. Our products and operations are part of the problem, as emissions are generated throughout our value chain. This is why we believe that we can make a difference by reducing emissions related to our operations and products.



Read more on next page.

Distribution of our carbon footprint (Scope 1, 2, 3), %*



* Scope 3 emissions are estimated based on an inventory study for 2019.



CLIMATE CHALLENGE, continue

Impacts and targets
Scope 1 and 2 emissions

In 2020 we communicated our ambition to become carbon neutral in our industrial operations by 2030 (as measured by scope 1 and 2 emissions). During 2020 we also set a scope 1 and 2 emission target aimed at reducing emissions by 50% by 2025 (including contributions from acquisitions made in 2015-2019). Our scope 1 and 2 emissions constitute only a small portion, approximately 0.1%, of our total carbon emissions. Our carbon emissions mainly stem from energy consumption, but some are related to the use of HFCs (Hydrofluorocarbons) gases. Our main challenge to achieving climate neutrality is related to natural gas use in some of our manufacturing facilities.

Scope 3 emissions
Product use

During 2021 we have investigated the data from our greenhouse gas emissions within scope 3 (year 2019). It shows that our scope 3 constitutes -99.9% of our total emissions. The data also highlights that our main climate impact occurs during the product use phase (-95%). The main contributor within the usage phase relates to the product's energy consumption. For many years, we have had a clear strategy to develop and offer energy-efficient and low-consuming products. **Read more on page 64-65.**

As the energy cost often is a significant part of the total cost of ownership for our customers, energy efficiency is also a core argument for the customer's investment decision.

As the company's scope 3 emissions are highly significant, our ambition is to develop a scope 3 reduction target connected to product use during 2022. During the year the company has developed a sustainable portfolio KPI to fol-

low the progress of solutions we believe contribute to climate change mitigation.

Material use & End-of-life impact

Other significant scope 3 impacts relate to purchased materials and the end-of-life treatment of sold products. The company recognizes that using materials more efficiently is important, and has integrated material efficiency in its strategic framework. We have a strong tradition of developing durable and reliable products for the sharing economy (e.g. apartment house laundries, coin ops) or professional businesses (e.g. restaurants, hotels). The frequent use of products plus their long lifespans, along with a strong service network for maintenance and repair, is favourable for efficient materials usage. During the year the company has also introduced or extended more circular business models so that more sustainable use can be achieved through material efficiency. **See page 63.**

As most materials used are related to steel or other metal parts, a large portion of the products can be recycled (normally between 85-95%). During the year we have analyzed several products from a circular perspective to identify further opportunities for recycling.

HFCs are highly potent greenhouse gases. They are used as cooling agents in some of the applications. As these gases might leak (e.g. during product use or end-of-life treatment) and accumulate in the atmosphere, they increasingly contribute to climate change. During the year the company has set a target to reduce consumption of HFC gases by 70% by 2025 (base year 2019). In 2021 the company has completed several projects to decrease its use of HFC gases within the refrigeration category.

Read more about impacts, risks and opportunities on page 61.

Disclosure on climate-related topics

Climate change is already impacting every region on earth and further warming continues to increase the risk of extreme weather events. The risk mitigation and transition to a low carbon economy might have an impact on all stakeholders in society and have political, legal, and technological impacts on organizations. During 2021 we did our first CDP disclosure (Carbon Disclosure Project). The company is seeing an increased interest in climate-related disclosures in accordance with Task force on Climate-related Financial Disclosure (TCFD). Electrolux Professional will continue to work towards better reporting on climate-related impacts, risks, and opportunities, and how these affect our business and operations.

Risks

Fire, natural disasters, and extreme weather conditions could affect the Group's manufacturing capacity. All manufacturing sites are surveyed annually through a loss-prevention group standard which includes risk management, emergency procedures, business continuity, and security.

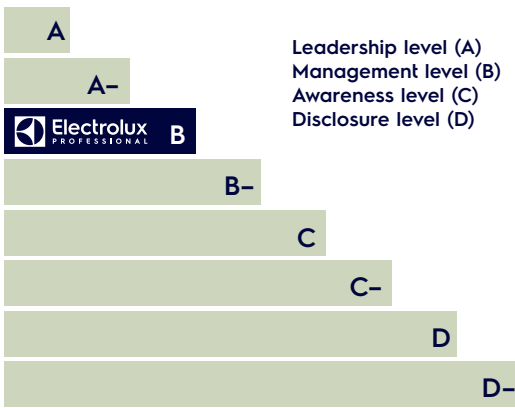
Carbon taxes and/or borders might impact material, energy, and transportation costs, due to the distribution of our carbon footprint. Increased costs for energy might further accelerate the demand for energy-efficient and low consuming products. We have been investing in developing such products for many years, and resource and material efficiency is an integrated part of our sustainability strategy.

There are very few energy-labeling directives in the professional appliance industry. We welcome more energy standards or directives since they would improve transparency and give customers an opportunities to make informed purchasing decisions.

In areas where water availability and water supplies are becoming more unpredictable or scarce, requests for water-efficient products can be expected to increase. As some of Electrolux Professional's products consume water when operating, we have a clear strategy and targets to develop low-consuming and water-efficient products.

From 2022 professional refrigerators with HFC gases that have a global warming potential (GWP) of 150 or more can no longer be sold, according to the European F-gas (Flourinated gas) regulation. We have updated our refrigerant products to comply with this regulation and set further targets to reduce F-gases used in other product categories.







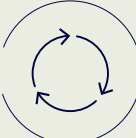
CDP questionnaire for climate change 2021



Along with 13,000 other companies globally, Electrolux Professional discloses its climate change impact through CDP, a global non-profit organization that runs the world's leading environmental disclosure platform.

Value chain impacts, risks & opportunities

Electrolux Professional has assessed the 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 56–57.** →

	IMPACTS	RISKS	OPPORTUNITIES	APPROACH
Product development 	<ul style="list-style-type: none"> Product use (energy, water, detergent use, climate) 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 (natural resources, CO₂, waste) Reduce impact from product use (energy, water, CO₂, detergents). Reduce climate impact 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 Generation of 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 Climate taxes or borders impacting material cost 	<ul style="list-style-type: none"> Have a positive impact on our suppliers' sustainability performance Substances with an impact on people and the 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 Reduce impact from waste 	<ul style="list-style-type: none"> Efficient use of resources and environmental management integrated in our production system Health and safety integrated within our production system
Transport 	<ul style="list-style-type: none"> Emissions from transportation 	<ul style="list-style-type: none"> Labor conditions Climate taxes or carbon pricing. 	<ul style="list-style-type: none"> Reduce CO₂ 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 Encourage customers to act more sustainably 	<ul style="list-style-type: none"> Anti-corruption policy and Code of Conduct training Promotion of sustainable solutions Focus on the product's lifecycle cost
Product use 	<ul style="list-style-type: none"> User health and safety Consumption of energy, water, and detergents CO₂ emissions from energy use 	<ul style="list-style-type: none"> Product safety Leakage of HFC gases 	<ul style="list-style-type: none"> Product efficiency (energy, water, detergents, CO₂) User ergonomics Long and extended product lifespans 	<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 & hazardous substances Carbon emissions 	<ul style="list-style-type: none"> Use of hazardous or toxic substances Products not recycled to the extent possible Leakage of HFC gases 	<ul style="list-style-type: none"> Design for greater material recovery Take back systems or control of end-of-life treatment 	<ul style="list-style-type: none"> Restricted materials list Efficient use of materials

1 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, and offer 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 an impact on materials use, manufacturing, distribution, product use, and end of life.

As our main environmental impact occurs 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:

Product performance and efficiency

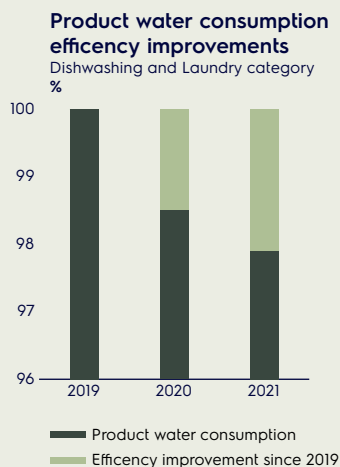
Efficient and low-consuming products

Our main environmental and climate impact occurs during the product-use phase. As products operate, they consume resources such as energy, water, and detergents. These resources impact the product's environmental footprint as well as the customer's operating costs. Electrolux Professional invests significant resources into its global R&D activities. During 2017–2021 the company's R&D expenditure totaled an average of approximately 4.4% of net sales per year. Around 50% of sales comes from products developed during the last 3 years.

Around 95% of the company's climate impact occurs as the products consume energy. For many years, Electrolux Professional has had a clear strategy to develop and offer energy-efficient and low-consuming products. This is positive both for the environment and the customers' operating costs. Some of our products use innovations and technologies that help save energy and/or reduce carbon emissions.

As some of our products consume water, we have set a target to increase water efficiency within our dishwashing and laundry product ranges (base year 2019). In 2021 we have improved water consumption efficiency by 2.3%. This corresponds to lifecycle water savings of around

2 billion litres of water (based on 2021 sales figures). Two billion litres of water equal around 1.4 days of consumption for the entire Swedish population (ten million people consuming 140 l/day). [Read more about our sustainable product offering on pages 16, 38 and 43.](#)



Efficient use of material

The majority of our material use is related to steel and other metals. As the materials used and waste generated have a negative impact on the environment, more efficient use is required to reduce our impact. An efficient approach means using materials for as long as possible, working towards closing material loops, and reducing waste. Material efficiency is supported by a circular transition.

See more about circular business models on pages 21 and 30. →

Our products are used frequently, either by 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. **See more about our approach to Zero defects on page 48.** →

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 are maintained during the product lifetime.

See more about our service offering on page 20. →

End-of-life management and recovery

We have developed a restricted material list (RML) to facilitate the use of non-hazardous and non-toxic substances in our materials and components.

All components and materials used are RoHS (Restriction of Hazardous Substances Directive) 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). We also meet 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 materials within our products (normally between 85–95%) can be recovered and used in new material loops. Our aim is to further improve on material recovery and thereby reduce our impact from waste generation.

Customer health and safety

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 businesses 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 with third-party certified disinfection performance.



Low-carbon refrigerant gases

In May 2021, the first refrigeration products using the low-carbon CO₂ natural refrigerant were launched on the market. "The CO₂ option" is available for refrigerated cabinets, freezers, Blast Chillers, and several other refrigerated products.



Certified program for extended life time

Our new Certified program offers an upgrade to washers and dryers that have spun some way into their life cycle, with new original parts. The machines thus gain a longer lifetime.

1 Focus on developing innovative and sustainable solutions

For most of our products the main climate impact occurs during the product-use phase. As there are few energy directives and certification schemes externally, Electrolux Professional has created an internal indicator to reflect technical solutions that can offer opportunities for carbon reduction. The

intention is to track products that can technically support carbon reduction. For the purpose of the indicators, we do not benchmark against our competition in the market as this might be precarious due to the lack of objective measurement methods. Further, we do not include technical solutions that support,

but do not actually ensure, efficient user behaviors.

The table below shows embedded technologies or solutions that can be considered as significantly more advanced, and can thereby reduce energy consumption and/or contribute to climate change mitigation.

Electrolux Professional's Food & Beverage solutions

PRODUCT	SAVES	TECHNICAL FEATURE	SAVINGS	DESCRIPTION
Stoves	Energy	Induction heating technology	Induction heating can save approximately 80% of energy compared to other heating alternatives.	Induction heating is different to other methods as heat transfer does not occur. Power is consumed only when a susceptible metal (magnetic steel) is close to the RF inductor coil. Therefore if the pot is much smaller than the inductor coil, there is no heat loss from the sides. Also, if the pot is removed, power consumption drops to the "no load consumption".
Stoves	Energy	Flower and Ecoflame	May save up to 60% of energy compared to traditional gas stoves.	Adjusts the hob flame to fit pans of any diameter. Heat is concentrated on the bottom of the pan, avoiding dispersion into the kitchen. Ecoflame on gas burners fitted with pot recognition sensors ensures that power consumption drops to a minimum if the pan is removed.
Cookers	Energy	Pressure-cooking technology	Pressure cooking can reduce energy consumption by up to 80% compared to a traditional cooker.	Energy might be saved as less steam escapes from a pressure cooker.
Refrigerators	Energy	Energy efficiency	Top Energy classification.	Electrolux Professional appliances fall into the highest two classes of energy efficiency under Regulation (EU) 2015/1094, and are significantly more efficient than products with a lower classification.
Dishwashers	Energy and water	Filtering system, Energy-saving device (ESD)	Up to 60% less energy consumption.	A filtering system with a wash pump that circulates the water reduces water and energy consumption as less water needs to be heated. The ESD provides a heat exchanger for the recovery of energy from the steam.
Dishwashers	Energy	Heat pump technology	Energy-saving of approximately 23% in addition to savings from the ESD & filtering systems described above.	Heat pump technology is more energy efficient than other heating alternatives. Only available for multi-rinse.
Cold & frozen beverage products	HFC gases	Natural gases with low GWP*	Products using refrigerants with low GWP* can contribute to a reduced carbon footprint.	Beverage products create fewer overall carbon emissions within the product use phase. Products using refrigerants with low GWP* can help reduce our carbon footprint.

* Global warming potential

Electrolux Professional's Laundry solutions

PRODUCT	SAVES	TECHNICAL FEATURE	SAVINGS	DESCRIPTION
Washers	Energy	Weight measurement system	Up to 47% energy savings for a WH6-33 washer with a 50% workload.	Partial load of washing machines causes additional energy, water, and detergent consumption per kg laundry. Weight measurement and built-in intelligence may therefore result in a reduction of water and energy consumption, as less water has to be heated. The absolute saving potential depends on the difference between the machine's capacity and real-life workload.
Washers	Energy	Power balance for optimized extraction	May save up to 30% energy in the subsequent drying process.	The energy demand of the drying process depends on the residual moisture of the textiles. The more water that is removed through extraction in the washing machine the less energy is required for the subsequent drying process.
Washers	Detergents	Automatic dosing technology	May reduce detergent usage by approximately 30%	Over-dosage directly increases the environmental impact while under-dosage may lead to an unsatisfactory result with regard to the cleaning performance, resulting in an additional washing cycle, which also leads to additional water, energy, and detergent consumption. Automatic dosing can reduce risks of maloperation related to the consumer behavior.
Dryers and drying cabinets	Energy	Heat pump technology	Approximately 60% of energy savings compared to a conventional condenser dryer.	Dryers consume more energy than other appliances in a laundry. Heat pump technology is more energy efficient than other heating alternatives.





2 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 in our operations through proper management and a systematic approach, focusing on improving our environmental and socially negative performance every day.

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, emissions and waste.

The material topics within our operations are integrated into our Enterprise Production System. The system 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 regarding 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. The Shanghai manufacturing plant has yet to obtain an ISO 14001 certification. The company is working towards having the site certified in 2022. Our three largest manufacturing sites, covering around two thirds of our production, are also ISO 50001 certified.

The sites report their results 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 47.** →

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 World Wide Fund for nature’s water risk filter. According to the water risk assessment, we do not have high water risks related to our operations. We are implementing 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 using materials efficiently.

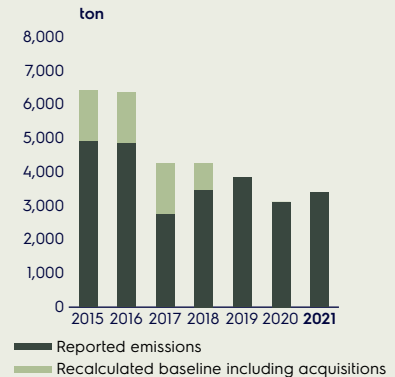
Read more on page 49. →

Carbon emissions

Scope 1 and 2 emissions increased in 2021. The increase was expected since the volumes had decline heavily in 2020 due to the Covid-19 pandemic. For European sites carbon emissions are mainly driven by gas consumption used for heating. Change in emissions for these plants is related to heating of the manufacturing sites. The main increase compared to 2020 is related to our operations in Thailand. The Thailand plant’s total emissions of 29% of our total emissions was related to production volumes. For the Thailand operations we were also impacted by the reallocation of the two manufacturing sites into one (tests and concurrent manufacturing in new/old sites). During the next coming years, one important focus will be on increasing the share of renewable energy at our sites outside of Europe. This will enable us to better decouple production volumes from carbon emissions.

Using a recalculated baseline*, reduction since 2015 is 44%. Including acquisitions, emissions have declined by 31% since 2015.

Scope 1 and 2 CO₂ emissions



* The recalculation is made by distributing the first reported emission footprint backwards to previous years.

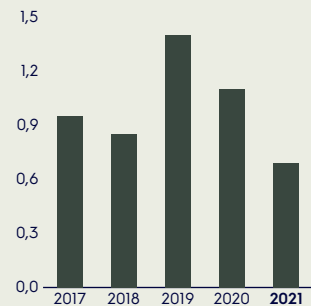
Occupational health and safety

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 guidelines are outlined in 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. Within the Health & Safety pillar we drive improvements, develop health and

safety methods, and share best practices and risks. Each manufacturing site tracks and reports accidents and incidents. Each accident results in a root-cause analysis and corresponding action plan. Each accident is followed up by the pillar team and learnings are shared between the different sites. The manufacturing sites also work on identifying and eliminating causes of unsafe acts and conditions. 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.

Lost Time Injury Rate

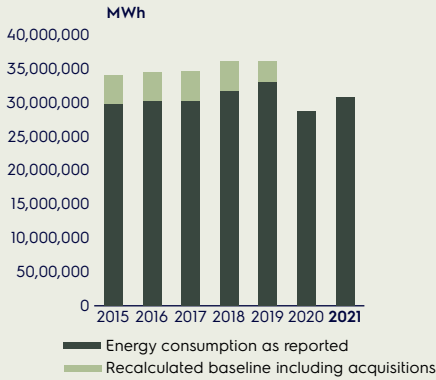


After an increase in 2019 and early 2020, figures started to improve during the second half of 2020. Compared to 2020 the LTIR decreased by 34%.

2

Environmental KPIs*

Energy consumption



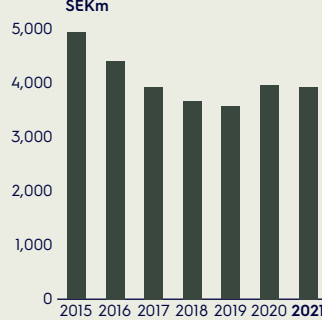
Recalculation is made by distributing the first reported emission footprint backwards to previous years.

Energy use

Energy consumption has increased during the year. The increase is due to higher production volumes as well as the changes

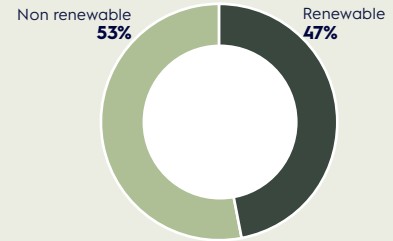
made to the manufacturing footprint in Thailand (manufacturing has continued to some extent in new/old plants in parallel during the transfer period). Electrolux

Energy intensity (consumption (MWh) per reported MSEK net sales)



Note: the Introduction year of new acquisitions in the sustainability report and financial report do not fully match.

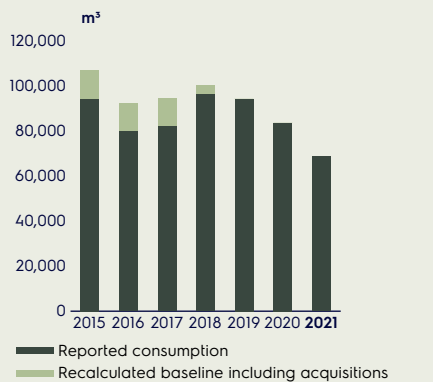
Share of renewable energy



Professional will continue to prioritize energy reduction measures.

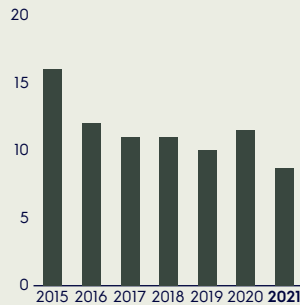
We are currently operating with a 47% (48) share of renewable energy. During the year 100% of the electricity consumption in our manufacturing locations originated from renewable sources. There are solar panels on our sites in Vallenochello, Modena and Rayong. We will continue to increase our share of renewable energy.

Water consumption



Recalculation is made by distributing the first reported emission footprint backwards to previous years.

Water intensity (consumption (m³) per reported SEKm net sales)



Note: the Introduction year of new acquisitions in the sustainability report and financial report do not fully match.

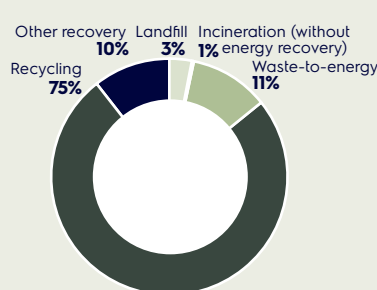
Water use

Water consumption has significantly declined in recent years. This trend continued in 2021 and is mainly due to adjustments in our operations in Italy and Thailand. In Italy we have been able to avoid and fix water leakages, while improvement in our new Rayong factory in Thailand contributes positively.

