

# Information brochure

Information to the shareholders of Electrolux prior to deciding on the proposed distribution of the shares in Electrolux Professional at the Extraordinary General Meeting on February 21, 2020



This information brochure is not a prospectus. The information brochure is intended to be used as basis for decision by Electrolux shareholders when resolving on the Board of Directors' proposed distribution of the shares in the wholly-owned subsidiary Electrolux Professional to the shareholders of Electrolux. Provided that the Extraordinary General Meeting of Electrolux on February 21, 2020 resolves on a distribution in accordance with the Board of Directors' proposal, no further action is required of shareholders in Electrolux in order to receive shares in Electrolux Professional other than being registered as shareholders (directly registered or nominee registered) on the record date for the distribution of the shares. Provided that the Extraordinary General Meeting resolves on a distribution in accordance with the Board of Directors' proposal, a prospectus will be published prior to the listing of Electrolux Professional's shares on Nasdaq Stockholm.

## IMPORTANT INFORMATION

The Board of Directors of Electrolux has proposed that an Extraordinary General Meeting held on February 21, 2020 resolves to distribute all of the shares in Electrolux Professional to the shareholders of Electrolux. This information brochure only contains general information and does not constitute a prospectus. Instead, the information brochure is to be used as decision-making material prior to the shareholder resolution. Provided that the Extraordinary General Meeting on February 21, 2020 resolves to distribute all of the shares in Electrolux Professional in accordance with the Board of Directors' proposal, a prospectus will be published before Electrolux Professional's shares are distributed and listed on Nasdaq Stockholm. The prospectus will contain detailed information about Electrolux Professional and the risks associated with an investment in Electrolux Professional's shares.

This information brochure is governed by Swedish law. Disputes arising in connection with the content of this information brochure or any subsequent legal relationships are to be settled exclusively by Swedish courts. This information brochure has been prepared in both Swedish and English language versions. In the event of any conflict between the versions, the Swedish version shall prevail.

### Information to investors in the United States

The shares in Electrolux Professional have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") or the securities legislation of any state or other jurisdiction in the United States and may not be offered, sold or otherwise transferred, directly or indirectly, in or into the United States except pursuant to an available exemption form, or in a transaction not subject to, the registration requirements under the U.S. Securities Act and in compliance with any applicable securities legislation in the relevant state or jurisdiction of the United States. Electrolux Professional expects to rely on the exemption from registration under Rule 12g3-2(b) of the U.S. Securities Exchange Act of 1934 (the "U.S. Exchange Act"), and accordingly the shares in Electrolux Professional will not be registered under the U.S. Exchange Act and Electrolux Professional will not be subject to the reporting requirement of the U.S. Exchange Act.

The shares in Electrolux Professional have neither been approved nor disapproved by the U.S. Securities and Exchange Commission (SEC), any state securities authority or any other authority in the United States. Furthermore, the foregoing authorities have not passed upon the accuracy or adequacy of this information brochure. Any representation to the contrary is a criminal offence in the United States.

### Forward-looking statements and risk factors

The information brochure contains certain forward-looking statements that reflect Electrolux or Electrolux Professional's present view of future events as well as financial and operational development. Words such as "intend", "anticipate", "expect", "may", "plan", "believe", "estimate", "project" and other expressions entailing indications or predictions of future development or trends, not based on historical facts, constitute forward-looking statements. Forward-looking statements are inherently associated with both known and unknown risks and uncertainties as they depend on future events and circumstances. Forward-looking statements are not a guarantee of future results or development and actual outcomes may differ materially from the information set forth in the forward-looking statements. Neither Electrolux nor Electrolux Professional makes any undertakings that they will disclose updates or revisions of forward-looking statements due to new information, future events or other such matters, other than what is required according to applicable legislation.

A number of factors may affect Electrolux and Electrolux Professional's operations. A description of certain risk factors associated with the distribution of shares in Electrolux Professional is included in "*Risk factors associated with the distribution of shares in Electrolux Professional*" and a description of material risk factors pertaining to Electrolux Professional will be included in the prospectus to be published prior to the distribution and listing of the shares in Electrolux Professional on Nasdaq Stockholm.

### Industry and market information

This information brochure contains industry and market information compiled from information obtained from third parties, as well as Electrolux and Electrolux Professional's own estimates. Neither Electrolux nor Electrolux Professional assumes any responsibility for the accuracy of any industry or market information that is included in this information brochure.