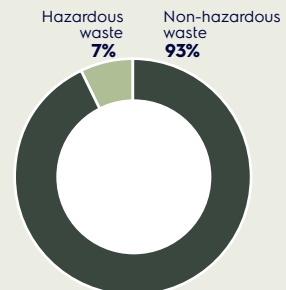
Waste and hazardous waste

During the year we have seen improvements in our waste KPIs. In particular, the total amount of waste reported declined by 9.5% compared to 2020. Further we have seen improvements in terms of increased material recovery and lower amounts of landfill. During the year 85% (84) of the non-hazardous waste generated was recovered while 10% (8) went to energy recovery and 4% (8) went to landfill or incineration without energy recovery. Electrolux Professional will increase its efforts to reduce impacts related to waste over the coming years. 7% (10) of the waste generated is categorized as hazardous waste.

Non-hazardous waste



Share of hazardous waste



* Excluding Unified Brands production sites or production volumes.

3 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 stakeholder 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 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 2021 around 1,300 employees participated in Code of Conduct training, which includes anti-corruption and human rights topics.

Further, Electrolux Professional has 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

We do 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

Our Tax Policy outlines how we 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.

Reporting of misconduct

Misconduct and violation of the Code of Conduct or Group Policies can be

reported anonymously on-line via the whistleblowing web platform, or directly to a suitable person or function within the company.

The supply chain

Sustainability risks within our supply chain are mitigated 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. 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 requirements of our suppliers are integrated into our Supplier Workplace Standard. Defined due diligence activities are put in place based on specified risk levels.

Electrolux Professional audits its existing supplier base. During 2020 we introduced Environmental and Health & Safety sections in addition to the quality sections in our audits.

In 2021 our supplier quality assurance team has conducted human & labor rights training. During the year we have also tested integrating social screening as a part of the supplier audits. This integration will continue in 2022.

95

supplier audits conducted in 2021

95/95

audits included quality

72/95

audits included environment and health & safety

3

Our stakeholders

Electrolux Professional recognizes the trust we are given by our stakeholders. Impact analysis 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 drive 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, requests for quotations, 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 • Total cost of ownership • Reliability of the overall equipment system • Ergonomics and human-centric design • Enhanced hygiene requirements 	<ul style="list-style-type: none"> • Easier work-life, profitability, low consumption, and environmental footprint <p>See more on pages 28–32. →</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 and safety • Diversity and inclusion • People development 	<ul style="list-style-type: none"> • Competitive compensation, sustainable working environment, learning and development <p>See more on pages 9, 52–54. →</p>
Investors and owners	<ul style="list-style-type: none"> • We communicate through direct meetings, questions, ESG surveys, capital market days, and the Annual General Meeting where a dialog can take place. One of our investors also have an representative in the Board of Directors 	<ul style="list-style-type: none"> • Ethical business practices • Diversity and inclusion • Health and safety • Climate action • Supply chain management 	<ul style="list-style-type: none"> • Reduced risks and long-term value generation. <p>See more on pages 9, 168–171. →</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 and safety • Environmental management 	<ul style="list-style-type: none"> • Jobs, mutual benefits, and reduced risks. <p>See more on pages 9, 49, 69. →</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 impact • Social impact • Contribution to local community 	<ul style="list-style-type: none"> • Taxes and reduced carbon footprint <p>See more on pages 9, 59–60. →</p>
Academia and NGO's	<ul style="list-style-type: none"> • Participate in networks, meetings, and partnerships 	<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 15, 70. →</p>

Sustainability governance and management, the GRI index, and our performance are described on pages 160–166. →



Food waste is a global issue that has been at the center of the Electrolux Professional community's efforts since 2016.

The “Zero waste, all taste” concept was launched to show how even the most basic, inexpensive ingredients that so frequently go to waste can be used to create a gourmet menu.



Electrolux Food Foundation

Electrolux Professional supports the Electrolux Food Foundation, an independent, non-profit organization that supports initiatives to inspire more sustainable food choices by 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.

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

From handling pandemic impact to strategy delivery

During the year our focus has shifted from managing the pandemic to pursuing the strategic agenda.

While the pandemic affected the company quite negatively during the beginning of the year, the hospitality industry gradually started to recover during spring. Naturally, the initial focus of the Board gravitated towards addressing the pandemic. However, from the second quarter onwards our focus shifted back to key growth and profitability areas, as well as the strategic priorities.

Several important decisions have been made during the year, including the creation of the new Beverage and Food Preparation division, the finalization of the new factory in Thailand with its related consequences on the Group footprint, as well as investments in digitalization.

Alongside actions regarding the structure, optimization, and capability development, the acquisition of Unified Brands was the single most important decision of the year. It significantly strengthens Electrolux Professional's presence in the US and supports the company's strategy to grow in food service chains. Our strong balance sheet and cash generation accommodated this relatively large acquisition. As part of the financing and in line with our sustainability strategy, a sustainability linked loan was signed with the Nordic Investment Bank.

Other important items on the Board agenda this year have included talent management, cyber security, and sustainability. Although many Board meetings were held online or as hybrid meetings, we met physically a few times, including a visit to the main food equipment plant in Vallenoncello, Italy.

2021 clearly demonstrated the benefits of the spin-off and listing of Electrolux Professional on the Nasdaq Stockholm in 2020. The strategic rationale of that spin-off, to create better conditions for strong future value creation in the company, was exemplified by the acquisition of Unified Brands.

After a challenging first year, the company has demonstrated its ability to deliver operational execution and strategic development and also meet the expectations of our shareholders. This financial year, the Board proposes a dividend of 0,50 SEK, in line with the dividend policy.

The Board would like to express its gratitude to Electrolux Professional's Executive Management and employees for their great contributions during the year.

Kai Wärn
Chairman of the Board

“Alongside actions regarding the structure, optimization, and capability development, the acquisition of Unified Brands was the single most important decision of the year.”



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.

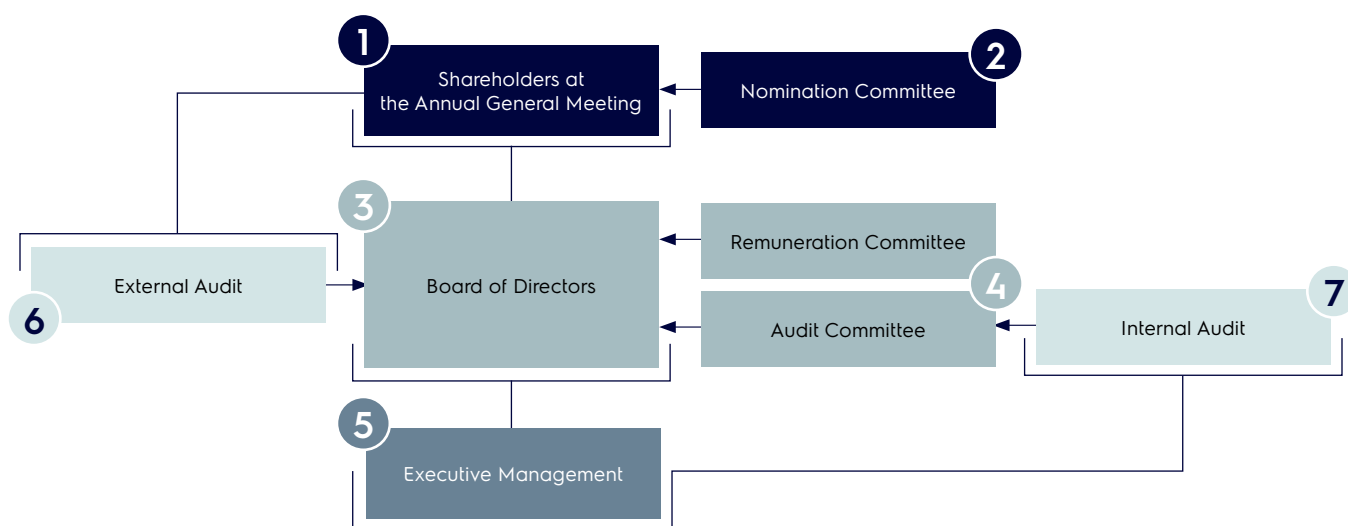
External and internal rules

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 2021. 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 2021. This corporate governance report has been drawn up as part of Electrolux Professional's application of the Code.

Corporate governance structure



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 8,047,982 are Class A shares and 279,349,468 shares are Class B shares (as of December 31, 2021), 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 B shares of Electrolux Professional are listed on Nasdaq Stockholm and traded on the Large Cap list.

Since September 2020, Class A shares are delisted from Trading on Nasdaq Stockholm. Holders of Electrolux Professional Class A shares have the right to require that Class A shares are converted to Class B shares. During 2021, 72,545 Class A shares have been converted to Class B shares.

1

Shareholders

The number of registered shareholders at December 31, 2021 was 48,189. On December 31, 2021, 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 168.**

Dividend Policy

Electrolux Professional's target is for the dividend to correspond to approximately 30% of the income for the period. For the financial year of 2021 the Board of Directors proposes a dividend to the shareholders of SEK 0.50 (-) per share, corresponding to around 30% of the profit for the year.

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. The Annual General Meeting (AGM) was held on April 28, 2021. Due to the coronavirus pandemic it was conducted without the physical presence of shareholders, representatives or third parties and the shareholders exercised

their voting rights in advance by way of so-called postal voting.

The AGM of Electrolux Professional is 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 company's external website 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 for the members of the Board and auditor, as well as guidelines for remuneration for 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 the 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 proportional to 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, 2022, in Stockholm.

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. No changes were proposed or adopted during 2021.

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.

Nomination Committee ahead of 2022 AGM

The Nomination Committee for the 2022 AGM is based on the ownership structure as of August 31, 2021, and was announced in a press release on September 20, 2021.

The Nomination Committee members are:

- Petra Hedengran, Chairman, appointed by Investor AB
- Joachim Spetz, appointed by Swedbank Robur Funds
- Jesper Wilgodt, appointed by Alecta

- Suzanne Sandler, appointed by Handelsbanken Funds
- Kai Wärn, Chairman of the Board of Electrolux Professional AB

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 after 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 applies 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 was announced in connection with the notice convening the AGM 2022.

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 2021 AGM for a term of office extending until the close of the 2022 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, the 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 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's 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 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 sustainability governance on page 160.**

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 Executive Management Team. 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 2021

In 2021, the Board held eleven meetings, ten of which were held either as physical meetings, web meetings, or a combination of the two. One meeting was held per capsulam.

All scheduled Board meetings during the year followed an agenda, which,

Board of Directors 2021 – AGM 2022

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	-	Member	104,000
Katharine Clark	Member	2020	Yes	Yes	-	-	9,000
Lorna Donatone	Member	2019	Yes	Yes	Member	-	9,000
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	-	Chairman	7,000
Carsten Voigtländer	Member	2019	Yes	Yes	-	-	10,000
Ulf Karlsson	Member*	1998	-	-	-	-	-
Joachim Nord	Member*	2019	-	-	-	-	130
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 March 11, 2022.

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

together with the documentation for each item on the agenda, was sent to Board members in advance of the meetings. Ordinary Board 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 continued to be impacted by the Coronavirus pandemic in 2021. As a consequence, it was not possible for international Board members to travel to several of the Board meetings and instead attended via online conferencing.

Key focus areas for the Board during 2021

At the beginning of 2021, the business was still heavily affected by the Coronavirus pandemic and a significant focus continued to be addressing, monitoring and adapting operations, and adopting streamlining measures to improve efficiency in the organization. A new division, Beverage and Food Preparation, was created in the Food & Beverage segment. M&A activities resumed re-

sulting in the decision to acquire Unified Brands Inc, which was announced on October 12 and closed on December 1. The board also decided to sign a seven-year EUR 60m sustainability-related loan from the Nordic Investment Bank (NIB) related to the reduction of CO2 emissions, water consumption, and the use of HFC-gases (Hydrofluorocarbons).

Evaluation of the Board of Directors

The Board evaluates its work annually with regard to working procedures, the working climate, and the focus of the Board work. This evaluation also focuses on access to, and requirements for, special competence on 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 2021, Board members responded to written questionnaires. The evaluations were discussed at a Board meeting and 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 2021 resolved that the Board fees for the period up until the next AGM should be SEK 1,560,000 for the Chairman of the Board of Directors, and SEK 520,000 for each other Board member (not employed by the company) elected by the AGM. In addition, it was resolved

that a fee of SEK 155,000 shall be paid to the Chairman of the Audit Committee and a fee of SEK 105,000 to each of the other committee members, while a fee of SEK 105,000 shall be paid to the Chairman of the Remuneration Committee and SEK 80,000 to each of the other committee members.

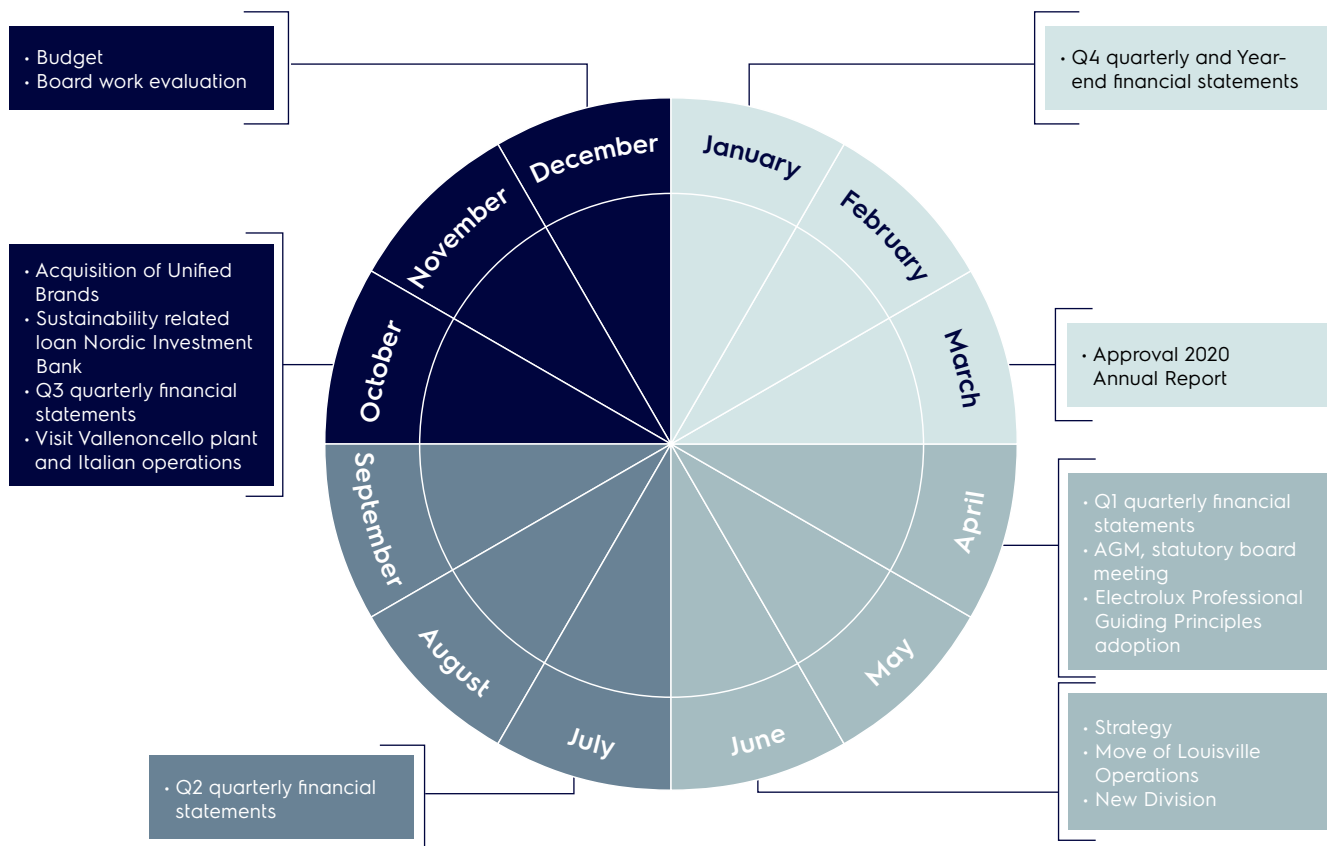
The compensation paid in 2021, shown in the table on page 78 refers to compensation until the AGM in 2020 and three quarters of the compensation authorized by the AGM in 2021, see also note 26.

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.

The work of the Board in 2021



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 2021.

During 2021 the Audit Committee held five 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 as proposed by the CEO.

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

During 2021 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 twelve 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 in person) to review the previous month’s results, update forecasts and plans, and discuss strategic

issues. During 2021 one of the planned longer meetings was replaced by web meetings and not all members were able to travel to the physical meetings as a result of pandemic related restrictions.

Key focus areas for the Executive Management Team during 2021:

- Addressing and adapting operations to improve efficiency in the organization through and beyond the pandemic
 - Investments in digital transformation
 - The creation of a new division, Beverage and Food Preparation, in the Food & Beverage segment
 - The completion of the new factory in Thailand
 - Transfer of production from the factory in Louisville to Thailand and Italy
 - Sustainability strategy
 - The acquisition of Unified Brands
- Most, but not all, Executive Management meetings are also attended by the Head of Legal, Vice President Global Marketing, Vice President Customer Care and Chief Technology Officer. Together with the Executive 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,

Board of Directors – remuneration and meeting attendance

	Total remuneration 2021, '000 SEK	Board meeting attendance	Remuneration Committee attendance	Audit Committee attendance	Independence ¹
Kai Wärn	1,630	11/11	5/5		Yes
Katharine Clark	515	11/11			Yes
Lorna Donatone	619	11/11		5/5	Yes
Hans Ola Meyer	669	10/11		5/5	Yes
Daniel Nodhäll	698	11/11	5/5	5/5	No
Martine Snels	613	11/11	5/5		Yes
Carsten Voigtländer	515	10/11			Yes

1) For further information about the independence assessment, see page 76.

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.

Management changes

Guilhem Senegas, Chief Information Officer and Head of Digital Transformation, previously part of the Extended Executive Management Team reporting to the CEO, was appointed as member of the Executive Management Team.

Philippe Zavattiero was appointed Senior Vice President Beverage and Food Preparation Division from September 1, 2021. Paolo Schira, succeeded Philippe Zavattiero as Senior Vice President Commercial Organization Europe.

On October 1, Richard Flynn was appointed Senior Vice President Commercial Organization Asia Pacific & Middle East & Africa (APAC & MEA) succeeding Doug Walker who until his anticipated retirement is acting as SVP Business Development until a successor is appointed.

On December 1, Dave Herring, CEO of Unified Brands, was appointed as member of the Executive Management Team.

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 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.

objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of the organization’s governance, internal control, and risk management processes.

Group Internal Audit assignments are 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 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 of 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 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 to the Audit Committee and is managed administratively by the CEO.

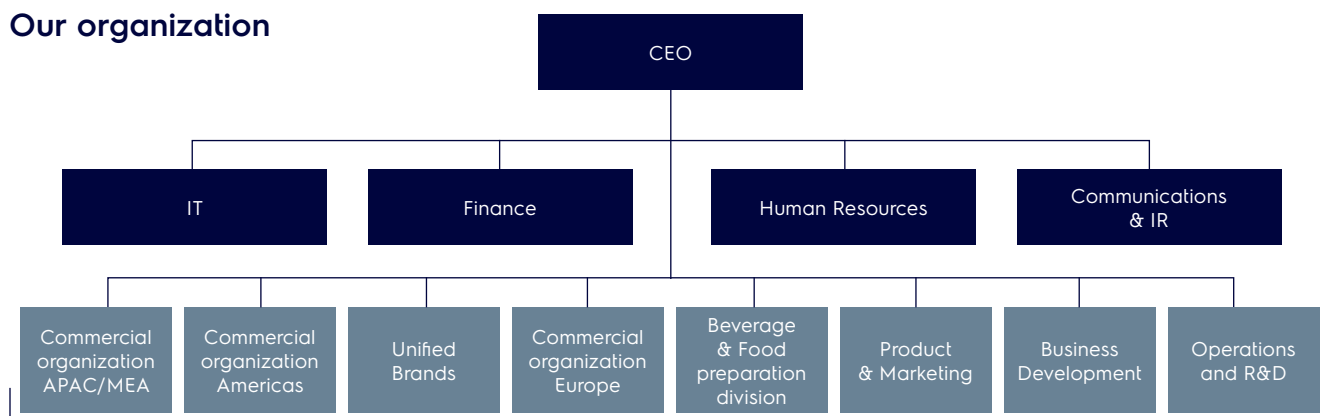
6 Auditors

The 2021 AGM re-elected Deloitte AB for the period up and including the 2022

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

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 responsi-

bilities 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 criteria, i.e., completeness, valuation, existence and occurrence, rights 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.

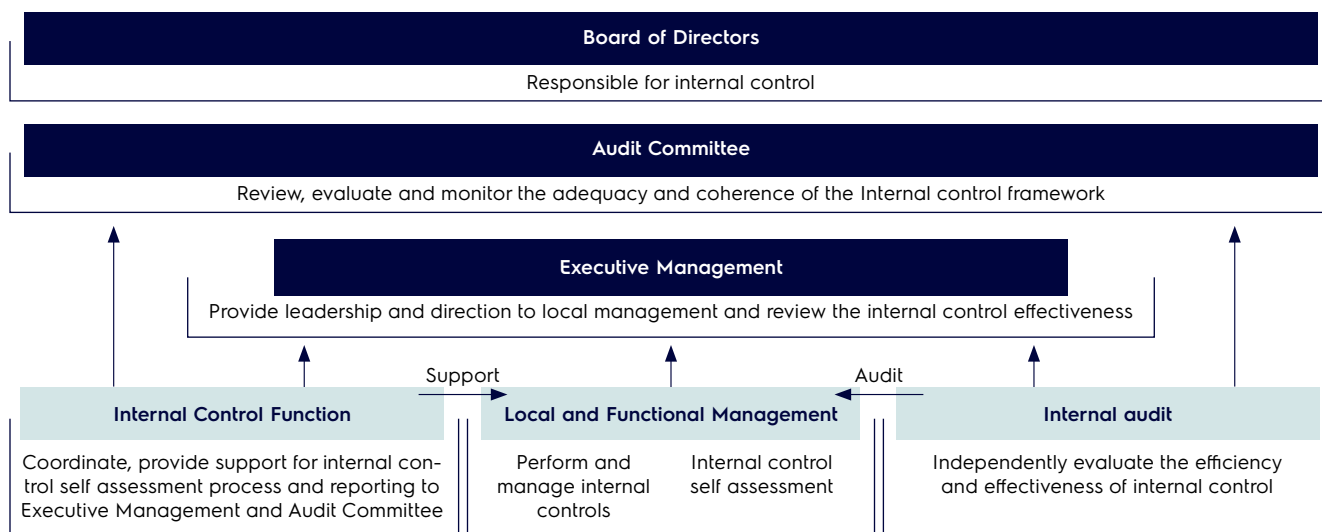
Information and communication

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, for instance 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, evaluates and monitors the internal control process for financial reporting.



Board of Directors



	KAI WÄRN	KATHARINE CLARK	LORNA DONATONE	HANS OLA MEYER	DANIEL NODHÄLL
Position & year elected	Chairman of the Board of Directors and Board member since 2019. Member of the Remuneration Committee.	Board member since 2020.	Board member since 2019. Member of the Audit Committee.	Board member since 2019. Chairman of the Audit Committee.	Board member since 2019. Member of the Remuneration Committee and the Audit Committee.
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 AB, Mälarhamnar AB, Exandio Holding AB and Comparsio AB.	-	Board member of Dawn Food Products Inc., Sbarro, LLC and National Restaurant Association Educational Foundation, USA.	Board member of Azelio AB.	Board member of Husqvarna AB and Saab AB.
Current and previous positions	Previously CEO and President Husqvarna AB, Partner at IK Investment Partners Norden AB, President and CEO of Seco Tools AB, various positions within ABB.	General Manager - EMEA and APAC at Elvie Chiaro Technology. Previously VP Commercial Development, ASSA ABLOY Opening Solutions EMEA.	Previously various senior positions within the Sodexo Group	Previously 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 at March 11, 2022	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.	9,000 Class B shares.	9,000 Class B shares.	20,000 Class B shares.



	MARTINE SNELS	CARSTEN VOIGTLÄNDER	JOACHIM NORD	ULF KARLSSON	PER MAGNUSSON
Position & year elected	Board member since 2019. Chairman 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 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	Member of the Board of Directors SIG Combiblock. Independent Non-Executive Director of Resilux. Independent Non Executive Director of Vion Food Group. Board member of Urus Group LLC.	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. Supervisory Board member of Testo Management SE.			
Current and previous positions	CEO and owner of L'Advance B.V. Former member of the Executive Board of GEA Group, various positions within FrieslandCampina, including Chief Operating Officer and Executive Director Ingredients.	CEO and owner of Voiglaender Board Advisory. Previously 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 at March 11, 2022	7,000 Class B shares	10,000 Class B shares	130 Class B shares.	-	-

Executive Management Team



	ALBERTO ZANATA	JACOB BROBERG	CARLO MARIO CARONI	JOHN EVANS
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 Commercial organization Americas since 2011.</i>
Year of birth	1960	1964	1968	1967
Nationality	Italian	Swedish	Italian	American
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.	B.A. in Mass Communication and Marketing, Kings College, Wilkes-Barre, PA, USA.
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.
Shareholding*	114,803 Class B shares.	10,000 Class B shares.	-	4,240 Class B shares.



	RICHARD FLYNN	DAVE HERRING	PIA HOVLAND	GUILHEM SENEGAS
Position	<i>SVP & GM Commercial Organization APAC & MEA since October, 2021.</i>	<i>President Unified Brands, part of the Executive Management Team since Dec, 2021</i>	<i>Chief Human Resources Officer since 2020.</i>	<i>Chief Information Officer and Head of Digital Transformation, since 2020</i>
Year of birth	1980	1964	1965	1975
Nationality	British	American	Swedish	French
Education	Business management, University of Gloucestershire, England.	MBA, University of Southern New Hampshire, the USA. B.Sc in Mechanical Engineering, University of Iowa, the USA.	Bachelor's degree in Computer Science, Stockholm University, Sweden.	Master's degree in engineering from CentraleSupélec, Paris and MBA from Le Collège des Ingénieurs, Paris.
Other assignments	-	-	-	-
Previous positions	Most recently Sales Director Chains, APAC & MEA. Various roles within Electrolux Professional in both Europe and Asia.	Several VP/GM positions at Avery Dennison Inc.	Various senior HR positions in Britannia Airways, Effnet Group and Electrolux including SVP HR, Communications & Continuous Improvement at Electrolux Business Area Europe.	Various Senior IT roles for bioMérieux & Mérieux Nutrisciences, IT consultant for Capgemini.
Shareholding*	-	-	3,882 Class B shares.	-

* Shareholding at March 11, 2022



	PAOLO SCHIRA	TORSTEN URBAN	DOUGLAS WALKER
Position	<i>SVP & GM Commercial Organization Europe since September, 2021.</i>	<i>SVP Product and Marketing since 2019.</i>	<i>Acting SVP Business Development since September, 2021.</i>
Year of birth	1975	1970	1960
Nationality	Italian	German	British
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.
Other assignments	-		
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.
Shareholding*	7,330 Class B shares.	5,214 Class B shares.	4,385 Class B shares.



	FABIO ZARPELLON	PHILIPPE ZAVATTIERO
Position	<i>CFO since 2009.</i>	<i>SVP Beverage and Food Preparation Division since September, 2021.</i>
Year of birth	1967	1961
Nationality	Italian	French
Education	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.	-
Previous positions	CFO of Professional Products within the Electrolux Group.	SVP & GM Europe Electrolux Professional, SVP of the Commercial Organization Europe within the Professional Products business area of the Electrolux Group.
Shareholding*	5,944 Class B shares	8,084 Class B shares.

* Shareholding at March 11, 2022

Electrolux Professional remuneration report 2021

Introduction

This report describes how the guidelines for executive remuneration of Electrolux Professional AB, adopted by the Annual General Meeting 2020, were implemented in 2021. The report also provides information on remuneration for 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 144–148 of the 2021 Annual Report. Information on the work of the Remuneration Committee in 2021 is set out in the corporate governance report available on pages 76–77 of the 2021 Annual Report.

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 145–146 of the 2021 Annual Report.

Key Developments in 2021

The President and CEO summarizes the company’s overall performance in his statement on pages 4–5 of the 2021 Annual Report.

Group 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.

The guidelines are found in the administration report on pages 96–98 of the 2021 Annual Report. During 2021, 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 a Group level. It is earned over a period of one year (2021) and can give a maximum of 100% of the annual base salary (as presented in table 2(a)).

Variable long-term share program (LTI 2021)

The company implemented a performance based long-term share incentive program in 2021 (LTI2021) for senior managers and key employees, including the President and CEO. Participants are offered an allocation of Performance Shares, provided that the participant remains employed until January 1, 2024. The maximum performance value for the President and CEO was 100 per cent of the participant’s annual base salary for 2021, equivalent to 102 457 shares.

The maximum value was converted into a maximum number of Performance Shares, based on the Volume Weighted Average Price (VWAP), paid for Electrolux Professional B shares on Nasdaq Stockholm during a period of 20 trading days before the day the participants are invited to participate in the program.

The calculation of the number of Performance Shares was connected to performance targets for the Group established by the Board for (i) earnings per share and (ii) operating cash flow after investments. The performance tar-

Table 1 – Total remuneration of the President and CEO in 2021 (kSEK)¹

kSEK	Fixed compensation		Variable compensation				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	Extraordinary items				
Alberto Zanata (President and CEO)	5,566	318	4,912	1,197	-	460	12,453	51%/49%	

1) Except for Multi-year variable compensation, the table reports remuneration earned in 2021 (irrespective of whether payments have been made the same year). Multi-year variable compensation is reported if vested in 2021 (settlement in Q1 the following year). In 2021 no multi-year variable compensation has been vested.
 2) The annual fixed salary includes annual base salary, vacation salary, paid vacation days and fixed non-compete components.
 3) Company car and medical insurance.
 4) Recognized cost of long-term incentive awards. The 2021 long-term incentive program currently running, vests in 2024.
 5) Pension expense, consisting of defined contributions according to collective bargaining agreement entitlements, has been counted entirely as fixed remuneration.

gets adopted by the Board will stipulate a minimum level and a maximum level, with the relative weight of the performance targets (i) and (ii) being 60 per cent and 40 per cent respectively.

The performance period is the 2021 financial year. If both performance conditions in the 2021 Share Program are met, allocation of Performance Shares will take place in the first half of 2024. Allocation will be free of charge except for tax liabilities.

In 2021, the maximum levels of the two performance targets were reached which means that 100% of granted awards under the LTI2021 program will be paid out after the end of the vesting period in 2024.

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 encour-

age 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 2021 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-term and long-term compensation have been applied during the financial 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 b) Actual award/remuneration outcome
Alberto Zanata (President and CEO)	EBITA Growth (%) ¹	55%	a) 38% b) 2,916 kSEK
	Net Sales Growth (%) ²	15%	a) 10.6% b) 608 kSEK
	Operating Working Capital (%) ³	20%	a) 15% b) 1,061 kSEK
	Customer Care Net Sales Growth (%)	10%	a) 13.3% b) 327 kSEK

1) Year on year EBITA value growth %, adjusted to average rate 2021 in mSEK. EBITA = EBIT (absolute) plus amortization. Effects of 2021 acquisitions and divestments excluded.

2) Year on year External Net Sales growth (%), adjusted to average rate 2021 in mSEK. Effects of 2021 acquisitions and 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 2021. External Net Sales: 12 months External Net sales adjusted to average rate 2021. Effects of 2021 acquisitions and 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 b) Actual award/remuneration outcome
Alberto Zanata (President and CEO)	LTI2021	Earnings per share ¹	60%	a) 1.69 SEK b) 61 474 shares ³
		Operating cash flow after investments ²	40%	a) 1 116 mSEK b) 40 983 shares ³

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.

3) Shares will vest after January 1, 2024 subject to continued employment.

Table 3 – Remuneration and company performance for the financial years 2021-2020¹

	2021	2020
President and CEO Remuneration (kSEK) ²	12,453	6,163
EBITA (mSEK)	665	533
Average remuneration on a full-time equivalent basis of employees of the parent company, Electrolux Professional AB (kSEK) ³	489	509

1) Electrolux Professional AB was listed on the NASDAQ Stockholm on March 23, 2020 and consequently comparative information for previous financial years is not provided.

2) The increase in 2021 compared to 2020 is due to close to maximum outcome for 2021 incentive programs and zero outcome for 2020 programs.

3) Total remuneration, excluding Board members and members of the Group Executive Management Team, of 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.

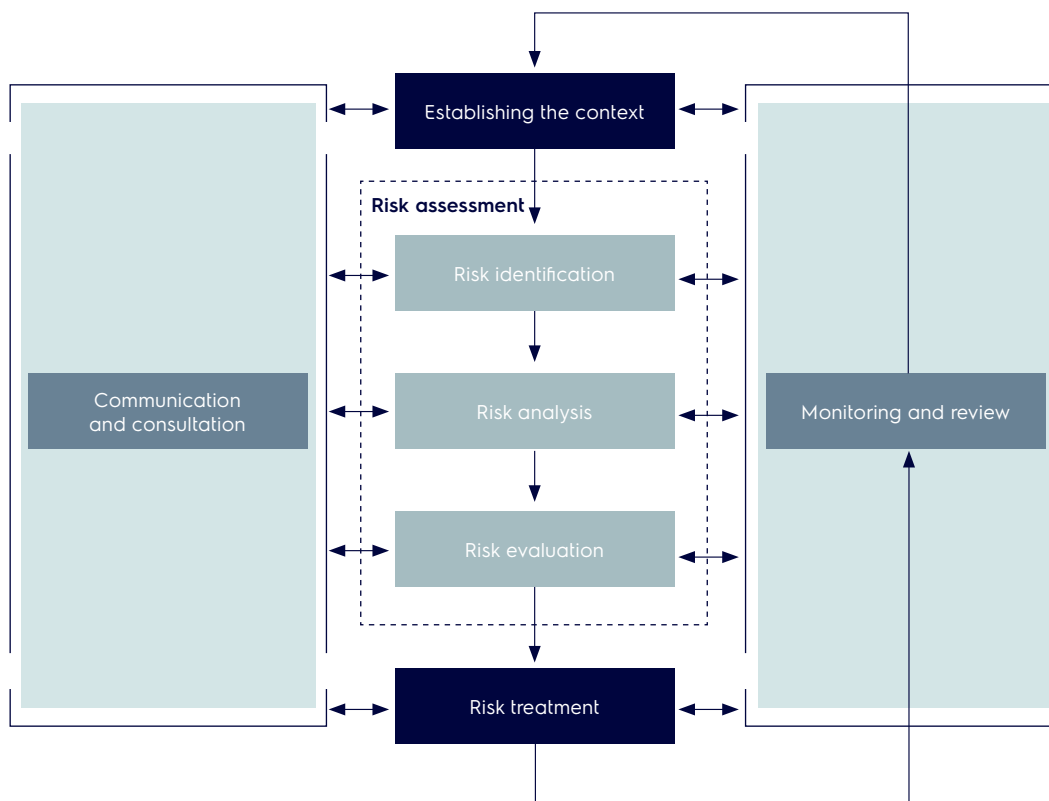
ERM objectives aim to:

Promote an enterprise-wide approach by integrating risk management processes with business strategy, project management processes, and decision making.

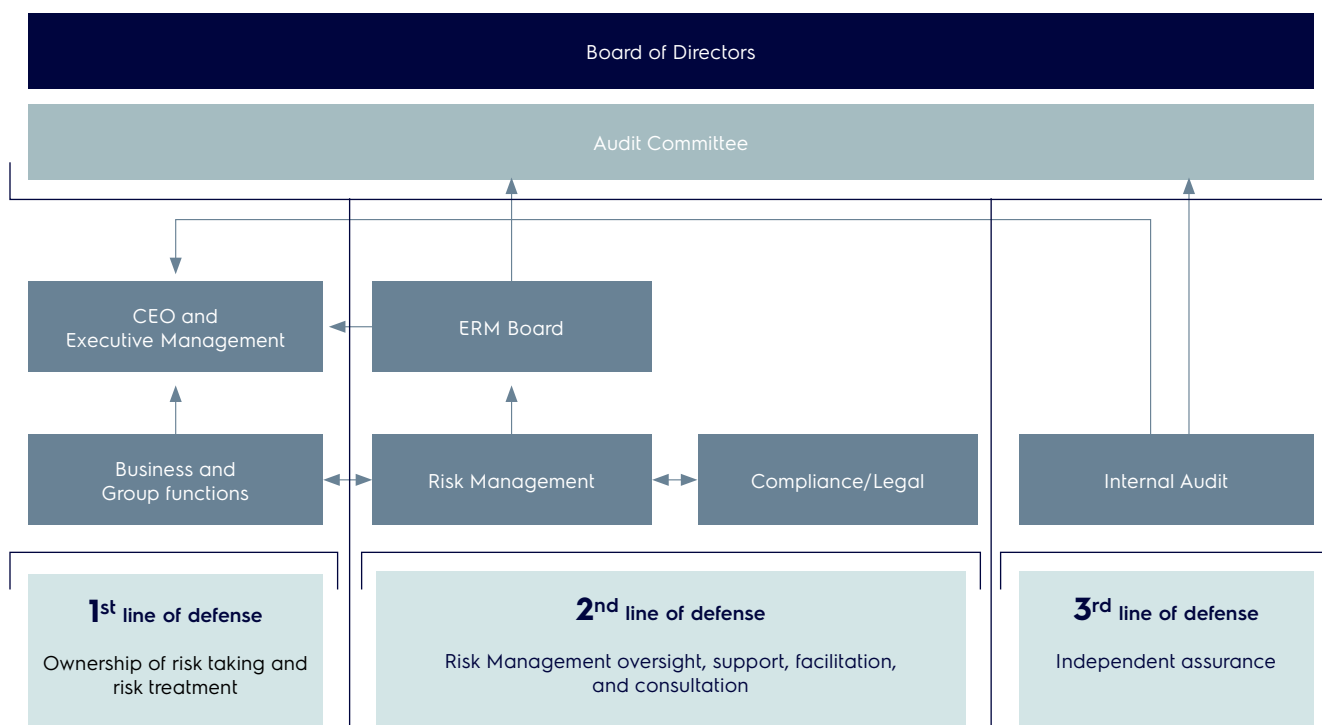
Promote consistency and transparency in methodology, assessment, and management processes.

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 effectiveness and efficiency of the Group’s risk gover-

nance 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.
Part of the Group’s strategy depends on accelerating growth through acquisitions. Mergers and acquisitions give risks related to the ability to achieve expected growth synergies and profitability and to retain key employees. There is a risk that due diligence reviews do not identify all relevant issues.	Mergers and acquisitions are decided by the Board of Directors, and managed and implemented by dedicated teams of senior executives and employees during the acquisition and integration process. External expert support and advice are obtained as required and according to customary practices.
The effect of the global outbreak of the coronavirus continues to affect the general economic situation, and could 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 partially mitigate the negative impact the decrease in demand by focus on cost saving measures, as well as focus on the less affected Laundry business. The Group is closely monitoring the development of the pandemic and is, based on previous experience, prepared to take necessary measures to mitigate potential new impacts from the pandemic.
Political instability in the markets in which Electrolux Professional operates can trigger an industry-wide decline in sales.	Close monitoring of the geopolitical developments in countries with political risk exposure. Product stocks can be held outside production areas at risk, and there is a 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. 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 due to 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>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. A global general shortage of electronics and raw materials poses risks related to product costs and to timely delivery to customers. 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. In addition, dual-sourcing is in place for key components and raw materials.</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 for relevant employees is conducted (face-to-face, via video or 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 many 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 IT General Controls (ITGC). There are different levels of access controls for internal employees and contractors, and regular vulnerability testing is carried out. Internet Security trainings are regularly conducted among employees. 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 in early 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. Countries are increasingly adopting new rules and regulations aimed at imposing mandatory rules on sustainability related areas in particular in the areas of human rights and modern slavery. 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 61. →

Environmental impact and approach

A systematic environmental approach is the basis for reducing Electrolux Professional's environmental impact. The greatest direct environmental impact relates to water and energy consumption, wastewater, waste, and transportation. From a product life cycle perspective, the main environmental impact occurs 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, 2021, Electrolux Professional had manufacturing operations 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 59–60 and 67–68.** →

The GRI index for the sustainability report can be found on page 165–166. →

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 107** →, **Note 2 Financial risks on page 111** → and **Note 17 Trade receivables on page 128.** →

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 2021, the Group's average interest-fixing period was 0.44 years.

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 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 President 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, 2021 to December 31, 2021.

Information on operations

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 Scandinavia, and laundrettes. 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.

Markets

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). Our products are sold through a global network of dealers and distributors.

Production

On December 31, 2021, Electrolux Professional's production units operated through 13 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

Acquisition of Unified Brands

On December 1, 2021, Electrolux Professional acquired Unified Brands Inc. and related assets, a leading US-based manufacturer of foodservice equipment. Electrolux Professional acquired Unified Brands for a total consideration of SEK 2,113m (USD 233m), from Dover Corporation, a US-based diversified global manufacturer and solutions provider.

Unified Brands, founded in 1907, has approximately 600 employees. Unified Brands had sales of SEK 1,134m in 2021. The underlying EBITA-margin was approximately 9% in 2021. The acquisition significantly strengthens Electrolux Professional's presence in the US and supports Electrolux Professional's focus on growth within the food service chains.

Loan agreement with Nordic Investment Bank (NIB)

On October 20, Electrolux Professional AB and the Nordic Investment Bank signed a seven-year EUR 60m sustainability-related loan agreement related to the reduction of CO₂ emissions, water consumption, and the use of HFC gases.

Conversion of 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. 72,545 shares were converted during 2021. The total number of registered shares in the company on December 31, 2021 amounted to 287,397,450 of which 8,047,982 are Series A and 279,349,468 are Series B. The total number of votes amounted to 35,982,928.8.

Covid-19

The global Covid-19 pandemic continued to affect the hospitality industry, such as hotels, restaurants, and pubs which represents approximately 50% of our sales. However, during the second half of the year there has been a strong sales recovery and several, but not all, markets are now back to pre-pandemic levels.

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

See note 1 page 109 for more information.

Financial targets

Electrolux Professional's financial targets are 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 the event of acquisitions, provided there is a clear path to deleveraging.

Dividend policy

Approximately 30% of net income.

Operational and financial review

Net sales

Net sales for 2021 amounted to SEK 7,862m (7,263), an increase of 8.2% compared to the last year. Organically, sales increased by 10.6% and currency contributed negatively by 3.7%. Acquisition contributed by 1.4% (0.4).

The sales increase was driven by increased demand as pandemic restrictions have been eased. Sales of Food & Beverage increased organically by 14.3%. Sales of Laundry increased organically by 5.5%. Sales in Europe increased organically by approximately 10%, in Americas by 20% and in Asia-Pacific, Middle East and Africa by 2%.