### Presentation of financial information

Certain figures in this information brochure, including financial data, have been rounded. Accordingly, figures shown in totals in certain tables may not be an exact arithmetic aggregation of the figures which precede them. Unless otherwise explicitly stated, no information in the information brochure has been audited or reviewed by an auditor.

### Additional information

This information brochure contains limited information with respect to Electrolux and Electrolux Professional, and is supplemented by the public filings and reports of Electrolux, other information available on Electrolux website and the Electrolux Professional listing prospectus that will be published prior to the distribution and listing of the shares in Electrolux Professional. Shareholders may access the following information:

- Electrolux Q4 2019 Interim Report, available at [www.electroluxgroup.com/en/q4-2019](http://www.electroluxgroup.com/en/q4-2019).
- Electrolux Annual Report and Annual Review 2017 and 2018, available at [www.electroluxgroup.com/en/annual-reports-and-reviews-27641/](http://www.electroluxgroup.com/en/annual-reports-and-reviews-27641/).
- Additional information on Electrolux business, financial position, results of operations, cash flows and shares, available at [www.electroluxgroup.com/en/category/investor-relations/](http://www.electroluxgroup.com/en/category/investor-relations/).
- Electrolux Professional's listing prospectus, which will be published on Electrolux and Electrolux Professional's websites prior to the distribution and listing of the shares in Electrolux Professional.

Shareholders are encouraged to read the information outlined above along with this information brochure.

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## Important dates

Record date for attendance at Electrolux Extraordinary General Meeting:	February 15, 2020
Final date to provide notification of attendance at Electrolux Extraordinary General Meeting:	February 17, 2020
Extraordinary General Meeting of Electrolux:	February 21, 2020
Expected distribution of and first day of trading in Electrolux Professional's shares:	March 23, 2020

## Attendance at Electrolux Extraordinary General Meeting

Information regarding the right to participate and how to register for attendance at Electrolux Extraordinary General Meeting on February 21, 2020 can be found in the notice published on Electrolux website, [www.electroluxgroup.com/egm2020](http://www.electroluxgroup.com/egm2020).

## Certain definitions

"**Electrolux**" refers to, depending on the context, AB Electrolux (publ) (corporate ID No. 556009-4178) or the group in which AB Electrolux (publ) is the parent company.

"**Electrolux Professional**" 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.

"**Euroclear Sweden**" refers to Euroclear Sweden AB.

"**Nasdaq Stockholm**" refers to the Swedish regulated market Nasdaq Stockholm or its operator Nasdaq Stockholm AB, as the context may require.

"**SEK**", "**EUR**" and "**USD**" refers to Swedish kronor, Euro and U.S. dollars, respectively (**bn** indicates billions and **m** indicates millions).

# Background and reasons

On December 5, 2019, Electrolux announced that the Board of Directors had decided to propose that an Extraordinary General Meeting is held on February 21, 2020 to resolve on the distribution of all shares in the wholly-owned subsidiary Electrolux Professional to the shareholders of Electrolux. The intention is to list Electrolux Professional on Nasdaq Stockholm on March 23, 2020.

The Board of Directors and Group Management believe that long-term shareholder value will be created by splitting the Electrolux Group into two separate companies. The two businesses have different end markets, customers and drivers for success. A split from Electrolux and a distribution and separate listing of the shares in Electrolux Professional is expected to increase focus, customer value and development opportunities and to enable Electrolux Professional to successfully realize its strategies under the leadership of a separate management team, with a separate Board of Directors and independent access to capital. As separate companies, Electrolux and Electrolux Professional are also better positioned to meet the different demand drivers and challenges in their respective end markets. A listing also provides an opportunity for current and new investors to invest directly in Electrolux Professional.

Electrolux Professional is one of the leading global providers of food service, beverage and laundry solutions in terms of sales, serving a wide range of customers globally, from restaurants and hotels to healthcare, educational and other service facilities. The Company focuses on solutions where there is a need for high-performing, reliable equipment, with significant aftermarket requirements over the equipment lifecycle and where customers are focused on productivity and total cost of ownership. The Company strives to maintain, develop and enhance its customer relationships through collaboration, commitment to innovation and sustainability for the benefit of its customers. The Company's solutions and products are manufactured in twelve facilities located in seven countries around the world and sold in approximately 110 countries. In 2019, Electrolux Professional generated net sales of SEK 9,281m, which accounted for 7.2 percent of Electrolux net sales. The Company had 3,624 employees as of December 31, 2019 and its headquarters are located in Stockholm, Sweden.

Stockholm, January 31, 2020

**AB Electrolux**

*The Board of Directors*

# Information regarding the proposed distribution of Electrolux Professional

## Resolution on distribution

Provided that the Extraordinary General Meeting of Electrolux on February 21, 2020 resolves, in accordance with the Board of Directors' proposal, to distribute all shares in the wholly-owned subsidiary Electrolux Professional to the shareholders of Electrolux, registered shareholders of Electrolux on the subsequently determined record date for distribution of shares in Electrolux Professional, as determined by the Board of Directors of Electrolux, are entitled to receive, for each share held in Electrolux, one share of the same share class in Electrolux Professional.<sup>1)</sup> Aside from being registered as a shareholder on the record date for distribution (directly registered or nominee-registered), no further actions are required in order to receive shares in Electrolux Professional. It is expected that the distribution of the shares in Electrolux Professional will fulfill the requirements set out in the "Lex Asea" rules and therefore not be immediately taxable for individuals and limited liability companies that are Swedish tax residents. For further information, see "*Tax considerations*".

## Distribution ratio

Each share of Class A in Electrolux entitles to one share of Class A in Electrolux Professional and each share of Class B in Electrolux entitles to one share of Class B in Electrolux Professional. For further information, see "*Shares and ownership structure*".

## Record date

The Board of Directors proposes that the Extraordinary General Meeting authorizes the Board of Directors to determine the record date for the distribution of shares in Electrolux Professional. The Board of Directors of Electrolux intends to execute the distribution of shares on March 23, 2020. The record date is expected to take place in close relation to the listing of the shares in Electrolux Professional on Nasdaq Stockholm.

## Receipt of shares in Electrolux Professional

Those recorded in the share register, maintained by Euroclear Sweden, as shareholders of Electrolux on the record date for the distribution of shares in Electrolux Professional will receive shares in Electrolux Professional with no further action. Shares in Electrolux Professional will be available in the securities account

of those shareholders who are entitled to receive the distribution (or the securities account belonging to the party who is otherwise entitled to the distribution) no later than two banking days after the record date. Thereafter, Euroclear Sweden will send out a statement containing information on the number of shares registered in the securities account of the recipient

## Nominee-registered holdings

Shareholders whose holdings in Electrolux are registered in the name of a nominee (i.e. a bank or other nominee) will not receive a statement from Euroclear Sweden. Notification and the crediting of shares in Electrolux Professional to the accounts of nominee-registered shareholders will instead be carried out in accordance with the procedures of the respective nominee.

## Listing of shares in Electrolux Professional

The Board of Directors of Electrolux Professional intends to apply for listing of the Company's shares of Class A and Class B, respectively, on Nasdaq Stockholm. Information regarding the ISIN code for Electrolux Professional's shares will be available in the prospectus that will be published ahead of the listing of Electrolux Professional's shares.

## Holders of Electrolux American Depositary Receipts

Pursuant to the terms of the deposit agreement under which the American Depositary Receipts ("**ADRs**") representing Class B shares of Electrolux were issued, it is expected that Citibank, N.A., as depository, will sell the shares in Electrolux Professional distributed in respect of the Class B shares of Electrolux deposited in the ADR facilities. The net cash proceeds from the sale of the shares in Electrolux Professional will be distributed by the depository to the holders of ADRs representing Class B shares of Electrolux, on a pro rata basis.<sup>2)</sup>

## Transaction costs

The total costs for the proposed split of the Electrolux Group are estimated to approximately SEK 300m, including project and listing costs of approximately SEK 230m and one-time foreign tax of approximately SEK 70m. Transaction costs will primarily be borne by Electrolux.

1) Excluding treasury shares. As of December 31, 2019, Electrolux held 21,522,858 treasury shares of Class B which do not entitle to shares in Electrolux Professional.

2) Pursuant to the terms of the deposit agreement, Citibank, N.A will be deducting USD 0.05 per ADR from the proceeds of the sale.