Changes in net sales

%	2021	2020
Organic growth	10.6	-21.0
Acquisitions	1.4	0.4
Changes in exchange rates	-3.7	-1.1
Total	8.2	-21.7

Operating income and EBITA

Operating income excluding amortization of intangible assets (EBITA) amounted to SEK 663m (456), corresponding to a margin of 8.4% (6.3). Operating income amounted to SEK 592m (387), corresponding to a margin of 7.5% (5.3). The improved operating

income is mainly due to higher sales volumes and benefits from the 2020 restructuring program. EBITA includes acquisition and integration costs of SEK -56m related to Unified Brands. In 2020 items affecting comparability of SEK -77m for restructuring, were included.

Government support related to furlough of personnel of SEK 45m (95) together with benefits from the 2020 restructuring program of approximately SEK 100m contributed to EBITA.

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 President and CEO.

Food & Beverage

Sales for Food & Beverage were SEK 4,704m (4,198), an increase of 12.0% compared to last year. Organically sales increased by 14.3% (-28.1) and currency had a negative effect of -4.7% (-1.2). The acquisition of Unified Brands contributed by 2.5%.

Organically, sales increased by approximately 30% in Europe, and by 30% in Americas, and by 3% in Asia-Pacific, Middle East and Africa.

Operating income excluding amortization of intangible assets (EBITA) amounted to SEK 299m (87), corresponding to a margin of 6.4% (2.1). EBITA includes acquisition and integration related costs for Unified Brands

of SEK -56m which means that the underlying EBITA margin was 7.5%. EBITA improved due to higher volumes. Operating income amounted to SEK 244m (35), corresponding to a margin of 5.2% (0.8).

Laundry

Sales for Laundry were SEK 3,159m (3,065), an increase of 3.0% compared to last year. Organically sales increased by 5.5% (-8.7) and currency had a negative effect of -2.5% (-0.8).

Organically, sales increased by approximately 6% in Europe, by 8% in Americas and by 2% in Asia-Pacific, Middle East and Africa.

Operating income excluding amortization of intangible assets (EBITA) amounted to SEK 492m (467), corresponding to a margin of 15.6% (15.2). Operating income amounted to SEK 475m (452), corresponding to a margin of 15.0% (14.7).

Seasonal variation

No seasonal variations exist.

Financial net

Net financial items was SEK -4m (-24).

Income for the period

Income for the year amounted to SEK 487m (278), corresponding to SEK 1.69 (0.97) in earnings per share. Income tax for the year amounted to SEK -101m (-85). The effective tax rate was 17.1% (23.4)

Key ratios Food & Beverage performance

SEKm	2021	2020	Change
Net sales	4,704	4,198	12.0
Organic growth, %	14.3	-28.1	-
Acquisitions, %	2.5	-0.5	-
Changes in exchange rates, %	-4.7	-1.2	-
EBITA	299	87	242.2
EBITA margin, %	6.4	2.1	-
Operating income	244	35	602.5
Operating margin, %	5.2	0.8	-

Key ratios Laundry performance

SEKm	2021	2020	Change
Net sales	3,159	3,065	3.0
Organic growth, %	5.5	-8.7	-
Changes in exchange rates, %	-2.5	-0.8	-
EBITA	492	467	5.2
EBITA margin, %	15.6	15.2	-
Operating income	475	452	5.2
Operating margin, %	15.0	14.7	-

Group common cost

Group common cost was SEK -128m (-100).

Cash flow

Operating cash flow after investments amounted to SEK 1,116m (570).

Operating working capital

Operating working capital as a percent of annualized net sales improved to 14.9% compared to 19.9% in 2020. The improvement is due to changes in inventory and the reduction of receivables and payables in relation to net sales.

Financial position

Net debt

As of December 31, 2021, Electrolux Professional had a financial net debt position (excluding lease liabilities and post-employment provisions) of SEK 1,418m compared to SEK 202m as of December 31, 2020. Lease liabilities amounted to SEK 326m and net provisions for post-employment benefits amounted to SEK -39m. The increase in net debt is due to the acquisition of Unified Brands on December 1, 2021.

In total, net debt amounted to SEK 1,705m as of December 31, 2021, compared to SEK 549m as of December 31, 2020. Long-term borrowings amounted to SEK 1,215m and short-term borrowings amounted to SEK 1,045m. Total borrowings amounted to SEK 2,268m compared to SEK 1,012m as of December 31, 2020.

Liquid funds as of December 31, 2021, amounted to SEK 849m compared to SEK 810m as of December 31, 2020.

Credit facilities and loans

Electrolux Professional AB has a term loan of SEK 600m with a tenure of seven years from 2020, a EUR 60m sustainability-related loan with a tenure of seven years from 2021 and a revolving credit facility of EUR 200m with a tenure until 2026. As of December 31, 2021, EUR 102m of the revolving credit facility was utilized.

Related-party transactions,

See **Note 28** on page 149.

Employees

The number of employees at year-end was 3,973 (3,515). The increase is due to the acquisition of Unified Brands.

Governance report

Electrolux Professional has prepared the Corporate Governance report presented on **pages 73-83**.

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 pages 55-70 and 159-167 of this report.**

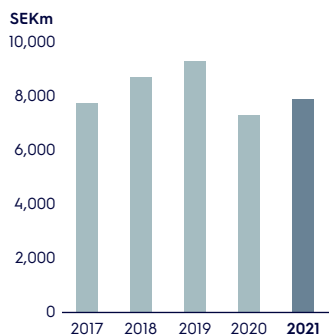
Environmental impact and approach

A systematic environmental approach is the basis for reducing Electrolux Professional's environmental impact. The greatest direct environmental impact relates to water and energy consumption, wastewater, waste, and transportation. From a product lifecycle perspective, the main environmental impact occurs 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, 2021, Electrolux Professional had manufacturing operations at 13 sites in seven countries.

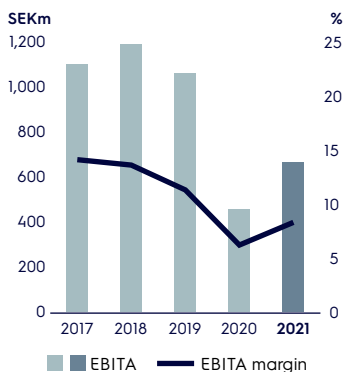
The Swedish factory in Ljungby conducts notifiable activities according to Swedish legislation. There are no injunctions under the Swedish Environmental Legislation. The factories operate according to national legislation, apply for necessary permits, and report to local authorities in accordance with 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 detail on pages 59-60, 67-67, and 90.**

Total net sales

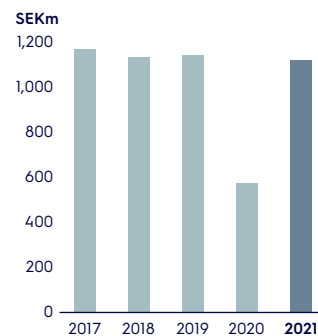


EBITA and EBITA margin



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

Operating cash flow after investments



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 86–90 and note 2 on page 111–113.**

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

For the coming years, the company will remain focused on its strategic pillars to grow sales and profit.

Unified Brands that was acquired on December 1, 2021 is expected to contribute to sales and profit in 2022.

In the short term, the company may still be affected by the pandemic, but since large parts of the population in several of the key markets now are vaccinated, the business in the hospitality industry is expected to return to pre-pandemic levels in 2022.

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 (2021) comprises thirteen executives, including the CEO.

The principles shall be applied to employment agreements entered into after the Annual General Meeting in 2021 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. Remuneration 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 on the company's website and in 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 those in Sweden 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 good long-term development for Electrolux Professional.

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.

The extent to which 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 EBITA Growth and Net Sales Growth, for example.

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 Earnings per Share and Operating Cash Flow, for example. 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 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 is 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 for instance in 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 by 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.

Variable long-term share program (LTI 2021)

The company implemented a performance based long-term share incentive program in 2021 (LTI2021) for senior managers and key employees, comprising up to 30 participants, following approval at the 2021 Annual General

Meeting. Participants are offered an allocation of Performance Shares, provided that the participant remains employed until January 1, 2024. Participants are divided into four groups; CEO and President ("Group 1"); other members of Executive Management and Senior Managers ("Groups 2 & 3"); as well as certain other key employees ("Group 4"). The Performance Shares shall be based on maximum performance values for each participant category. The maximum performance value for the participants in Group 1 will be 100% of the participant's annual base salary for 2021, for participants in Group 2, 80% of the participant's annual base salary for 2021, for participants in Group 3, 60% of the participant's annual base salary for 2021, and for participants in Group 4, 40% of the participant's annual base salary for 2021. The total sum of the maximum values of the Performance Shares thus defined for all participants will not exceed SEK 34m excluding social security contributions.

Each maximum value shall thereafter be converted into a maximum number of Performance Shares, based on the Volume Weighted Average Price (VWAP), paid for Electrolux Professional B shares on Nasdaq Stockholm during a period of 20 trading days before the day the participants are invited to participate in the program.

The calculation of the number of Performance Shares shall be connected to performance targets for the Group established by the Board for (i) earnings per share and (ii) operating cash flow after investments. The performance targets adopted by the Board will stipulate a minimum level and a maximum level, with the relative weight of the performance targets (i) and (ii) being 60% and 40% respectively.

The performance period is the financial year 2021. Performance outcome of the established performance targets will be determined by the Board after the expiry of the performance period. If both performance conditions in the Share Program 2021 are met, allocation of Performance Shares will take place in the first half of 2024. Allocation will be free of charge except for tax liabilities.

Proposed appropriation of profit

Electrolux Professional's target is for the dividend to correspond to approximately 30% of the income for the period. The Board of Directors proposes to pay a dividend of SEK 0.50 (0.00) per share, corresponding to around 30% of the income for the period, in total SEK 144m. SEK 6,119m 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. During 2021, Electrolux Professional AB opened a branch office in Pordenone, Italy.

Net sales for the Parent Company, Electrolux Professional AB, for 2021 amounted to SEK 2,340m (2,266) of which SEK 884m (886) was sales to Group Companies and SEK 1,456m (1,380) sales to external customers.

Income before tax was SEK 524m (-1,822). Income for the year amounted to SEK 489m (-1,886).

Capital expenditure in tangible and intangible assets was SEK 42m (12). Liquid funds at the end of the period amounted to SEK 391m, compared to SEK 425m at the start of the year.

Undistributed earnings in the Parent Company at the end of the year amounted to SEK 6,263m, compared to SEK 5,794m at the start of the year.

The income statement and balance sheet for the Parent Company are presented on pages 103–104.

Consolidated statement of total comprehensive income

SEKm	Note	2021	2020
Net sales	3, 4	7,862	7,263
Cost of goods sold	5, 7	-5,210	-4,896
Gross operating income		2,653	2,367
Selling expenses	5, 7	-1,382	-1,355
Administrative expenses	5, 7	-652	-631
Other operating income/expenses	5, 6	-27	5
Operating income		592	387
Financial items, net	9	-4	-24
Income after financial items		587	363
Taxes	10	-101	-85
Income for the period		487	278
Items that will not be reclassified to income for the period:			
Remeasurement of provisions for post-employment benefits	21	141	83
Income tax relating to items that will not be reclassified		-18	-8
Total		124	75
Items that may be reclassified subsequently to income for the period:			
Exchange-rate differences on translation of foreign operations		154	-263
Other comprehensive income, net of tax	11	278	-188
Total comprehensive income for the period		764	90
Income for the period attributable to:			
Equity holders of the Parent Company		487	278
Total		487	278
Total comprehensive income for the period attributable to:			
Equity holders of the Parent Company		764	90
Total		764	90
Earnings per share, SEK			
	20		
For income attributable to the equity holders of the Parent Company:			
Basic, SEK		1.69	0.97
Diluted, SEK		1.69	0.97
Average number of shares			
	20		
Basic, million		287.4	287.4
Diluted, million		287.7	287.4

Consolidated balance sheet

SEKm	Note	December 31, 2021	December 31, 2020
ASSETS			
Non-current assets			
Property, plant and equipment, owned	12	1,486	1,254
Property, plant and equipment, right-of-use	8	318	211
Goodwill	13	3,068	1,690
Other intangible assets	13	999	305
Deferred tax assets	10	372	344
Pension plan assets	21	165	21
Other non-current assets	14	20	27
Total non-current assets		6,428	3,853
Current assets			
Inventories	15	1,416	1,086
Trade receivables	17, 18	1,625	1,265
Tax assets		80	53
Other current assets	16	225	244
Cash and cash equivalents	18	836	797
Total current assets		4,182	3,444
Total assets		10,609	7,297
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Parent Company			
Share capital	20	29	29
Other paid-in capital	20	5	5
Other reserves	20	157	3
Retained earnings	20	3,334	2,747
Equity attributable to equity holders of the Parent Company		3,525	2,784
Total equity		3,525	2,784
Non-current liabilities			
Long-term borrowings	18	1,215	601
Long-term lease liabilities	18	251	151
Deferred tax liabilities	10	135	135
Provisions for post-employment benefits	21	125	152
Other provisions	22	270	243
Total non-current liabilities		1,996	1,282
Current liabilities			
Trade payables	18	1,814	1,289
Tax liabilities		429	324
Other liabilities	23	1,597	988
Short-term borrowings	18	1,045	403
Short-term lease liabilities	18	75	65
Other provisions	22	130	162
Total current liabilities		5,088	3,232
Total equity and liabilities		10,609	7,297

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, 2020		25	5	266	2,415	2,711
Adjustment to opening balance	20	-	-	-	-17	-17
Adjusted opening balance		25	5	266	2,398	2,694
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	90
Dividend		-	-	-	-	-
Bonus issue		4	-	-	-4	-
Total transactions with equity holders		4	-	-	-4	-
Closing balance, December 31, 2020		29	5	3	2,747	2,784
Opening balance, January 1, 2021		29	5	3	2,747	2,784
Income for the period		-	-	-	487	487
Remeasurement of provisions for post-employment benefits		-	-	-	141	141
Exchange differences on translation of foreign operations		-	-	154	-	154
Income tax relating to other comprehensive income		-	-	-	-18	-18
Other comprehensive income, net of tax		-	-	154	124	278
Total comprehensive income for the period		-	-	154	610	764
Dividend		-	-	-	-	-
Share-based payments		-	-	-	-23	-23
Total transactions with equity holders		-	-	-	-23	-23
Closing balance, December 31, 2021		29	5	157	3,334	3,525

Consolidated cash flow statement

SEKm	Note	2021	2020
Operations			
Operating income		592	387
Depreciation and amortization		295	297
Other non-cash items		4	91
Interest and similar items received		14	5
Interest and similar items paid		-16	-27
Taxes paid		-141	-66
Cash flow from operations, excluding change in operating assets and liabilities		746	687
Change in operating assets and liabilities			
Change in inventories		-139	113
Change in trade receivables		-216	362
Change in accounts payable		398	-140
Change in other operating assets, liabilities and provisions		312	-293
Cash flow from change in operating assets and liabilities		355	41
Cash flow from operations		1,101	729
Investments			
Acquisition of operations	25	-2,103	-
Capital expenditure in property, plant and equipment	12	-155	-267
Capital expenditure in product development	13	-	-1
Capital expenditure in other intangibles	13	-4	-5
Other		31	26
Cash flow from investments		-2,231	-246
Cash flow from operations and investments		-1,130	483
Financing			
Change in short-term borrowings, net	18	656	413
New long-term borrowings	18	615	600
Amortization of long-term borrowings	18	-0	-1
Payment of lease liabilities	18	-74	-82
Share-based payments		-30	-
Change in financial liabilities, Electrolux Group	18, 28	-	-1,224
Cash flow from financing		1,166	-294
Total cash flow		36	189
Cash and cash equivalents at beginning of period			
		797	651
Exchange-rate differences pertaining to cash and cash equivalents		3	-42
Cash and cash equivalents at end of period		836	797

Parent Company income statement

SEKm	Note	2021*	2020*
Net sales	4	2,364	2,266
Cost of goods sold		-1,691	-1,566
Gross operating income		673	700
Selling expenses		-349	-330
Administrative expenses		-185	-135
Other operating income/expenses	6	11	-6
Operating income		150	229
Financial income/expenses	9	369	-7
Impairment of shares in subsidiaries		-	-2,039
Income after financial items		519	-1,817
Appropriations	29	5	-5
Income before taxes		524	-1,822
Taxes	10	-35	-64
Income for the period		489	-1,886

* 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	Note	December 31, 2021	December 31, 2020
ASSETS			
Non-current assets			
Property, plant and equipment, owned	12	225	211
Intangible assets	13	61	84
Deferred tax assets	10	13	10
Shares in subsidiaries	14, 30	6,422	6,147
Long term receivables from subsidiaries	14	2,560	-
Total non-current assets		9,281	6,452
Current assets			
Inventories	15	209	194
Receivables from subsidiaries		584	969
Trade receivables	17	265	247
Tax assets		44	20
Other current assets		41	30
Cash and cash equivalents	18	391	425
Total current assets		1,534	1,885
Total assets		10,815	8,337
EQUITY AND LIABILITIES			
Restricted equity			
Share capital	20	29	29
Statutory reserve		5	5
Development reserve		10	13
		44	47
Non-restricted equity			
Retained earnings		5,774	7,680
Income for the period		489	-1,886
		6,263	5,794
Total equity		6,307	5,841
Untaxed reserves	29	108	114
Non-current liabilities			
Other provisions	22	95	92
Other non-current loans	18	1,215	600
Total non-current liabilities		1,310	692
Current liabilities			
Payables to subsidiaries		1,418	779
Trade payables		337	253
Tax liabilities		38	49
Other liabilities	23	253	201
Short-term borrowings	18	1,039	402
Other provisions	22	5	6
Total current liabilities		3,090	1,690
Total equity, untaxed reserves, and liabilities		10,815	8,337

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, 2020		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
Income for the period		-	-	-	-	489	489
Total comprehensive income for the period		-	-	-	-	489	489
Dividend		-	-	-	-	-	-
Share based payments		-	-	-	-	-23	-23
Development reserve		-	-	-3	-	3	-
Bonus issue		-	-	-	-	-	-
Total transactions with equity holders		-	-	-3	-	-20	-23
Closing balance, December 31, 2021		29	5	10	-	6,263	6,307

Parent Company cash flow statement

SEKm	Note	2021	2020
Operations			
Operating income		150	229
Depreciation and amortization	12, 13	63	48
Financial items paid, net		-4	-6
Taxes paid		-74	-16
Cash flow from operations, excluding change in operating assets and liabilities		135	255
Change in operating assets and liabilities			
Change in inventories		-15	-19
Change in trade receivables		-18	-6
Change in accounts payable		84	-66
Change in other operating assets, liabilities and provisions		13	-85
Cash flow from change in operating assets and liabilities		64	-176
Cash flow from operations		199	79
Investments			
Investments in shares and participations		-	-
Capital expenditure in property, plant and equipment	12	-42	-15
Capital expenditure in other intangibles	13	-	-
Other		-	-10
Cash flow from investments		-42	-25
Cash flow from operations and investments		157	54
Financing			
Change in internal lending and borrowing		-1,515	382
Change in external short-term borrowing	18	635	396
New long-term borrowing	18	615	600
Share based payments		-30	-
Dividend to Electrolux Group		-	-222
Dividend from subsidiaries		104	-
Change in financial liabilities, Electrolux Group	18	-	-990
Cash flow from financing		-191	166
Total cash flow		-34	220
Cash and cash equivalents at beginning of period		425	205
Cash and cash equivalents at end of period		391	425

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 address is Franzéngatan 6, 112 51 Stockholm. The consolidated financial statements were authorized for issue by the Board of Directors on March 29, 2022. The balance sheets and income statements are subject to approval by the Annual General Meeting of shareholders on April 28, 2022.

The terms "Electrolux Professional", the "Group" or the "Company" refers to, depending on the context, 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 all years presented 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'.

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 non-controlling 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 2021, the Group consisted of 47 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	2021		2020	
	Average	End of period	Average	End of period
CNY	1.33	1.42	1.33	1.25
CZK	0.3950	0.4111	0.3969	0.3831
DKK	1.36	1.38	1.41	1.35
EUR	10.15	10.24	10.48	10.06
GBP	11.78	12.21	11.83	11.14
JPY	0.0781	0.0785	0.0861	0.0795
NOK	1.00	1.03	0.98	0.95
RUB	0.1159	0.1207	0.1275	0.1095
THB	0.2685	0.2705	0.2938	0.2735
TRY	0.98	0.70	1.33	1.11
USD	8.57	9.04	9.18	8.19

New or amended accounting standards to be applied in 2021

The following new, amended or improved accounting standards were applicable from January 1, 2021: IFRS 4 Insurance Contracts – deferral of IFRS 9 (issued on 25 June 2020), IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (issued on 27 August 2020), IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021 (issued on 31 March 2021). 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 2021

The following new, amended or improved accounting standards have been published but are not mandatory for 2021 and have not been early adopted by Electrolux Professional: IFRS 3 Business Combinations, IAS 16 Property, Plant and Equipment, IAS 37 Provisions, Contingent Liabilities and Contingent Assets, IFRS 17 Insurance Contracts (issued on 18 May 2017); including Amendments to IFRS 17 (issued on 25 June 2020 and Annual Improvements 2018–2020 (All issued 14 May 2020) endorsed by EU on June 28 2021. The following have not yet been endorsed by EU: IAS 1 Presentation of

Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current – Deferral of Effective Date (issued on 23 January 2020 and 15 July 2020 respectively), IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021), IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021), IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021) and Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (issued on 9 December 2021). 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 2021, 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 judgment 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. The fair value is estimated by using the discounted cash flow method based on expected future cash flows. Differences in the estimation of expected future cash flows 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. See Note 12 for more information.

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. See Note 10 for more information.

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. See Note 17 for more information.

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. See Note 21 for more information.