# Brief description of Electrolux Professional

## Overview

Electrolux Professional is one of the leading global providers of food service, beverage and laundry solutions in terms of sales, serving a wide range of customers globally, from restaurants and hotels to healthcare, educational and other service facilities. The Company's solutions and products are manufactured in twelve facilities located in seven countries around the world and sold in approximately 110 countries. The Company had 3,624 employees as of December 31, 2019 and its headquarters are located in Stockholm, Sweden.

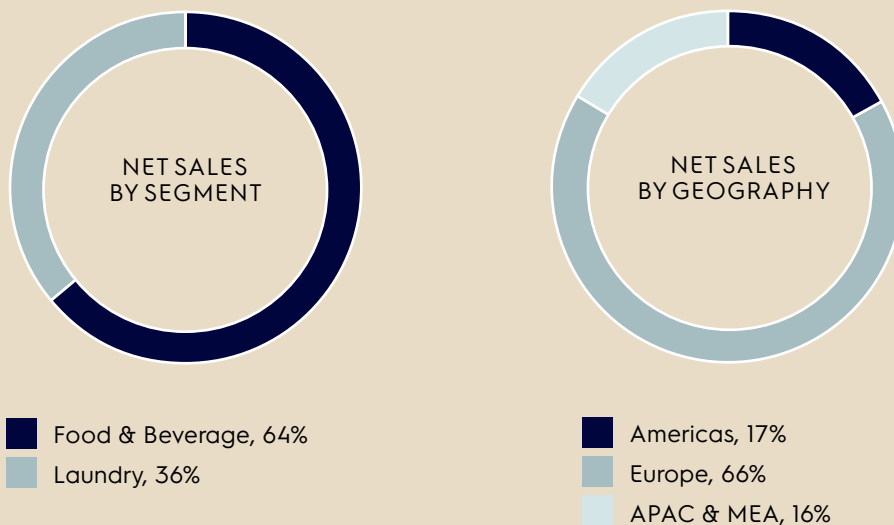
Electrolux Professional offers a full set of solutions within food service, beverage and laundry equipment, with products and services that address the needs of a diverse customer base. The Company focuses on solutions where there is a need for high-performing, reliable equipment, with significant aftermarket requirements over the equipment lifecycle and where customers are focused on productivity and total cost of ownership. The Company strives to maintain, develop and enhance its customer relationships through collaboration, commitment to innovation and sustainability for the benefit of its customers.

Electrolux Professional can provide a complete offering within food, beverage and laundry - the OnE approach - that can cover all customers' needs under one global brand. The Company believes that it has a competitive advantage in its broad portfolio of products and aftermarket services under one global brand and in its extensive geographical reach, both when it comes to customer relations and service network. Electrolux Professional seeks to maintain an ongoing relationship with customers throughout the equipment lifecycle, creating a potential for equipment repurchases and additional services.

Electrolux Professional has two segments - Food & Beverage (F&B) and Laundry. F&B provides a wide range of equipment for professional food service and beverage solutions. Laundry provides a wide array of equipment for professional laundry operations. In addition to their product offerings, each segment provides aftermarket services and solutions.

The below chart shows the split of the Company's 2019 net sales by segment and geography according to the Company's reporting structure.

Share of net sales 2019 by segment and geography





Electrolux Professional's F&B segment reported net sales of SEK 5,895m in 2019, corresponding to approximately 64 percent of Electrolux Professional's net sales. The segment reported an EBITA of SEK 568m in the same period, implying an EBITA margin of 9.6 percent

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

Key beverage applications consist of equipment for hot, cold and frozen beverage as well as soft drink dispensing equipment. The Company's key products include coffee grinders, coffee machines (espresso and brewing), hot beverage dispensers, cold beverage and juice dispensers as well as frozen drink and soft serve products.

### Overview of food and beverage applications and product offering

Category	Food				Beverage				
Application	Dynamic food preparation	Cooking	Refrigeration	Dishwashing	Hot	Cold	Frozen	Soft	
Offering	<ul style="list-style-type: none"> <li>· Slicers &amp; food processors</li> <li>· Vegetable washers</li> <li>· Spin dryers</li> <li>· Planetary mixers</li> <li>· Vacuum packers &amp; sealers</li> <li>· Multi purpose peeling machines</li> </ul>	<ul style="list-style-type: none"> <li>· Fryers</li> <li>· Boiling &amp; braising pans</li> <li>· Grills &amp; Griddles</li> <li>· Ventilation equipment</li> <li>· Modular cooking range</li> <li>· Fry tops</li> </ul>	<ul style="list-style-type: none"> <li>· Combi ovens</li> <li>· Convection ovens</li> </ul>	<ul style="list-style-type: none"> <li>· Refrigerated cabinets</li> <li>· Refrigerated counters</li> <li>· Saladettes</li> <li>· Cold rooms</li> <li>· Blast chillers</li> </ul>	<ul style="list-style-type: none"> <li>· Commercial dishwashers &amp; accessories</li> <li>· Waste management systems</li> <li>· Handling systems</li> </ul>	<ul style="list-style-type: none"> <li>· Coffee grinders</li> <li>· Coffee brewers</li> <li>· Espresso coffee machines</li> <li>· Coffee urns</li> <li>· Hot beverage dispensers</li> </ul>	<ul style="list-style-type: none"> <li>· Cold beverage dispensers</li> <li>· Cold juice dispensers</li> <li>· Beer dispensing systems</li> </ul>	<ul style="list-style-type: none"> <li>· Frozen granita dispensers</li> <li>· Frozen ice cream dispensers</li> </ul>	<ul style="list-style-type: none"> <li>· Soft serve</li> <li>· Soft ice cream dispensers</li> </ul>
Product example									

Electrolux Professional's Laundry segment reported net sales of SEK 3,386m in 2019, corresponding to approximately 36 percent of Electrolux Professional's net sales. The segment achieved an EBITA of SEK 507m in the same period, implying an EBITA margin of 15.0 percent

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

### Overview of laundry applications and product offering

Application	Washing	Drying	Ironing
Offering	<ul style="list-style-type: none"> <li>· Front load washers</li> <li>· Side load washers</li> <li>· Efficient dosing</li> <li>· Barrier washers</li> <li>· Wash and dry systems</li> </ul>	<ul style="list-style-type: none"> <li>· Tumble dryers</li> <li>· Wash and dry</li> <li>· Drying cabinets</li> <li>· Hydro extractors</li> </ul>	<ul style="list-style-type: none"> <li>· Ironers</li> <li>· Industrial ironers</li> <li>· Finishing machines</li> </ul>
Product example			

## Market overview

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 various other businesses and institutions. The Company views and addresses the market through two main segments, professional food and beverage equipment and professional laundry equipment, representing approximately USD 25.5bn and USD 2.5bn (approximately SEK 238bn and SEK 23bn<sup>1)</sup>), respectively, in 2019, according to the Company's estimates.<sup>2)</sup>

Electrolux Professional's sales from food and beverage equipment largely depend on the development of customers' capital expenditures for new equipment, as well as expenditures related to appliance maintenance, refurbishment and overhaul. The Company addresses the professional food and beverage equipment and service segment. The key product application areas are out-of-home consumption points such as hotels, restaurants, retail points, schools or hospitals. According to the Company's estimates, in 2019, the global professional food service and beverage market amounted to approximately USD 25.5bn, of which food service accounted for approximately 80 percent and beverage for approximately 20 percent, respectively.<sup>2)</sup> In recent years, the global professional food and beverage market has experienced 3–4 percent growth per year, which is also expected to continue over the medium-term. Electrolux Professional has its largest share of revenue in Europe. Meanwhile, one of the key strategic priorities for the Company is to grow its market presence in North America, one of the largest global markets for professional equipment, while continuing to establish itself for further growth in the Asia-Pacific region.

The professional laundry equipment market comprises professional laundry products and related services for the hospitality industry and other businesses and institutions and largely depends on the customers' spending power on new equipment, as well as on maintenance, refurbishment and overhaul. Electrolux Professional mainly addresses the professional laundry equipment and service segment, and does not focus as much on the large scale industrial laundry equipment segment. The Company divides its addressable market into two main areas, namely one part of the market which generates business with professional laundry equipment, as well as another part where customers use the product as part of their service offering. Launderettes and coin shops are examples of the former, whereas hotels and care facilities are examples of the latter group. The Company estimates that, in 2019, the total professional laundry equipment market amounted to approximately USD 2.5bn. In recent years, the global professional laundry equipment market has experienced 2–3 percent growth per year, which is also expected to continue over the medium-term, according to the Company's estimates. Market growth is mainly affected by an increasing focus on product sustainability and efficiency, labelling and certification requirements, and requirements for appliance innovation and connectivity. Electrolux

Professional has its largest share of revenue in Europe, United States and Japan.