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. See Note 22 for more information.

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. See Note 22 for more information.

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.

Covid-19

The global Covid-19 pandemic continued to affect the hospitality industry, such as hotels, restaurants, and pubs which represents approximately 50% of our sales. However, during the second half of the year there has been a strong sales recovery and several, but not all, markets are now back to pre-pandemic levels.

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

Trade receivables

No material increase in actual credit losses has been experienced. Expected credit loss provision has decreased to SEK 93m as at December 31, 2021 compared to SEK 100m on December 31, 2020.

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 not received any reductions of office rent during the year.

Government grants and government assistance

Companies within the Group have received, or assume that they fulfill the requirements for, monetary help from governments. For 2021 the amount recognized in profit or loss is SEK 45m (95) and refers mainly to short-term furlough of personnel.

Parent Company accounting principles

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

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 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 benefit 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.

The Board of Directors of Electrolux Professional AB has established several policies (hereinafter all policies are referred to as the Financial Policy) to monitor and manage the financial risks relating to the operations of the Group. 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.

Financing shall as general rule be made in each company's local currency and net foreign exchange exposures on financial assets and liabilities be hedged by Group Treasury. After hedging, the foreign exchange exposure on financial items is immaterial.

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 EUR, THB and the SEK. The major import currencies that Electrolux Professional is exposed to are the USD, GBP, JPY, DKK, NOK and CNY. 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 income (EBIT - i.e. before tax) by functional currency as per

NOTE 2 FINANCIAL RISK MANAGEMENT, CONTINUED

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 2021	Profit or loss impact 2020
USD/SEK	-10%	-53	-38
GBP/SEK	-10%	-20	-17
DKK/SEK	-10%	-10	-8
NOK/SEK	-10%	-8	-7
CNY/SEK	-10%	-7	-5
JPY/SEK	-10%	-7	-9
RUB/SEK	-10%	-5	-4
TRY/SEK	-10%	-5	-6
THB/SEK	-10%	24	25
EUR/SEK	-10%	24	17

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 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 2021, derivative assets amounted to SEK 13m and derivative liabilities to SEK 5m, and after taken into account master netting agreements the net effect is, derivative assets SEK 8m and derivative liabilities SEK 0m.

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. EPRM 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. 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 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 restric-

tions. In 2021, the Electrolux Professional Group was primarily funded by a Revolving Credit Facility with its core-banking group, and two bilateral Term Loans with the Swedish Export Credit Corporation (AB Svensk Exportkredit) and the Nordic Investment Bank. For more information, see note 18.

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 2021 borrowings with an average interest fixing period of 0.4 years and considering that the amount of loans outstanding as at December 31, 2021 was approximately SEK 2.3bn, a 1% point shift in interest rates would impact the Group's interest expenses by approximately SEK 21m. 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, dish-washing 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 and operating income per segment

SEKm	2021				2020			
	Food & Beverage	Laundry	Group common costs	Total	Food & Beverage	Laundry	Group common costs	Total
Net sales	4,704	3,159	-	7,862	4,198	3,065	-	7,263
EBITA	299	492	-127	663	87	467	-99	456
Amortization intangible assets	-55	-17	-1	-72	-53	-16	-1	-69
Operating income	244	475	-128	592	35	452	-100	387
Financial items, net				-4				-24
Income after financial items				587				363
Taxes				-101				-85
Income for the period				487				278

Depreciation of tangibles asset including right-of-use assets

SEKm	2021				2020			
	Food & Beverage	Laundry	Group common costs	Total	Food & Beverage	Laundry	Group common costs	Total
Depreciation	-142	-77	-4	-223	-146	-77	-5	-228

Geographical information, net sales¹

SEKm	2021	2020
United States	1,167	899
Italy	999	793
Sweden	799	788
France	745	668
Germany	567	561
Great Britain	353	290
Finland	334	324
China	291	224
Japan	257	297
Denmark	247	242
Switzerland	227	241
Spain	165	190
Norway	137	124
Netherlands	117	120
Australia	100	65
Turkey	75	114
Other	1,279	1,323
Total	7,862	7,263

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 281m (240). Property, plant and equipment and intangible assets located in all other countries amounted to SEK 5,590m (3,220). Individually, material countries in this aspect are U.S. with SEK 3,093m (710), Italy with SEK 854m (874) and France with SEK 505m (517), 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, healthcare providers and commercial laundries.

Sales are recorded net of value-added tax, specific sales taxes, returns, and trade discounts.

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.

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

NOTE 4 REVENUE RECOGNITION, CONTINUED

Revenue types and flows

The vast majority of the Group's revenues of SEK 7,862m (7,263) during the year consisted of finished products, spare parts, services and accessories. The Group's net sales in Sweden amounted to SEK 799m (788). Exports from Sweden during the year amounted to SEK 1,556m (1,496), of which SEK 884m (886) 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	
	2021	2020	2021	2020
Geographical region				
Europe	5,416	5,053	1,658	1,599
Asia Pacific, Middle East and Africa	1,164	1,187	293	290
Americas	1,282	1,023	413	377
Total	7,862	7,263	2,364	2,266

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	Contract liabilities, total
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 canceled during the year	-40	-	-	-40
Acquisition of operations	-	-	-	-
Exchange-rate differences	-7	-2	-6	-16
Closing balance, December 31, 2020	115	45	193	353
Opening balance, January 1, 2021	115	45	193	353
Gross increase during the period	339	85	63	487
Paid to/settled with customer	-	-74	-	-74
Revenue recognized during the year	-218	-	-24	-242
Contracts canceled during the year	-0	-	-	-0
Acquisition of operations	-	32	19	51
Other	-	-	4	4
Exchange-rate differences	6	4	5	15
Closing balance, December 31, 2021	242	93	260	595

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, 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
Opening balance, January 1, 2021	21	22	41	85
Gross increase during the period	24	48	16	88
Paid to/settled with customer	-	-49	-	-49
Revenue recognized during the year	-15	-	-7	-22
Closing balance, December 31, 2021	30	22	50	102

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	2021	2020
Operating expenses		
Direct material and components	1,932	1,838
Sourced products	1,343	1,132
Depreciation and amortization	295	297
Salaries, other remuneration and employer contribution ¹	2,263	2,019
Other	1,438	1,591
Total	7,271	6,877

1) Includes government grants related to short-time furlough of personnel.

Cost of goods sold includes direct material and components amounting to SEK 1,932m (1,838) and sourced products amounting to SEK 1,343m (1,132). The depreciation and amortization charge for the year amounted to SEK 295m (297). Costs for research and development amounted to SEK 333m (300).

The Group's operating income includes net exchange-rate differences in the amount of SEK 9m (-3).

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 45m (95) and grants of a more general character of SEK 0m (1) is reported as other operating income.

For the Parent company, the corresponding government grants for furlough of personnel amounts to SEK 0m (10).

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	
	2021	2020	2021	2020
Other operating income				
Gain on sale of property, plant and equipment	15	1	-	-
Government grant/subsidy	0	1	-	-
Other	13	11	12	-
Total	28	13	12	-
Other operating expenses				
Loss on sale of property, plant and equipment	-1	-1	-	-
Transaction costs, acquired operations	-50	-	-	-
Other	-5	-7	-1	-6
Total	-55	-8	-1	-6
Other operating income and expenses	-27	5	11	-6

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
- Larger cost saving programs
- Significant impairment
- Other major cost or income items

There were no material profit and loss items in 2021. Material profit and loss items in 2020 consists of a restructuring program in the third quarter.

Material profit and loss items

SEKm	2021	2020
Restructuring charge	-	-77
Total	-	-77

Material profit and loss items per function

SEKm	2021	2020
Cost of goods sold	-	-29
Selling expenses	-	-23
Administration expenses	-	-24
Total	-	-77

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, 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
Opening balance, January 1, 2021	156	2	51	2	211
Acquisitions of operations	95	-	-	-	95
Additions	56	0	24	1	81
Cancellations	-	-	0	0	0
Depreciation	-47	-1	-28	-1	-77
Reclassification	-	-	-	-	-
Exchange rate differences	7	0	1	0	8
Closing balance, December 31, 2021	267	1	48	2	318

Lease expenses

SEKm	2021	2020
Lease expenses		
Short-term leases	-2	-1
Leases of low-value assets	-0	-1
Depreciation	-77	-83
Variable lease payments	-1	-1
Total	-80	-86
Lease liability, interest expense	-7	-7

Total cash outflow from lease contracts for 2021 amounts to SEK 87m (93). Future payments for committed lease contracts for which the commencement date has not yet occurred amount to SEK 0m (15).

For information on maturity profile, see note 18.

NOTE 9 FINANCIAL INCOME AND FINANCIAL EXPENSES

SEKm	Group		Parent Company	
	2021	2020	2021	2020
Financial income				
Interest income				
from subsidiaries	-	-	13	11
from others	2	4	-	2
Exchange-rate differences, gains	127	211	109	211
Dividends from subsidiaries	-	-	379	-
Pension interest income	0	1	-	-
Other financial income	0	0	-	-
Total financial income	129	216	501	224

SEKm	Group		Parent Company	
	2021	2020	2021	2020
Financial expenses				
Interest expenses				
to subsidiaries	-	-	-2	-2
to Electrolux Group	-	-1	-	-1
to others	-9	-12	-8	-11
Exchange-rate differences, losses	-110	-212	-109	-211
Pension interest expenses	-1	-1	-	-
Lease liability interest expense	-7	-7	-	-
Other financial expenses	-6	-6	-13	-6
Total financial expenses	-133	-240	-132	-231
Financial items, net	-4	-24	369	-7

NOTE 10 TAXES

SEKm	Group		Parent Company	
	2021	2020	2021	2020
Current taxes	-135	-133	-38	-50
Deferred taxes	34	48	3	-14
Taxes included in income for the period	-101	-85	-35	-64
Taxes related to OCI	-18	-8	-	-
Taxes included in total comprehensive income	-119	-93	-35	-64

Deferred taxes 2021 include an effect of SEK 1m (2) due to changes in tax rates. Current taxes 2021 includes adjustments related to prior years of SEK -1m (-9). The consolidated accounts contain SEK 22m (25) 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	
	2021	2020	2021	2020
Theoretical tax rate	23.7	21.8	20.6	21.4
Non-taxable/non-deductible income statement items, net	0.9	3.1	-14.8	-23.9
Non-recognized tax losses carried forward	-	-	-	-
Utilized non-recognized tax losses carried forward	-1.0	-3.5	-	-
Other changes in estimates relating to deferred tax	0.0	-2.1	-	-0.9
Withholding tax	0.3	0.4	0.5	-0.1
Other	-6.8	3.7	0.5	-
Actual tax rate	17.1	23.4	6.8	-3.5

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, 2021, the Group had tax loss carry-forwards and other deductible temporary differences of SEK 28m (20), 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, 2021
2022	-
2023	-
2024	-
2025	-
2026	-
And thereafter	-
Without time limit	28
Total	28

Deferred tax assets for the Parent Company are related to Other provisions of SEK 16m (12) and unused tax losses carried forward SEK 0m (0). Deferred tax liabilities are mostly related to Property, plant and equipment of SEK 3m (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	2021	2020
Deferred tax assets		
Property, plant and equipment	32	5
Provision for pension obligations	15	17
Provision for restructuring	1	10
Other provisions	39	59
Inventories	32	34
Accrued expenses and prepaid income	57	71
Unused tax losses carried forward	112	93
Other deferred tax assets	155	131
Deferred tax assets before netting of deferred tax assets and liabilities	443	420
Netting of deferred tax assets and liabilities	-72	-59
Deferred tax assets net	371	361
Deferred tax liabilities		
Property, plant and equipment	26	48
Other provisions	6	11
Inventories	2	17
Intangible assets	59	83
Other taxable temporary differences	115	36
Deferred tax liabilities before netting of deferred tax assets and liabilities	208	195
Netting of deferred tax assets and liabilities	-73	-60
Deferred tax liabilities net	135	135

NOTE 11 OTHER COMPREHENSIVE INCOME

SEKm	2021	2020
Items that will not be reclassified to income for the period:		
Remeasurement of provisions for post-employment benefits		
Opening balance, January 1	37	-32
Adjustment to opening balance ¹	-	-6
Adjusted opening balance, January 1	37	-38
Gain/loss to other comprehensive income	141	83
Income tax relating to items that will not be reclassified	-18	-8
Closing balance, December 31	161	37

SEKm	2021	2020
Items that may be reclassified subsequently to income for the period:		
Exchange differences on translation of foreign operations		
Opening balance, January 1	2	266
Translation differences	154	-263
Closing balance, December 31	157	2
Other comprehensive income, net of tax	278	-188

¹ Adjustment of deferred tax asset related to post-employment benefits for the years 2017-2019 related to the Combined Financial Statement

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, 2020	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
Acquired during the year	0	4	51	9	91	155
Acquisition of operations	4	124	59	6	10	205
Transfer of work in progress and advances	0	139	37	24	-200	0
Sales, scrapping, etc.	-2	-8	-31	-12	-2	-55
Exchange-rate differences	5	26	30	6	-2	63
Closing balance, December 31, 2021	156	1,163	1,973	331	60	3,683
Accumulated depreciation						
Opening balance, January 1, 2020	11	336	1,522	174	0	2,043
Depreciation for the year	2	29	19	95	-	145
Transfer of work in progress and advances	10	-10	-	-	-	-
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	0	2,059
Depreciation for the year	1	33	93	18	-	146
Transfer of work in progress and advances	-	-1	-	-0	1	-0
Sales, scrapping, etc.	-1	-1	-33	-12	-	-47
Impairment	-0	0	0	0	-	1
Exchange-rate differences	0	9	24	5	0	37
Closing balance, December 31, 2021	19	377	1,533	268	2	2,197
Net carrying amount, December 31, 2020	131	541	379	42	161	1,254
Net carrying amount, December 31, 2021	137	787	440	63	58	1,486

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 2021 was SEK 0m (0) on buildings and land, and SEK 1m (15) on machinery and other equipment and SEK 0m (0) on plants under construction. No borrowing costs were capitalized during 2021 nor 2020.

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, 2020	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
Acquired during the year	-	-	-	-	42	42
Transfer of work in progress and advances	-	-	7	4	-12	-1
Closing balance, December 31, 2021	8	86	494	88	36	712
Accumulated depreciation						
Opening balance, January 1, 2020	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
Depreciation for the year	-	2	21	4	-	27
Closing balance, December 31, 2021	4	24	377	82	0	487
Net carrying amount, December 31, 2020	4	64	131	6	6	211
Net carrying amount, December 31, 2021	4	62	117	6	36	225

NOTE 13 GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill

Goodwill is recognized 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, 2021, had a total carrying value of SEK 3,068m (1,690). 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 a 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 2021 was 11.4% (11.4). 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% (9.4). The impairment-testing for 2021 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 that respective cash-generating unit's calculated recoverable amount being lower than their carrying amount.

Goodwill and discount rates

SEKm	2021		2020	
	Goodwill	Discount rate, %	Goodwill	Discount rate, %
Food & Beverage	2,771	11.4	1,398	11.4
Laundry	297	11.4	292	11.4
Total	3,068		1,690	

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, 2020	1,821	107	292	90	83	572	115
Acquired during the year	-	1	-	-	5	6	-
Acquisition of operations	-	-	-	-	-	-	-
Exchange-rate differences	-131	-3	-20	-7	-8	-38	-
Closing balance, December 31, 2020	1,690	105	272	84	80	540	115
2021							
Acquired during the year	-	-	-	-	4	4	-
Acquisition of operations	1,284	-	398	118	237	753	-
Exchange-rate differences	94	3	12	4	5	25	-
Closing balance, December 31, 2021	3,068	108	682	206	326	1,321	115
Accumulated amortization							
Opening balance, January 1, 2020	-	60	64	15	45	184	9
Amortization for the year	-	12	30	13	14	69	22
Exchange-rate differences	-	-3	-7	-2	-6	-18	-
Closing balance, December 31, 2020	-	69	87	26	53	235	31
2021							
Amortization for the year	-	13	31	10	18	72	23
Exchange-rate differences	-	3	6	2	5	15	-
Closing balance, December 31, 2021	-	85	123	38	76	322	54
Carrying amount, December 31, 2020	1,690	36	185	58	27	305	84
Carrying amount, December 31, 2021	3,068	22	559	168	251	999	61

Amortization of intangible assets is included within Cost of goods sold with SEK 31m (25), Administrative expenses with SEK 1m (2) and Selling expenses with SEK 40m (42) in the consolidated statement of comprehensive income. No borrowing costs were capitalized during 2021 nor 2020.

NOTE 14 OTHER NON-CURRENT ASSETS

SEKm	Group		Parent Company	
	2021	2020	2021	2020
Shares in subsidiaries	-	-	6,422	6,147
Long-term financial receivables from subsidiaries	-	-	2,560	-
Long-term operational receivables	20	27	-	-
Total	20	27	8,982	6,147

Long-term operational receivables include for example deposits and other operating customer receivables.

Parent Company Shares in subsidiaries

SEKm	2021	2020
Accumulated cost		
Opening balance, January 1	8,186	8,175
Investments	275	-
Shareholders' contribution	-	11
Closing balance, December 31	8,461	8,186
Accumulated impairment		
Opening balance, January 1	2,039	-
Impairment	-	2,039
Closing balance, December 31	2,039	2,039
Total	6,422	6,147

NOTE 15 INVENTORIES

SEKm	Group		Parent Company	
	2021	2020	2021	2020
Raw materials	562	374	51	31
Work in progress	41	19	21	17
Finished products	810	692	137	146
Advances to suppliers	3	1	-	-
Total	1,416	1,086	209	194

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 4,340m (4,105) for the Group.

Write-downs due to obsolescence amounted to SEK 72m (140) and reversals, due to scrapping or sale, of previous write-downs amounted to SEK 67m (85) 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	2021	2020
VAT receivables	132	146
Prepaid expenses and accrued income	65	53
Prepaid interest expenses and accrued interest income	1	1
Derivatives	13	12
Miscellaneous short-term receivables	14	32
Total	225	244

Miscellaneous short-term receivables include for example, claims related to R&D tax credits and advances to employees.

NOTE 17 TRADE RECEIVABLES

SEKm	Group		Parent Company	
	2021	2020	2021	2020
Trade receivables	1,718	1,365	276	257
Provisions for expected credit loss	-93	-100	-11	-10
Trade receivables, net	1,625	1,265	265	247
Provisions in relation to trade receivables, %	5.4	7.3	4.0	3.9

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, 1.7% 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	
	2021	2020	2021	2020
Provisions, January 1	-100	-66	-10	-1
Acquisition of operations	-1	-	-	-
Release of provision	2	-42	-1	-10
Actual credit losses	7	4	-	1
Exchange-rate differences and other changes	-2	4	-	-
Provisions, December 31	-93	-100	-11	-10

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	
	2021	2020	2021	2020
Trade receivables not overdue	1,444	1,102	265	246
Past due 1-15 days	57	45	-	1
Past due 16-60 days	63	54	-	-
2-6 months overdue	52	43	-	-
6-12 months overdue	9	22	-	-
Total trade receivables	1,625	1,265	265	247

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, canceled 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 2021, the Group's net debt amounted to SEK 1,705m (549). The table below presents how the Group calculates net debt and what it consists of.

Net debt

SEKm	December 31, 2021	December 31, 2020
Short-term loans	1,045	403
Financial derivative liabilities	5	6
Accrued interest expenses and prepaid interest income	3	2
Total short-term borrowings	1,053	412
Long-term borrowings	1,215	601
Long-term borrowings	1,215	601
Total borrowings¹	2,268	1,012
Cash and cash equivalents	836	797
Financial derivative assets	13	12
Prepaid interest expenses and accrued interest income	1	1
Liquid funds	849	810
Financial net debt (total borrowings less liquid funds)	1,418	202
Lease liabilities	326	216
Net provisions for post-employment benefits	-39	131
Net debt	1,705	549

1) Whereof interest-bearing borrowings amounting to SEK 2,260m (1,004).

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, 2021	December 31, 2020
Cash and cash equivalents	836	797
Financial derivative assets	13	12
Prepaid interest expenses and accrued interest income	1	1
Liquid funds	849	810
Less total short-term borrowings	1,053	412
Net liquidity	-204	398

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 2021, the Group's total interest-bearing borrowings amounted to SEK 2,260m, of which SEK 1,215m referred to long-term borrowings. Short-term borrowings consisted of SEK 1,045m. The majority of total borrowings is raised at parent company level.

In 2020, Electrolux Professional AB entered into a EUR 250m multicurrency revolving credit facilities agreement and a bilateral term loan of SEK 600m with AB Svensk Exportkredit. On October 20, 2021 a bilateral sustainability-related loan of EUR 60m was entered in to with the Nordic Investment Bank. The revolving credit facility had an original tenor of five years (with extension options), the first one-year extension option was executed in 2021. Electrolux Professional AB also elected to reduce the RCF capacity from EUR 250m to EUR 200m during 2021. EUR 102m equivalent of the revolving credit facility was utilized on December 31, 2021. The term loan with AB Svensk Exportkredit has a tenor of seven years and the sustainability-related loan with the Nordic Investment Bank has a tenor of 7 years, with a grace period of 3 years, and a semi-annual repayment schedule starting in 2024.

At year-end 2021, the average interest-fixing period for long and short-term borrowings was 0.44 year. 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 2,258m. The fair value including swap transactions used to manage the interest fixing was approximately SEK 2,256m.

The Group's exposure to the reform of interbank rates (IBOR) is limited. At year-end 2021, the Group had one floating rate loan and three derivative transactions denominated in USD, none maturing after the indicated USD LIBOR cessation date. The carrying value of the floating interest rate loan was USD 115m or SEK 1 039m and the nominal amount of the derivative liabilities was USD 67.5m or SEK 610m.