Electrolux Professional products are sold in competitive markets, where the main competitive differentiators are reliability, quality, product performance, innovation, variety and breadth of product offering, product design, and aftermarket services. Additional key factors driving competition are total cost of ownership, including equipment price, maintenance and running costs, as well as ergonomics and health and safety considerations. Furthermore, customer relationships are a key differentiating factor. Some of the Company's competitors include Ali Group, Hoshizaki, Illinois Tool Works, Marmon Group, Middleby, Rational and Welbilt in food and beverage equipment, and Alliance Laundry Systems, Girbau Group, Maytag and Miele Professional in laundry equipment. In addition, the Company also competes with a number of local players and players focused on individual product lines.

## Electrolux Professional's history

Electrolux Professional's long standing heritage contributes to the Company's success and long-term vision. The Company dates back to more than 100 years ago when companies such as Wascator, Zanussi and Cecilware were formed (subsequently acquired by Electrolux), and benefits from the contribution of generations of knowledge.

The professional products business in the Electrolux Group dates back to 1962 when Elektro Helios was acquired, a company that also operated in the professional food service industry. The professional business in Electrolux expanded to professional laundry in the early 1970's.

The business area within the Electrolux Group was established in 1989 by integrating, for the first time, all the professional activities that had been acquired throughout the years and then were part of the Electrolux Group. These operations comprised leading businesses in specific segments, such as food service and laundry systems, some with more than 100 years of history in the professional business. The Company today has a long-standing relationship with customers and suppliers given the history of the Electrolux Group. Since the creation of Electrolux Professional, the business area has continued to evolve, focusing on a series of core activities to support the hospitality segment.

In 2004, Electrolux Professional began to focus once more on international expansion, establishing and incorporating the operational offices in North America and, in 2005, the industrial facility in Thailand, where the production of laundry equipment would cater to the Asia-Pacific and other regions. The Company also opened additional commercial operations in other parts of the world such as India, Brazil and Dubai, UAE.

The commercial expansion continued for another decade until a number of acquisitions were made. In 2015, the Company acquired Shanghai Veetsan Commercial Machinery, one of the largest manufacturers of professional dishwashers in China. The acquisition further strengthened Electrolux Professional's position in China and the Asia-Pacific region, where the Company saw potential for significant growth. The acquisition of Schnei-

1) Calculated based on a USD/SEK exchange rate of 9.330593.

2) Global market size based on total sales (including aftermarket services).