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
2021 SEKm										
Long-term borrowings (including short-term part of long-term)	601	-0	615	-	-	-	-	-	-0	1,215
Short-term borrowings (including factoring with recourse)	403	-661	1,317	-	-	-	-	-	-14	1,045
Lease liabilities	216	-75	-	-	-	-	90	81	13	326
Total	1,219	-736	1,932	-	-	-	90	81	-1	2,585

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

Parent Company	Cash flow					Non-cash flow					
	Opening balance	Amor-tization external debt	New debt	Net cash change	Change in financial liabilities, subsidiaries	Change in financial liabilities, Electrolux Group	Reclas-sifications	Acquisi-tions	Addi-tions / cancel-lations	Exchange rate differences	Closing balance
2021 SEKm											
Long-term borrowings (including short-term part of long-term)	600	-	598	-	-	-	-	-	-	17	1,215
Short-term borrowings (including factoring with recourse)	592	-672	1,300	-	53	-	-	-	-	15	1,288 ¹
Total	1,192	-672	1,898	-	53	-	-	-	-	32	2,503

1) Of the SEK 1,288m, SEK 1,039m is presented as short-term borrowings in the balance sheet and SEK 249m 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, subsidiaries	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)	-	-	600	-	-	-	-	-	-	-	600	
Short-term borrowings (including factoring with recourse)	1,164	-897	1,315	-	12	-990	-	-	-	-12	592 ¹	
Total	1,164	-897	1,915	-	12	-990	-	-	-	-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.

The table below sets out the carrying amount of the Group's borrowings.

Group	Carrying amount	
	December 31, 2021	December 31, 2020
SEKm		
Long-term borrowings		
Other bank loans	1,215	601
Total long-term loans	1,215	601
Short-term borrowings		
Other bank loans	1,045	403
Total short-term loans	1,045	403
Total borrowings	2,260	1,004
Lease liabilities		
Long-term lease liabilities	251	151
Short-term lease liabilities	75	65
Total lease liabilities	326	216

Parent Company	Carrying amount	
	December 31, 2021	December 31, 2020
SEKm		
Long-term borrowings		
Other bank loans	1,215	600
Total long-term loans	1,215	600
Short-term borrowings		
Other bank loans	1,039	402
Loan from subsidiaries	249	190
Total short-term loans	1,288	592
Total borrowings	2,503	1,192

NOTE 18 FINANCIAL INSTRUMENTS, CONTINUED

Repayment schedule of long-term borrowings, December 31, 2021

SEKm	2022	2023	2024	2025	2026	2027–	Total
Bank and other loans	-	-	68	137	137	737	1,078
Total	-	-	68	137	137	737	1,078

Commercial flows

The Electrolux Professional Financial Policy 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 2022, at year-end 2021. At year-end 2021 no hedges exist.

Forecasted transaction flows and hedges

SEKm	SEK	EUR	THB	TRY	CNY	NOK	DKK	JPY	GBP	USD	Other	Total
Inflow of currency, long position	886	1,159	90	38	49	63	85	77	177	728	211	3,563
Outflow of currency, short position	-1,463	-1,442	-356	0	-1	0	-8	0	-1	-155	-136	-3,563
Net transaction flow	-577	-283	-266	38	47	63	77	77	176	574	75	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 existing credit facilities, 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 two bilateral loans 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	-1,050	-4	-12	-391	-880	-2,337
Lease liabilities	-40	-40	-66	-113	-89	-349
Net settled derivatives	0	0	1	3	-	3
Gross settled derivatives	-1	-4	-	-	-	-5
whereof outflow	-1,119	-5	-616	-	-	-1,740
whereof inflow	1,118	1	616	-	-	1,735
Trade payables	-1,814	-	-	-	-	-1,814
Total	-2,905	-48	-78	-501	-969	-4,502

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	-1,045	-4	-12	-391	-880	-2,332
Loans from subsidiaries	-249	-	-	-	-	-249
Net settled derivatives	-	-	1	3	-	4
Gross settled derivatives	-1	-4	-	-	-	-5
whereof outflow	-1,119	-5	-616	-	-	-1,740
whereof inflow	1,118	1	616	-	-	1,735
Trade payables	-476	-	-	-	-	-476
Other financial liabilities, subsidiaries	-1,026	-	-	-	-	-1,026
Total	-2,797	-8	-11	-388	-880	-4,084

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	2021			2020		
	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	9	-	-	-3	-	-
Total net gain/loss, income and expense	9	-	-	-3	-	-
Recognized in financial items						
Financial assets and liabilities at fair value through profit or loss	12	4	-6	-6	-	-1
Financial assets at amortized cost	20	2	-	2	4	-
Other financial liabilities at amortized cost	-13	-	-9	3	-	-13
Total net gain/loss, income and expense	19	6	-15	-1	4	-14

NOTE 18 FINANCIAL INSTRUMENTS, CONTINUED

Net gain/loss, income and expense of financial instruments

Parent Company SEKm	2021			2020		
	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	4	-	-	-6	-	-8
Total net gain/loss, income and expense	4	-	-	-6	-	-8
Recognized in financial items						
Financial assets and liabilities at fair value through profit or loss	11	4	-6	-4	-	-1
Financial assets at amortized cost	14	13	-	-32	11	-
Other financial liabilities at amortized cost	-24	-	-10	37	-	-13
Total net gain/loss, income and expense	1	17	-16	1	11	-14

Fair value and carrying amount of financial assets and liabilities

Group SEKm	2021 ¹		2020 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		1,265
Financial assets at amortized cost		1,265		1,265
Derivatives		13		12
Financial assets at fair value through profit or loss	2	13	2	12
Cash and cash equivalents		836		797
Financial assets at amortized cost		836		797
Total financial assets		2,474		2,074
Financial liabilities				
Long-term borrowings		1,215		601
Financial liabilities at amortized cost		1,215		601
Trade payables		1,814		1,289
Financial liabilities at amortized cost		1,814		1,289
Short-term borrowings		1,045		403
Financial liabilities at amortized cost		1,045		403
Derivatives		5		6
Financial liabilities at fair value through profit or loss	2	5	2	6
Total financial liabilities		4,078		2,299

1) Carrying amount equals fair value except for long-term borrowings where the fair value is SEK 2m (5) 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	2021 ¹		2020 ¹	
	Hierarchy level	Carrying amount	Hierarchy level	Carrying amount
Trade receivables		387		353
Financial assets at amortized cost		265		247
Financial assets at amortized cost, subsidiaries		122		106
Derivatives		13		12
Financial assets at fair value through profit or loss	2	13	2	12
Long-term financial assets		2,560		-
Financial assets at amortized cost, subsidiaries		2,560		-
Short-term financial assets		458		862
Financial assets at amortized cost, subsidiaries		458		862
Cash and cash equivalents		391		425
Financial assets at amortized cost		391		425
Total financial assets		3,809		1,652
Financial liabilities				
Long-term borrowings		1,215		600
Financial liabilities at amortized cost		1,215		600
Trade payables		476		401
Financial liabilities at amortized cost		337		253
Financial liabilities at amortized cost, subsidiaries		139		148
Short-term borrowings²		2,315		1,031
Financial liabilities at amortized cost		1,039		402
Financial liabilities at amortized cost, subsidiaries		1,276		629
Derivatives		5		6
Financial liabilities at fair value through profit or loss	2	5	2	6
Total financial liabilities		4,011		2,038

1) Carrying amount equals fair value except for long-term borrowings where the fair value is SEK 2m (5) 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 2,315m (1,031), SEK 1,039m (402) is presented in the balance sheet as short-term borrowings and SEK 1,414m (777) 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 2021 nor for 2020.

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, 2021, the share capital of Electrolux Professional AB consisted of 8,047,982 Class A shares with a quota value of SEK 0.1 per share and 279,349,468 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.

Share capital

SEKm	Share capital
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
Share capital, December 31, 2021	
8,047,982 A-shares, with a quota value of SEK 0.1	1
279,349,468 B-shares, with a quota value of SEK 0.1	28
Total	29

Number of shares

	Owned by other shareholders
Shares, December 31, 2020	
Class A shares	8,120,527
Class B shares	279,276,923
Total	287,397,450
Conversion of Class A shares into Class B shares	
Class A shares	-72,545
Class B shares	72,545
Shares, December 31, 2021	
Class A shares	8,047,982
Class B shares	279,349,468
Total	287,397,450

Other paid-in capital

Other paid-in capital relates to statutory reserves in the Parent Company.

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.

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, cost for equity swap and reversal of the cost for share-based payments recognized in the income statement and the amount recognized for the common dividend.

Adjustment to the opening balance in 2020 is related to an erroneous amount in the Combined Financial Statements prepared in connection with the listing of Electrolux Professional AB. Deferred tax assets related to post-employment benefits of SEK 17m has been adjusted in equity.

NOTE 20 SHARE CAPITAL, NUMBER OF SHARES AND EARNINGS PER SHARE, CONTINUED

Earnings per share

SEKm	2021	2020
Income for the period	487	278
Earnings per share		
Basic, SEK	1.69	0.97
Diluted, SEK	1.69	0.97
Average number of shares, million		
Basic	287.4	287.4
Diluted	287.7	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.

The average number of shares is the weighted average number of shares outstanding during the year. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding with the estimated number of shares from the share programs. Share programs are included in the dilutive potential ordinary shares as from the start of each program. The dilution in the Group is a consequence of the long-term incentive programs.

The average number of shares during 2021 has been 287,397,450 (287,397,450) and the average number of diluted shares has been 287,665,954 (287,397,450).

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 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 obligation 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.

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 2021 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, 2021, 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 172% (148). 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 175%. If the collective consolidation level falls below 125%,

NOTE 21 POST-EMPLOYMENT BENEFITS, CONTINUED

one measure could be raising the contractual premiums for taking up new insurance and expanding existing benefits. If collective consolidation exceeds 150%, one action could be to implement premium reductions. Expected fees for the next reporting period for ITP2 insurance with Alecta amount to SEK 13m.

The discount rate used for the calculation of expenses during 2021 was 0.07% in average, which was the same rate used to estimate liabilities at the end of 2020.

Explanation of amounts in the financial statements relating to defined benefit obligations is presented in the following table.

SEKm	December 31, 2021	December 31, 2020
Amounts included in the balance sheet		
Funded plans		
Present value of funded obligations	816	849
Fair value of plan assets (after change in asset ceiling)	-974	-861
Net amount (surplus)/deficit, funded plans	-158	-12
Average duration of the obligation, years	14	14.6
Unfunded plans		
Present value of unfunded obligations	119	143
Average duration of the obligation, years	8.7	8.7
Total net amount (surplus)/deficit	-39	131
Whereof reported as		
Pension plan assets	165	21
Provisions for post-employment benefit plans	125	152

SEKm	2021	2020
Pension cost		
Service cost	-13	-16
Interest income/expense, net	-1	-1
Pension cost, defined benefit plans	-14	-17
Pension cost, defined contribution plans	-52	-44
Pension cost included in income for the period	-66	-61
Remeasurement gain/loss attributable to defined benefit plans	141	83
Total pension cost included in other comprehensive income	75	22
Amounts included in the cash flow statement		
Contributions by the employer	9	10
Reimbursement	-	-13
Benefits paid by the employer	10	7
Major assumptions for the valuation of the liability		
Funded plans		
Longevity, years, ¹		
Male	21.7	22.6
Female	23.5	24.7
Inflation, % ²	1.0	1.0
Discount rate, %	0.2	0
Unfunded plans		
Inflation, % ²	1.9	1.6
Discount rate, %	0.8	0.4

1) Expressed as the average life expectancy of a 65 years old person in number of years.

2) 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	2021	2020
Opening balance, January 1	992	1,027
Current service cost	15	15
Special events	-3	-
Interest expense	1	1
Remeasurement arising from changes in financial assumptions	-20	11
Remeasurement from changes in demographic assumptions	-46	-
Remeasurement from experience	4	-6
Contributions by plan participants	9	10
Benefits paid	-54	-42
Exchange differences	53	-35
Settlements and other	-16	11
Closing balance, December 31	935	992

Reconciliation of change in the fair value of plan assets

SEKm	2021	2020
Opening balance, January 1	861	832
Interest income ¹	0	1
Return on plan assets, excluding amounts included in interest ¹	79	89
Net contribution by employer	9	-3
Contribution by plan participants	9	10
Benefits paid	-44	-35
Exchange differences	59	-33
Settlements and other	1	-
Closing balance, December 31	974	861

1) The actual return on plan assets amounts to SEK 80m (90)

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	2021	2020
Longevity +1 year	27	28
Inflation +0.5% ¹	13	14
Discount rate +1%	-102	-115
Discount rate -1%	140	161

1) The inflation change feeds through to other inflation-dependent assumptions, i.e., pension increases and salary growth.

In 2022, the Group expects to pay a total of SEK 17m in contributions to the pension funds and as payments of benefits directly to the employees.

Market value of plan assets by category

SEKm	2021	2020
Fixed income	265	260
Equity	315	291
Other alternative assets	109	83
Real estate	277	223
Cash	8	4
Total value of plan assets	974	861

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 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 34m (15). Expected fees for the next reporting period for ITP2 insurance with Alecta amount to SEK 13m.

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, 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
Opening balance, January 1, 2021	95	198	112	405	-	98	-	98
Acquisitions of operations	-	27	25	52	-	-	-	-
Provisions made	0	38	23	61	-	2	1	3
Provisions used	-73	-26	-18	-117	-	-1	-	-1
Unused amounts reversed	-5	-5	-3	-13	-	-1	-	-1
Reclassification	-	-	1	1	1	-	-	1
Exchange-rate differences	1	4	5	10	-	-	-	-
Closing balance, December 31, 2021	18	237	145	399	1	98	1	100
Of which current provisions	18	98	14	130	1	5	-	6
Of which non-current provisions	-	139	131	270	-	93	1	94

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	
	2021	2020	2021	2020
Accrued holiday pay	131	112	37	37
Other accrued payroll costs	345	100	56	24
Accrued interest expenses	3	2	2	-
Other prepaid income	1	20	-	-
Government grants	18	-	-	-
Other accrued expenses	183	112	25	23
Contract liabilities ¹	595	353	102	85
VAT liabilities	113	101	-	-
Personnel related liabilities	149	127	26	26
Other operating liabilities	54	55	-	-
Derivatives	5	6	5	6
Total	1,597	988	253	201

1) Movement in contract liabilities 2021 and 2020 is presented in note 4.

NOTE 24 CONTINGENT LIABILITIES

SEKm	Group		Parent Company	
	2021	2020	2021	2020
Contingent liabilities	9	129	68	76
Total	9	129	68	76

The previously reported contingent liability related to a lawsuit by a supplier in Italy, claiming EUR 12.1m in alleged damages for wrongful termination of a supply agreement was settled out of court in February 2022. The settlement will have an insignificant effect on Electrolux Professional's operating result and cash-flow.

Parent Company

The Parent company has issued guarantees on behalf of some of its subsidiaries. The nominal amount is SEK 68m (76) 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	2021
Consideration	
Cash paid for acquisitions made during the year	2,113
Total consideration	2,113

Recognized amounts of assets acquired and liabilities assumed

Property plant and equipment, owned	205
Property plant and equipment, right-of-use	95
Intangible assets	753
Inventories	158
Trade receivables ¹⁾	115
Other current and non-current assets	4
Trade payables	-114
Government grants	-18
Other operating liabilities	-284
Total identifiable net assets acquired	913
Cash and cash equivalents	10
Lease liabilities	-95
Assumed net debt	-85
Goodwill	1,284
Total	2,113

1) Trade receivables

Trade receivables, gross	115
Provision for doubtful receivables	-0
Total	115

SEKm	2021
Payments for acquisitions	
Cash paid for acquisitions made during the year	2,113
Cash and cash equivalents in acquired operations	-10
Total paid	2,103

The purchase price allocation is preliminary and can be subject to changes.

Acquisitions in 2021

Unified Brands

On December 1, 2021 the acquisition of the US manufacturer of foodservice equipment Unified Brands was completed by acquiring 100% of the shares in a cash deal. The purchase price for the shares amounted to USD 233m corresponding to SEK 2,113m.

Unified Brands, founded in 1907, has approximately 600 employees. It operates two manufacturing and R&D facilities, one in Weidman, Michigan and one in Vicksburg, Mississippi. The company and its Groen, Randell, Avtec, Power Soak and CapKold brands offer cooking equipment, refrigeration, cleaning systems, ventilation, and meal distribution systems.

The acquisition is a part of Electrolux Professional's strategy to strengthen the presence in the US and supports the focus on growth with the food service chains.

Goodwill represents the value of increasing Electrolux Professionals presence on the US market and especially with the food service chains. Goodwill is expected to be deductible for income tax.

Unified Brands net sales and operating income from January 1, 2021 up until the completion of the acquisition amounted to USD 121m and USD 10m, respectively, approximately SEK1,035m and SEK 82m, respectively. The Unified Brands is included in Electrolux Professional's consolidated accounts from December 1, 2021. For the period from the acquisition date until the end of the reporting period the acquired business has contributed to net sales and operating income (including amortization of surplus values) by USD 12m and USD -1m respectively, approximately SEK 99m and SEK -11m respectively.

The business is included in the segment Food & Beverage.

Transaction costs

Transaction costs related to the acquisition in 2021 amount to SEK 50m and have been expensed as incurred during the acquisition process in 2021. The costs have been reported in operating income within the segment Food & Beverage.

Acquisitions in 2020

No acquisitions have been made in 2020.

Divested operations

No divestments have been made in 2021 nor 2020.

NOTE 26 EMPLOYEES AND REMUNERATION

Employees and employee benefits

As of December 31, 2021, the number of employees was 3,973 (3,515).

Average number of employees, per country

	2021			2020		
	Women	Men	Total	Women	Men	Total
Parent company						
Sweden	125	418	543	142	425	567
Subsidiaries						
Australia	2	15	17	2	12	14
Austria	4	25	29	4	25	29
Belgium	-	4	4	-	2	2
Brazil	-	-	-	2	2	4
China	39	137	175	41	137	178
Croatia	2	4	6	2	4	6
Czech Republic	2	6	8	2	6	8
Denmark	11	33	44	12	34	46
Finland	14	23	38	13	28	41
France	87	293	380	96	312	408
Germany	63	146	209	67	148	215
Greece	1	4	5	1	4	5
Hungary	1	2	3	1	2	3
India	2	10	12	2	12	14
Italy	436	641	1,077	444	675	1,119
Japan	16	42	58	20	37	57
Malaysia	9	7	16	7	7	14
Netherlands	4	14	18	4	17	21
New Zealand	2	2	4	1	2	3
Norway	6	12	18	5	13	18
Poland	2	1	3	2	1	3
Russia	14	12	26	13	13	26
Singapore	12	16	28	9	19	28
Slovak Republic	7	7	14	8	6	14
South Korea	2	1	3	1	2	3
Spain	12	18	31	10	21	31
Switzerland	29	131	160	28	139	167
Thailand	77	197	274	80	197	277
Turkey	10	13	22	10	14	24
United Arab Emirates	1	10	11	1	10	11
United Kingdom	42	21	63	42	21	63
USA	64	187	251	48	106	154
Total	1,096	2,452	3,548	1,120	2,453	3,573

NOTE 26 EMPLOYEES AND REMUNERATION, CONTINUED

Salaries, other remuneration and employer contributions

SEKm	2021			2020		
	Salaries and remuneration ^{1,2}	Employer contributions ³	Total	Salaries and remuneration ^{1,2}	Employer contributions ³	Total
Parent Company	323	113	436	284	124	408
whereof pension costs	-	34	34	-	30	30
Subsidiaries	1,468	359	1,827	1,255	356	1,611
whereof pension costs	-	29	29	-	30	30
Total Group	1,791	472	2,263	1,539	480	2,019
whereof pension costs	-	63	63	-	60	60

1) Includes government grants of SEK 45m (95) for the Group and SEK 0m (10) for the parent company.

2) For the parent company salaries and remuneration of SEK 49m (23) was paid by another legal entity in the group.

3) For the parent company social costs of SEK 9m (6) (whereof pension costs SEK 1m (1) was paid by another legal entity in the group.

Salaries and remuneration for Board members, senior managers and other employees

SEKm	2021			2020		
	Board members and senior managers	Other employees	Total	Board members and senior managers	Other employees	Total
Parent Company	62	261	323	31	253	284
Others	44	1,424	1,468	43	1,212	1,255
Total Group		1,685	1,791	74	1,465	1,539

Of the Board members in Group companies, 20 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 13 men and 3 women, of whom 10 men and 1 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

SEK thousand	2021			2020		
	Ordinary compensation	Compensation for committee work	Total compensation	Ordinary compensation	Compensation for committee work	Total compensation
Kai Wärn, Chairman	1,545	85	1,630	1,750	125	1,875
Lorna Donatone	515	104	619	542	100	642
Hans Ola Meyer	515	154	669	583	175	758
Daniel Nodhäll	515	183	698	583	190	773
Martine Snels	515	98	613	500	75	575
Carsten Voigtländer	515	-	515	500	-	500
Katharine Clark	515	-	515	417	-	417
Ulf Karlsson	-	-	-	-	-	-
Joachim Nord	-	-	-	-	-	-
Per Magnusson	-	-	-	-	-	-
Total compensation	4,635	624	5,259	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 2021 refers to one fourth of the compensation authorized by the AGM in 2020 and three fourths of the compensation authorized by the AGM in 2021. Total compensation paid in cash 2021 amounted to SEK 5,3m, of which SEK 4,6m referred to ordinary compensation and SEK 0.6m 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 12 other members (2021).

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 96):

- 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 2021 has been set at SEK 5.3m.

The variable compensation for the President and CEO consists of both short-term cash based incentives and long-term share based 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 cash based incentives and long-term share based incentives and is based on fixed financial targets on Group level and Regional and Group level for the Regional Heads. Short term incentive, as well as long-term incentive can give a maximum of 60-80% 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.

Variable long-term share program (LTI 2021)

The company implemented a performance based long-term share incentive program 2021 (LTI2021) for senior managers and key employees, comprising up to 30 participants. Participants are offered to be allocated Performance Shares, provided that the participant remains employed until January 1, 2024. Participants are divided into four groups; CEO and President (Group 1); other members of Executive Management and Senior Managers (Group 2 & 3); as well as certain other key employees (Group 4). The Performance Shares shall be based on maximum performance values for each participant category. The maximum performance value for the participants in Group 1 will be 100% of the participant's annual base salary for 2021, for participants in Group 2, 80% of the participant's annual base salary for 2021, for participants in Group 3, 60% of the participant's annual base salary for 2021, and for participants in Group 4, 40% of the participant's annual base salary for 2021. The total sum of the maximum values of the Performance Shares thus defined for all participants will not exceed SEK 34m excluding social costs.

Each maximum value shall thereafter be converted into a maximum number of Performance Shares, based on the Volume Weighted Average Price (VWAP), paid for Electrolux Professional B-shares on Nasdaq Stockholm during a period of 20 trading days before the day the participants are invited to participate in the program.

The calculation of the number of Performance Shares shall be connected to performance targets for the Group established by the Board for (i) earnings per share and (ii) operating cash flow after investments. The performance targets adopted by the Board will stipulate a minimum level and a maximum level, with the relative weight of the performance targets (i) and (ii) being 60% and 40% respectively.

In 2021, the maximum levels of the two performance targets were reached which means that 100% of granted awards under the LTI2021 program will be paid out after the end of the vesting period in 2024.

The share-based compensation program is classified as equity settled transactions, and the cost of the granted instrument's fair value at grant date is recognized over the vesting period which is 2.6 years. At each balance sheet date, the Group revises the estimates to the number of shares that are expected to vest. The impact of the revision to original estimates, if any, is recognized in the income statement, with a corresponding adjustment to equity. In addition, the Group provides for social costs expected to be paid in connection with the share-based compensation programs. The costs are charged to the income statement over the vesting period. The provision is periodically revalued based on the fair value of the instruments at each closing date.

NOTE 26 EMPLOYEES AND REMUNERATION, CONTINUED

Remuneration to Executive Management

SEK thousand	2021						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	5,566	4,912	1,197	460	318	1,931	14,384
Other members of Executive Management ⁵	22,399	15,812	4,073	2,180	2,262	7,358	54,084
Total	27,965	20,724	5,270	2,640	2,580	9,289	68,468

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 2021 and to be paid in 2022.
- 3) Cost incurred 2021 for the long term share based incentive program.
- 4) Includes allowances and other benefits such as housing, company car and medical insurance.
- 5) Other members comprised of 12 people end of 2021. Remuneration for other members of Executive Management includes SVP APAC & MEA, Richard Flynn, as of October 2021 and President Unified Brands, Dave Herring, as of December 2021.

NOTE 27 FEES TO AUDITORS

At the 2020 Annual General Meeting Deloitte was appointed auditor for the period until the end of the 2021 Annual General Meeting.

SEKm	Group		Parent Company	
	2021	2020	2021	2020
Deloitte				
Audit fees ¹	16	13	6	5
Audit-related fees ²	0	0	-	-
Tax fees ³	-	0	-	-
All other fees	0	0	-	-
Total fees to Deloitte	16	14	6	5
Audit fees to other audit firms	0	1	-	-
Total fees to auditors	16	15	6	5

- 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	
	2021	2020	2021	2020
Income for the period				
Purchases of goods	-	-15	-	-
Interest income	-	-	-	-
Interest expense	-	-1	-	-1

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 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.

From January 1 to March 23, 2020 the Group purchased products, IT and administrative services from the Electrolux Group which were based on generally accepted commercial terms and conditions. These transactions were seen as related party transactions during that period. In connection with the listing Electrolux Professional AB repaid loan and group contribution.

NOTE 29 UNTAXED RESERVES, PARENT COMPANY

SEKm	December 31, 2021	Appropriations	December 31, 2020
Accumulated depreciation in excess of plan			
Brands	11	-4	15
Licenses	-	-	-
Machinery and equipment	91	-	91
Buildings	-	-	-
Other	6	-1	8
Total	108	-5	114
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	
						2021	2020
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	5
Electrolux Professional do Brasil	3563041087-8	Brazil	São Paulo	100%	Limited Liability Company	0	0
Electrolux (Shanghai) Professional Appliances Co., Ltd.	91310120332328256Q	China	Shanghai	100%	Limited Liability Company	114	114
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	1
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	80
Electrolux Professional GmbH	HRB20581	Germany	Nürnberg	100%	Limited Liability Company	252	252
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	2
Electrolux Professional S.p.A.	00072220932	Italy	Pordenone	100%	Limited Liability Company	3,105	3,105
S.P.M Drink Systems S.p.A.	03195610369	Italy	Spilamberto	100%	Limited Liability Company	258	258
Electrolux Professional Japan Limited	01040103326	Japan	Tokyo	100%	Limited Liability Company	119	119
Electrolux Professional Korea Co., Ltd.	110111-7179248	Korea	Seoul	100%	Limited Liability Company	0	0
Electrolux Professional 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	3
Electrolux Professional AS	923830197	Norway	Oslo	100%	Limited Liability Company	66	66
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	0
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
Crathco Ltd	105541040522	Thailand	Rayong	100%	Limited Liability Company	275	-
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	539
Carrying amount, December 31						6,423	6,148

1) Electrolux Professional Sweden AB holds 1%.

NOTE 30 SHARES AND PARTICIPATIONS, CONTINUED

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%
Schneidereit UK Ltd.	United Kingdom	Luton	100%
Electrolux Professional LLC	USA	Louisville	100%
Grindmaster Corporation	USA	Louisville	100%
Unified Brands	USA	Delaware	100%

NOTE 31 EVENTS AFTER THE BALANCE SHEET DATE

Russia's invasion of Ukraine has created an uncertain global situation. Electrolux Professional is closely monitoring the developments as well as the compliance with the trade sanctions decided/adopted by among others the European Union, the United States and the United Kingdom. Electrolux Professional has limited sales to Russia, Belarus and Ukraine, representing less than 1% of total sales and total assets respectively, why the potential financial effect is insignificant. However, the invasion can potentially create supply chain disruptions including higher raw material prices which might have an effect on the Group's financial position. Electrolux Professional has 26 employees in Russia and none in Ukraine nor Belarus.

The previously reported contingent liability related to a lawsuit by a supplier in Italy, claiming EUR 12.1m in alleged damages for wrongful termination of a supply agreement was settled out of court in February 2022. The settlement will have an insignificant effect on Electrolux Professional's operating result and cash-flow.

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	143,699
To be carried forward	6,119,954
Total	6,263,653

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, 2022

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, 2022
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, 2022. 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 2022, 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 financial year 2021-01-01 - 2021-12-31 except for the corporate governance report on pages 73-83. The annual accounts and consolidated accounts of the company are included on pages 93-152 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 2021 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 2021 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 corporate governance report on pages 73-83. 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 7,862 MSEK 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 Group's 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,
- test of identified key controls, within the revenue process, 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 1,625 MSEK split over a large number of customers within different geographies. 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 group's 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 of the Group's accounting principles for recognizing expected credit losses to verify compliance with IFRS,
- test of design and implementation of identified key controls, related to valuation of customer receivables, 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

Inventory in the Group amounts to 1,416 MSEK and is held by several production and sales units in different countries. Valuation of inventory requires clear policies among other things related to provisions for obsolescence which is subject to management's estimates especially given large price variances related to raw material and components. Processes for valuation of inventory constitutes a key audit matter in our audit.

The Group's 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 to verify 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,
- attending physical inventory counts,
- on sample basis testing for example purchase prices, and
- evaluating management's estimates related to provisions for obsolescence.

Accounting for business combinations

In the fiscal year 2021 Electrolux Professional made an acquisition for a total consideration of 2,113 MSEK. The acquired assets and liabilities must be separately identified and valued at fair value at the date of the acquisition. For acquired assets and

liabilities for which there is no active market, management must apply valuation models and significant estimates in order to determine the fair value.

The significant estimates required to account for business combinations combined with a significant purchase price constitutes a key audit matter in our audit.

The Group's accounting principles and disclosures related to business combinations can be found in note 1 and 25.

Our audit procedures

Our audit procedures included, but were not limited to:

- evaluation of the Group's accounting principles for business combinations to verify compliance with IFRS,
- review of purchase agreement and audit of purchase price allocation, and
- evaluating the applied valuation model including significant assumptions and estimates, supported by our internal valuation specialists.

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 1-11, 13-54, 71-72, 84-90, 156-158, 168-173. 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. 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/revisorsansvar. 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 financial year 2021-01-01 - 2021-12-31 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 responsibilities for the audit of management's administration is located at the Swedish Inspectorate of Auditors website: www.revisorsinspektionen.se/revisorsansvar. This description forms part of the auditor's report.

THE AUDITOR'S EXAMINATION OF THE ESEF REPORT

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for Electrolux Professional AB (publ) for the financial year 2021-01-01 – 2021-12-31.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report #355cacab022b6f132f05a49082c23c45a901ea2a15d9c88ef8a40b5fd988b7d1 has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the *Auditors' responsibility section*. We are independent of Electrolux Professional AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Swe-

den will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a technical validation of the Esef report, i.e., if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, financial position, changes in equity and cash flow.

THE AUDITOR'S EXAMINATION OF THE CORPORATE GOVERNANCE STATEMENT

The Board of Directors is responsible for that the corporate governance report on pages 73-83 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.

Deloitte AB, was appointed auditor of Electrolux Professional AB (publ) by the general meeting of the shareholders on 28 April, 2021 and has been the company's auditor since 1 June, 2018.

Stockholm 29 March 2022

Deloitte AB

Signature on Swedish original

Jan Berntsson

Authorized public accountant

This is a translation of the Swedish language original. In the event of any differences between this translation and the Swedish language original, the latter shall prevail.

Five years in summary

SEKm	2021	2020	2019	2018	2017
Food & Beverage					
Net sales	4,704	4,198	5,895	5,399	4,922
EBITA*	299	87	568	629	607
EBITA, %*	6.4	2.1	9.6	11.7	12.3
Operating income*	244	35	522	599	572
Operating margin, %*	5.2	0.8	8.9	11.1	11.6
Laundry					
Net sales	3,159	3,065	3,386	3,267	2,801
EBITA*	492	467	507	573	502
EBITA, %*	15.6	15.2	15.0	17.6	17.9
Operating income*	475	452	488	558	499
Operating margin, %*	15.0	14.7	14.4	17.1	17.8
Group common cost					
Operating income*	-128	-100	-18	-14	-11
Total Group					
Net sales	7,862	7,263	9,281	8,666	7,723
EBITA*	663	456	1,058	1,188	1,098
EBITA, %*	8.4	6.3	11.4	13.7	14.2
Operating income*	592	387	992	1,143	1,060
Operating margin, %*	7.5	5.3	10.7	13.2	13.7

SEKm, if not otherwise stated	2021	2020	2019	2018	2017
Net sales	7,862	7,263	9,281	8,666	7,723
Organic growth, %*	10.6	-21.0	-0.3	4.1	5.6
EBITA*	663	456	1,058	1,188	1,098
EBITA, %*	8.4	6.3	11.4	13.7	14.2
Operating income*	592	387	992	1,143	1,060
Operating margin, %*	7.5	5.3	10.7	13.2	13.7
Income after financial items	587	363	978	1,134	1,052
Income for the period	487	278	663	952	786
Items affecting comparability*	-	-77	-32	-	-
Capital expenditure*	-159	-273	-257	-169	-167
Operating cash flow after investments*	1,116	570	1,138	1,131	1,167
Operating working capital % of net sales* ⁴	14.9	19.9	17.7	16.3	13.8
Earnings per share, SEK ¹	1.69	0.97	2.31	3.31	2.74
Equity per share, SEK ^{1, 2}	12.27	9.74	9.43	31.91	8.43
Dividend per share, SEK ¹	-	-	-	-	-
Net debt*	1,705	549	1,025	-226	-481
EBITDA* ³	886	684	1,280	1,363	1,253
Net debt/EBITDA ratio*	1.9	0.8	0.8	-0.2	-0.4
Average number of shares, million ¹	287.4	287.4	287.4	287.4	287.4
Number of employees, end of period	3,973	3,515	3,624	3,555	3,183

*) Alternative performance measure

1) Basic number of outstanding shares

2) Year 2020 is restated

3) Rolling four quarters

4) Last twelve months currency adjusted

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, 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.



Sustainability notes

Sustainability notes

About this report

Reporting framework

This report has been prepared in accordance with the Swedish Annual Accounts Act related to statutory sustainability reporting. The main audience for the report are shareholders and other stakeholders. Electrolux Professional's main stakeholders are identified by assessing the magnitude of the impacts from, or on, our business and operations. Electrolux Professional's Sustainability Report has been prepared in accordance with the Global Reporting Initiative (GRI), Core Option. **See page 165-166 for the GRI Index.** Electrolux Professional has performed 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 a number of significant areas. As a signatory of the UN Global Compact, Electrolux Professional uses this report to highlight progress regarding the 10 principles.

External assurance

Our auditors, Deloitte, have performed a limited assurance of the sustainability report. **See page 167 for the limited assurance report.**

Boundary of the report

- The Sustainability Report is published annually. This report covers data that has been collected for the 2021 calendar year.
- Unified Brands is excluded from the sustainability reporting. During 2022 we intend to assess how/when to integrate Unified Brands.
- The environmental data in this report covers 11* (13) 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 full scope of the company (Unified Brands excluded). As people data is collected from different systems, minor variations in the 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 2021 edition" provided by the International Energy Agency (IEA). Values used in the report are offset by a three-year period (2021 using figures for 2018). 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 policy and procedures Only includes number of employees.

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 49.**

GRI 303-4 Water discharge: Storm water that is not collected or used is not considered as water discharge if it goes into our storm drains.

GRI 306 Waste: Only reporting on topic disclosure.

306-3 Waste generated: Topic management disclosures excluded.

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 due to injuries. Employees and temporary hires are included. Employees working at 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.

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.

* During 2021 Electrolux Professional acquired Unified Brands. The company has around 600 employees and operates two manufacturing and R&D facilities. Unified Brands is excluded from the 2021 reporting

Sustainability management and 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 of 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.

Reporting in accordance with the EU Taxonomy regulation

Key Performance Indicators

2021	Total (SEKm)	Eligible economic activities (%)	Non Eligible economic activities (%)
Turnover	7,862	0	100
Capex	2,401	0	100
Opex	417	0	100

Contextual information

The Taxonomy should support a transition to an economy that is consistent with the environmental objectives within European Union (EU). The Taxonomy includes definitions of economic activities that is considered eligible, as well as technical screening criteria for economic activities that are classified as environmentally sustainable. For 2021 Electrolux Professional there are no requirement to report on sustainable activities.

Electrolux Professional providing professional food service, beverage, and laundry solutions, serving a wide range of customers globally, from restaurants and hotels to healthcare, educational and other service facilities. There are no specific screening criteria defined for manufacturing of professional food, laundry and beverage appliances related to climate change mitigation and adaptation (including enabling economic activity within other sector). Electrolux Professional is recognizing that the EU Taxonomy framework is under development and that our reporting will evolve as more targets are adopted and more guidance/practices are established. The company recognizing that the European Commission are considering the introduction of additional technical screening criteria's. At this point none of Electrolux Professionals product or service offering are associated with economic activities that are considered eligible according to the EU Taxonomy regulation.

Electrolux Professional has created an internal indicator to reflect technical solutions that we believe can offer opportunities for carbon reduction. The intention is to track products, that from a more technical standpoint can support the reduction of carbon emissions. **See pages 59-60, 64-65.**

Assessment of compliance with the regulation

The Taxonomy includes definitions of economic activities that are considered eligible, as well as technical screening criteria for economic activities that are classified as environmentally sustainable. Electrolux Professional has made a screening of activities that potentially can be considered environmentally sustainable, based on availability of technical screening criteria's. Electrolux Professional consider economic activities where such technical screening criteria are available eligible.

Turnover

There are technical screening criteria's available within the EU Taxonomy for household appliances with energy labeling requirement in accordance with Regulation (EU) 2017/1369. Electrolux Professional is selling products falling under this definition, but do not consider us the manufacturer in the context of the Taxonomy. Only products manufactured in house is considered eligible according to Electrolux Professionals interpretation of the EU Taxonomy.

Electrolux Professional has not identified any Taxonomy-aligned economic activities generating eligible turnover.

CAPEX/OPEX

As none of Electrolux Professionals turnover are considered eligible, there are no CAPEX/OPEX related to assets or processes that are associated with Taxonomy-aligned economic activities. Nor are there any CAPEX/OPEX to allow Taxonomy-eligible economic activities to become Taxonomy-aligned.

There is opportunity to include CAPEX/OPEX that are related to the purchase of output from Taxonomy-aligned economic activities. The

company has identified 0.8% CAPEX that can be assumed connected to buildings and listed in points 7.3, 7.5 and 7.6 of Annex I to the Climate Delegated Act. As there are no information available from suppliers regarding eligibility, Electrolux Professional do not report any eligible CAPEX/OPEX for 2021.

Accounting policy Turnover

Turnover is defined as net sales from products and services which equals the total net sales as disclosed in the Consolidated statement of total comprehensive income. **See page 99.**

Capital expenditures

Capital expenditures are additions to tangible, intangible and right-of-use assets during the year including additions from business combination. Acquired goodwill is not included. **See note 8, 12 and 13.**

Operation expenditures

Operation expenditures includes direct non-capitalized costs related to R&D costs including variances; costs for renovating buildings/offices/short-term lease costs; cost for maintaining or repairing buildings/offices/production equipment/forklifts/warehouse equipment etc. and costs for cleaning of facilities and testing of machines.

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
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
2021	7,864	905	4,426	17,675	30,870	16,310	14,560	30,870

1) Use of on-site generated electricity is included in above numbers.

Note: The baseline is not fully comparable as five acquired plants have been added to the reporting for 2018 and 2019.

Recalculated baseline for 2017 is 34,709 MWh. This means a reduction of 11% since 2017 using the comparable baseline.

Water

GRI 303-3, 303-4

Total water withdrawal from all areas in megaliters^{1, 2}

	2017	2018	2019	2020	2021
Municipal Water Supply – Purchased	82	96	94	83	67
Ground water				1	1
Surface water					1
Total	82	96	94	84	69

1) 1 megaliter equals 1,000 m³.

2) 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.

Recalculated baseline for 2017 is 94,548 m³. This means a reduction of 27% since 2017 (using the comparable baseline).

Own disclosure - Product water consumption

	2019	2020	2021*
Product water consumption efficiency compared to 2019	0%	1.5%	2.3%

Only includes dishwashing and laundry. Target to improve efficiency by 8% by the end of 2025 (base year 2019).

* Corresponds to savings of 2,017 million liters of water (based on annual sales figures, consumption data and the expected number of cycles during the product life time).

Total water discharge to all areas in megaliters^{1, 2}

	2017	2018	2019	2020	2021	
Third-party destinations	Untreated	45	48	50	42	36
	Pre-treated	28	29	25	33	26
Fresh surface water	Untreated	0	0	0	0	0
	Pre-treated	0	0	0	0	0
Total	73	77	74	75	62	

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 it 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		2017	2018	2019	2020	2021
GRI 305-1	Direct CO₂eq emissions^{1, 2}	1.8	1.7	2.0	1.7	1.7
GRI 305-2	Energy indirect* CO₂eq* emissions²	1.0	1.7	1.9	1.4	1.7
	Total CO₂eq	2.7	3.5	3.8	3.1	3.4
Own disclosure	Use of HFC/HFO gases (ton)			18.6	16.1	17.5

1) Includes contributions from energy use and refrigerants.

2) Natural gas emission factors defined as combustion of gas with zero CO₂ content.

Note: The baseline is not fully comparable as five acquired plants have been added to the reporting for 2018 and 2019.

Recalculated baseline for 2017 is 4,269 ton CO₂. This means a reduction of 20% since 2017 using the comparable baseline.

GRI 306-3^{1, 2, 3}

2021	Metric kiloton	% of Non-hazardous waste	Recovery (%)	Disposal (%)
Non-hazardous waste				
	Landfill	0.14	3%	3%
	Incineration (without energy recovery)	0.03	1%	1%
	Waste-to-Energy	0.46	11%	11%
	Recycling	3.20	75%	75%
	Other recovery	0.44	10%	10%
	Total non-hazardous waste	4.27	100%	85%

2021	Metric kiloton	% of Non-hazardous waste	Recovery (%)
Hazardous waste			
	Disposal without energy recovery	0.11	36%
	Recycling	0.13	42%
	Other/Unspecified	0.06	21%
	Total hazardous waste	0.30	100%

2021 (metric kiloton)	Non-hazardous waste	Hazardous waste	Total	% of total	
Total					
	Disposal without energy recovery	0.18	0.11	0.29	6%
	Waste-to-energy	0.46		0.46	10%
	Recovery	3.64	0.13	3.77	82%
	Other/unspecified		0.06	0.06	1%
	Total	4.27	0.30	4.58	100%
	Percentage of total	93%	7%		

1) All waste is directed to and diverted from disposal off-site.

2) Only data for 2021 is disclosed in this report.

3) Data for Louisville is based on engineering estimations.

People data

General people data

Total number of employees ¹ 2021	Gender balance		Employees in production/non-production		Contract type		Employment type		Employees covered by collective bargaining agreements ²		Employee turnover and hiring ³	
	Number of employees	Men	Women	Production	Non-production	Temporary	Permanent	Full time	Part time	Coverage	Turnover	Hiring
3,438	69%	31%	38%	62%	2%	98%	95%	5%	49%	10%	8%	

1) GRI 102-7 2) GRI 102-41 3) GRI 401-1

Note: Data is based on year-end data collected from central, local or regional HR systems, excluding Unified Brands.

Occupational health and safety

GRI 403-9 Work-related injuries

	2021	2020	2019	2018	2017
Number of work-related fatalities	0	0	0	0	0
Number of high consequence injuries >6 months	0	0	1	0	0
Total number of work-related lost time injuries	14	19	25	16	12
Working hours (in thousands of hours)	4,062	3,453	3,569	3,770	2,537
Rate of fatalities as a result of work-related injury	0	0	0	0	0
Rate of high-consequence work-related injuries (excluding fatalities)	0	0	0,1	0	0
Lost Time Injury rate ¹	0.69	1.10	1.40	0.85	0.95

1) Lost time injuries per 200,000 hours worked.

Note: The most common injuries are lacerations and contusions (8 of 14). The most commonly injured body part was the hand or arm (8/14). More severe risks relate to forklift traffic and machines. Most lost time injuries in 2021 occurred in our assembly areas.

Reactive, preventive, and proactive measures are managed within our health and safety pillar (page 67).

Training and development

GRI 404-1, GRI 404-3, GRI 205-2

	Average hours of training per year per employee in 2021			Percentage of employees receiving performance and career development reviews in 2021			Employees participating in Code of Conduct training in 2021		
	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
2021									
Employees	7.7	6.6	7.4	63%	65%	64%	1,313	1,326	38%

1) Total number of employees according to GRI 102-7.

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 Diversity of governance bodies and employees

2021	Gender distribution		Age distribution		
	Men	Women	<30 years	30-50 years	>50 years
Board of Directors ¹	57%	43%		29%	71%
Executive Management Team	92%	8%		23%	77%
Including extended Executive Management members	82%	18%		18%	82%
Employees ²	69%	31%	9%	54%	37%
Managerial positions	74%	26%	2%	57%	41%

1) Does not include employee representatives.

2) Age distribution data is based on year-end data collected from central or local/regional HR systems.

GRI index

The Global Reporting Initiative (GRI) index provides guidance on where information within this report is disclosed.

General information (2016)

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Auditor's Limited Assurance Report on Sustainability Report and statement regarding the Statutory Sustainability Report

To Electrolux Professional AB (publ), corporate identity number 556003-0354

Introduction

We have been engaged by the Board of Directors and Executive Management of Electrolux Professional AB (publ) to undertake a limited assurance engagement of the Electrolux Professional Sustainability Report for the year 2021. The Company has defined the scope of the Sustainability Report in connection to the table of content in the Annual Report and the Statutory Sustainability Report on page 95.

Responsibilities of the Board of Directors and the Executive Management

The Board of Directors and the Executive Management are responsible for the preparation of the Sustainability Report including the Statutory Sustainability Report in accordance with the applicable criteria and the Annual Accounts Act respectively. The criteria are defined on page 160 in the Sustainability Report and are part of the Sustainability Reporting Guidelines published by GRI (Global Reporting Initiative), which are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

Responsibilities of the auditor

Our responsibility is to express a conclusion on the Sustainability Report based

on the limited assurance procedures we have performed and to express an opinion regarding the Statutory Sustainability Report. Our engagement is limited to historical information presented and does therefore not cover future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report and applying analytical and other limited assurance procedures. Our examination regarding the Statutory Sustainability Report has been conducted in accordance with FAR's accounting standard RevR 12 *The auditor's opinion regarding the Statutory Sustainability Report*. A limited assurance engagement and an examination according to RevR 12 is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Electrolux Professional AB in ac-

cordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The limited assurance procedures performed and the examination according to RevR 12 do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion based on a limited assurance engagement and an examination according to RevR 12 does not provide the same level of assurance as a conclusion based on an audit.

Our procedures are based on the criteria defined by the Board of Directors and the Executive Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

Conclusion

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report, is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Executive Management.

A Statutory Sustainability Report has been prepared.

Stockholm 29 March 2022

Deloitte AB

Signatures on Swedish original

Jan Berntsson
Authorized Public Accountant

Adrian Fintling
Expert Member of FAR

This is a translation of the Swedish language original. In the event of any differences between this translation and the Swedish language original, the latter shall prevail.

Share and shareholders

Share price and trading

Between January 1, 2021 and December 31, 2021 a total of 120 million Electrolux Professional shares were traded, amounting to a value of SEK 6,763m. This corresponds to a daily volume of 475,000 shares.

Trading on Nasdaq Stockholm accounted for 75%, Cboe Europe for 23% and Turquoise Europe for 2%.

The highest bid price (last price paid) during 2021 was SEK70.40 on September 16, 2021. The lowest last price paid was registered on February 3, 2021 at SEK 42.88.

During the period the Electrolux Professional B share price increased by 34.71%, while Nasdaq OMX Stockholm PI increased by 34.98%.

Share ownership structure

At December 31, 2021 Electrolux Professional AB had 48,190 registered shareholders.

At December 31, 2021, 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 8.7% of the votes and 10.9% of the capital. Alecta Pension was the third largest shareholder with 7.4% of the votes and 7.8% of the share capital.

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 800,000,000 Class B shares. There are two classes of shares issued in the company, Class A and Class B shares.

As of December 31, 2021, the company's registered share capital amounted to SEK28,739,745, represented by 287,397,450 shares of which 8,047,982 were Class A shares and 279,349,468 were Class B shares, each with a quota value of SEK 0.1. The total number of votes amounted to 35,982,928.8.

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 Annual General Meeting of Electrolux Professional will be held on April 28, 2022.

The Board of Directors proposes to distribute a dividend to the shareholders of SEK 0.50 (-) per share for the 2021 financial year corresponding to approximately 30% of the profit for the year. This is in line with the policy to pay approximately 30% of net income in dividends. The proposed record date is May 2, 2022 and payment is expected to be made on May 5, 2022.

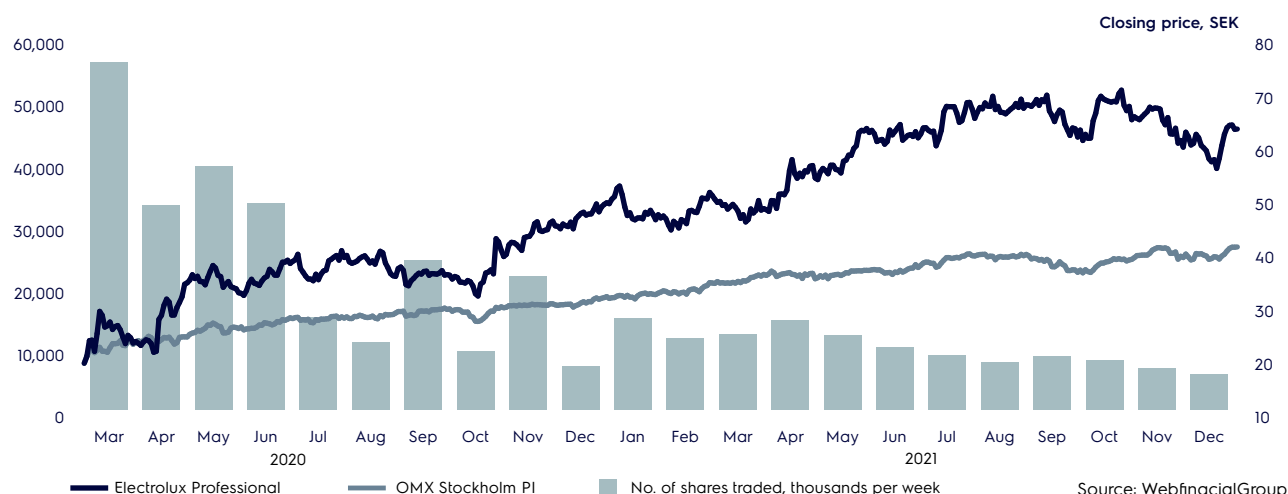
Delisting of Class A shares

In September 2020, the Company's series A shares were delisted from Nasdaq Stockholm.

Conversion of Class A shares

Shareholders who hold Class A shares are entitled to convert their shares to Class B shares. In 2021 72,545 Class A shares were converted to Class B shares.

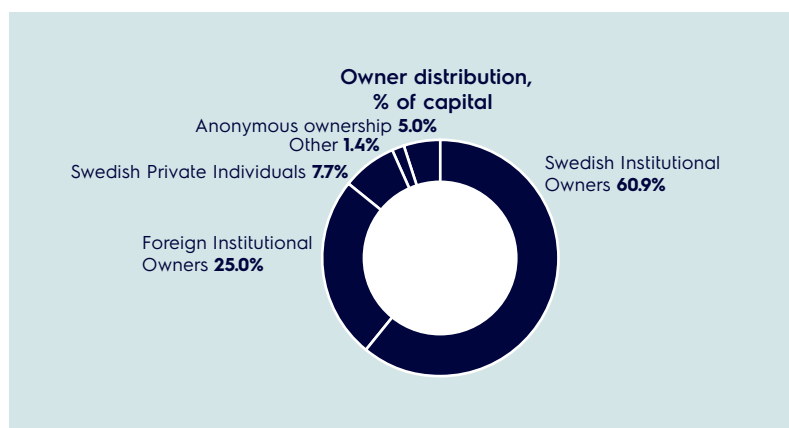
Share price performance



Source: WebfinancialGroup

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 instrument). The register is operated by Euroclear Sweden (Euroclear Sweden AB, P.O. Box 191, SE-101 23 Stockholm, Sweden). The shares are registered by person. No share certificates have been issued for the shares or will be issued for the new shares.



Ownership structure

On December 31, 2021, Electrolux Professional had 48,190 registered shareholders. The table below shows Electrolux Professional's ownership structure on December 31, 2021.

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		31,280,461	31,280,461	10.9	8.7
Alecta Pension Insurance	453,900	22,025,098	22,478,998	7.8	7.4
Handelsbanken Funds		18,739,663	18,739,663	6.5	5.2
ODIN Funds		12,945,879	12,945,879	4.5	3.6
Nordea Funds		11,533,039	11,533,039	4.0	3.2
Second Swedish National Pension Fund		11,175,502	11,175,502	3.9	3.1
C WorldWide Asset Management		7,500,000	7,500,000	2.6	2.1
Vanguard		7,348,906	7,348,906	2.6	2.0
JP Morgan Asset Management		6,553,439	6,553,439	2.3	1.8
AMF Pension & Funds	1,000,000	4,153,377	5,153,377	1.8	3.9
Norges Bank		5,093,654	5,093,654	1.8	1.4
First Swedish National Pension Fund		4,713,232	4,713,232	1.6	1.3
Investering & Tryghed A/S		4,299,133	4,299,133	1.5	1.2
Clients Funds		4,050,000	4,050,000	1.4	1.1
Total, 15 largest shareholders	7,874,671	203,932,266	211,806,937	73.7	78.6
Other shareholders	173,311	75,417,202	75,590,513	26.3	21.4
Total	8,047,982	279,349,468	287,397,450	100.0	100.0

Source: Monitor by Modular Finance AB and Euroclear Sweden.

Owner distribution by country

On December 31, 2021

	Number of shares	Capital, %	Votes, %	Numbers of owners	Share of known owners, %
Sweden	199,772,014	69.5	75.6	46,331	96.1
United States	24,913,701	8.7	6.9	159	0.3
Norway	18,196,924	6.3	5.1	299	0.6
Finland	12,180,644	4.2	3.4	165	0.3
Denmark	12,127,400	4.2	3.4	458	1.0
Others	5,726,242	2.0	1.6	778	1.6
Anonymous ownership	14,480,525	5.0	4.0		
Total	287,397,450	100.0	100.0	48,190	100.0

Source: Monitor by Modular Finance AB and Euroclear Sweden.

Owner distribution by holdings

On December 31, 2021

Size class	Number of shares	Capital, %	Votes, %	Number of known owners	Share of known owners, %
1 – 1,000	9,278,304	3.2	2.7	43,798	90.9
1,001 – 10,000	10,579,140	3.7	3.0	4,113	8.5
10,001 – 20,000	1,578,146	0.5	0.5	113	0.2
20,001 +	251,481,335	87.5	89.8	166	0.3
Anonymous ownership	14,480,525	5.0	4.0		
Total	287,397,450	100.0	100.0	48,190	100.0

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– 31 Dec 2020	Conversion	-70,012	+70,012		8,120,527	279,276,923	287,397,450		
1 Jan– 31 Dec 2021	Conversion	-72,545	+72,545		8,047,982	279,349,468	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: 254900KI62Q46ZWD8084

Contact

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 & Communications
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jacob.broberg@electroluxprofessional.com

Analyst coverage

At the end of 2021, the following analysts had active coverage of Electrolux Professional:

DnB NOR Markets, **Mattias Holmberg**
 Handelsbanken Capital Markets, **Karri Rinta**
 Morgan Stanley, **William Macaulay**
 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 position 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 salesforce 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, 2022, at 3pm, at hotel Courtyard by Marriot, Rålambshovsleden 50, Stockholm.

To order a printed annual report

To order a printed version, please send us a mail to: ir@electroluxprofessional.com and note in your mail; full name and address details, together with the preferred language version, Swedish or English.

Financial calendar 2022

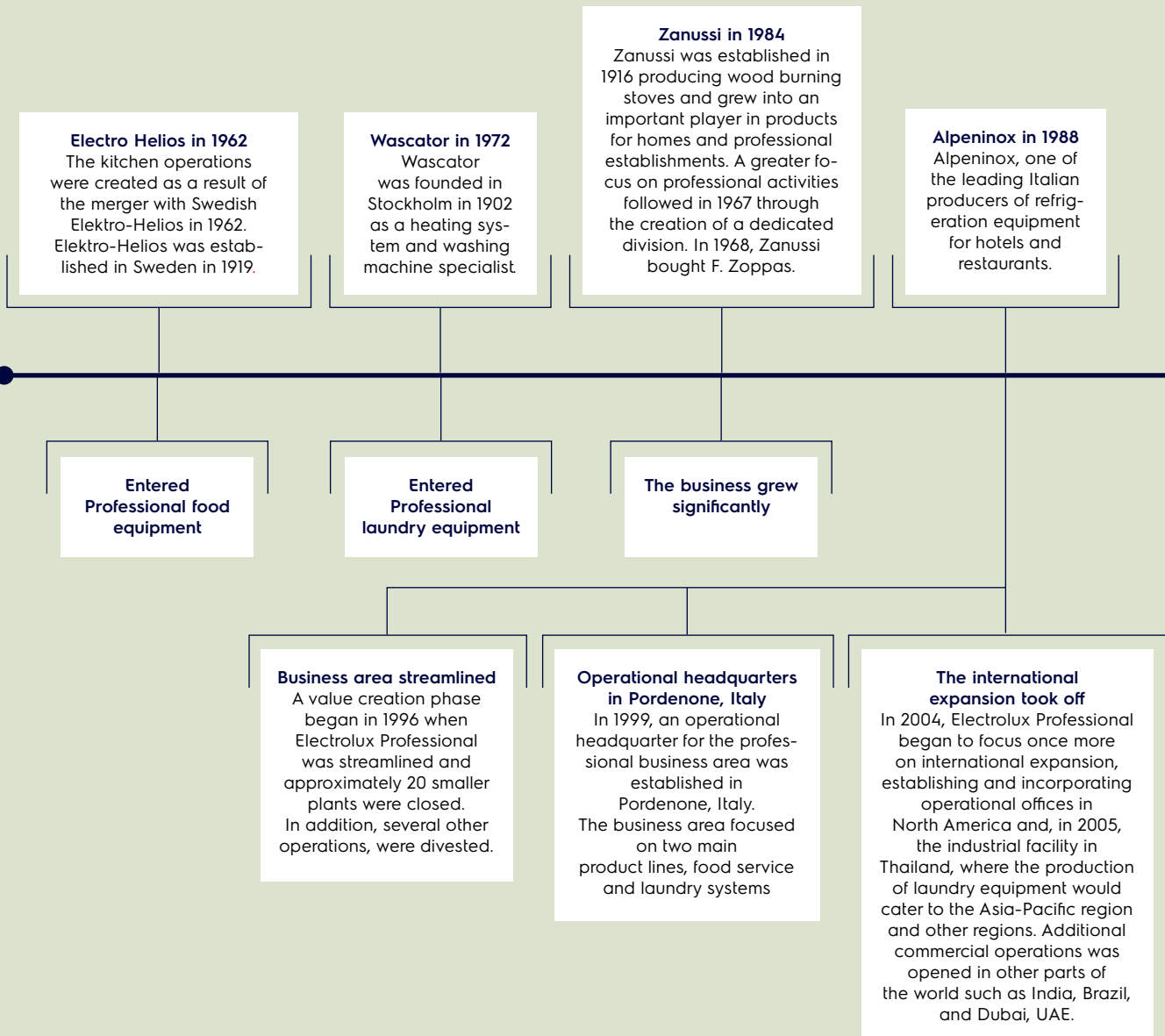
	Date
Interim report, January–March 2022	April 27, 2022
Annual General Meeting	April 28, 2022
Interim report, April–June 2022	July 22, 2022
Interim report, July–September 2022	October 27, 2022
Interim report, October–December 2022	January 31, 2023

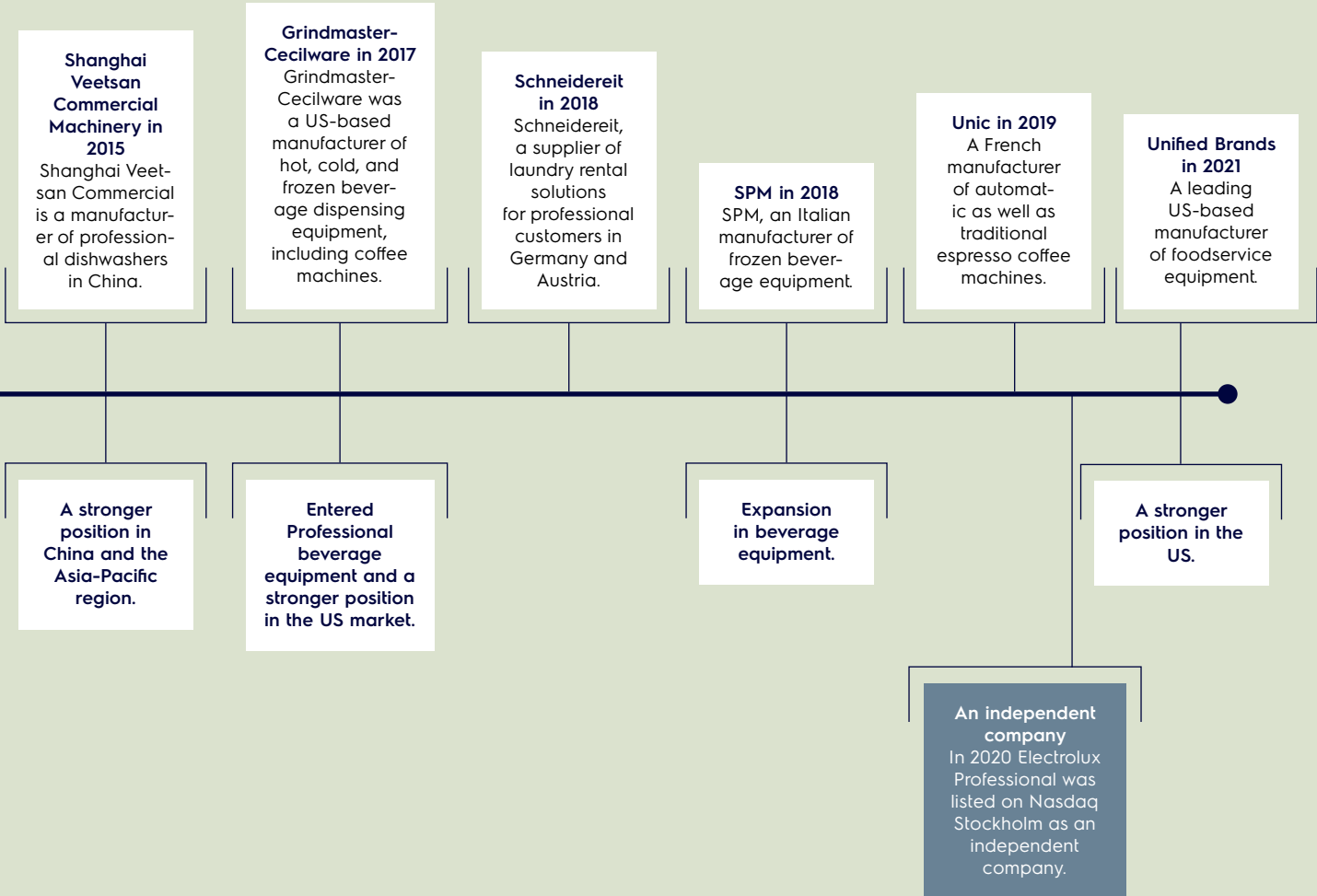
Electrolux Professional's history

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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