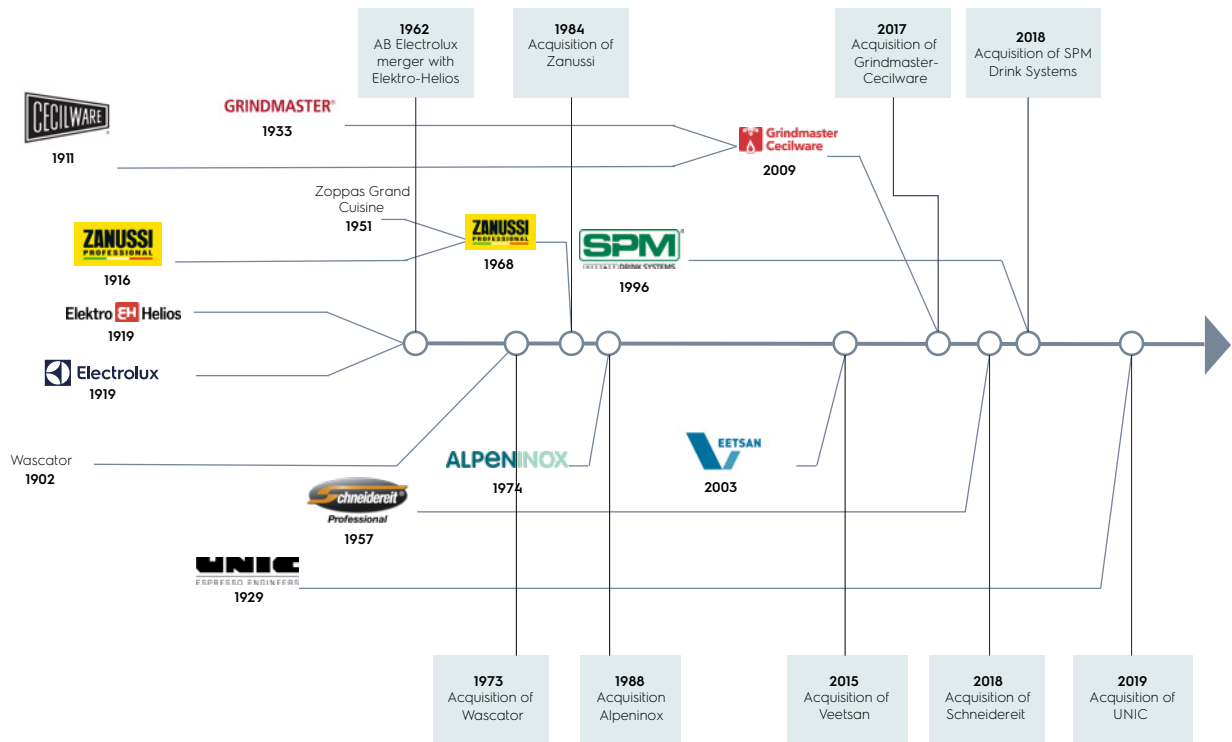
dereit in 2018 opened up the possibility for the development of new business models. Schneidereit is a supplier of laundry rental solutions for professional customers in Germany and Austria.

In 2017, Electrolux Professional expanded the beverage equipment segment through the acquisition of Grindmaster-Cecilware in the United States. Grindmaster-Cecilware manufactures hot, cold and frozen beverage dispensing equipment, including coffee machines. This acquisition was followed by two

further acquisitions targeted at expanding the technological platform through beverage as well as coffee equipment. In 2018, SPM was acquired, an Italian manufacturer of frozen beverage equipment and in 2019, UNIC, a French manufacturer of automatic as well as traditional espresso coffee machines, was acquired.

The below chart illustrates key milestones of Electrolux Professional's corporate history.

## Overview of Electrolux Professional's corporate history



## Mission and strategy

### Mission

Making Electrolux Professional's customers' work-life easier, more profitable – and truly sustainable every day.

### Strategy

Electrolux Professional's strategy focuses on 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 low-running cost solutions:** Set the pace of industry innovation in sustainability and energy efficiency, complemented with a connected and digital platform meeting customers' needs.

**Expand in food service chains, especially in North America, beverage and also emerging markets:** Increase the global footprint and market position in selected industry verticals, with selective M&A acting as a further accelerator.

**Boost aftermarket sales** by further developing the global service network and competence as a full-service provider while increasing sales of accessories and consumables to enhance product performance and ownership experience.

**Leverage the OnE approach:** Strengthen the position as a full-solution provider within food, beverage and laundry to cater for all customers' needs under one global brand and make customers' lives easier in a world of connected appliances.

## People and leadership

Electrolux Professional is dedicated to being a responsible employer for its entire workforce. To uphold this standard, the Company has established the following guiding principles:

- ▶ Treat each other with dignity and respect, which includes valuing diversity and inclusivity and discouraging discrimination and harassment
- ▶ Provide employees with a sustainable working environment, which includes safe and healthy workplaces

- ▶ Aim to have the right people in the right jobs, which includes recruiting the top tier talent and developing capabilities for the future
- ▶ Attract, retain and motivate employees, which includes providing market competitive compensation
- ▶ Operate in an open and fair manner with respect to the creation, development and implementation of people-related processes
- ▶ Provide employees with a challenging and engaging work experience, with opportunities to learn and grow

Having a talented workforce is essential for execution of the Company's strategy. Therefore, in addition to the abovementioned measures and as an overarching objective, the Company strives to attract and develop hard working, curious, passionate and dedicated employees from diverse backgrounds in terms of nationality, gender, age, experience and education.

## Strengths and competitive advantages

Electrolux Professional believes that there are several key strengths and competitive advantages that have contributed to the Company's development and performance, and provide a strong foundation for Electrolux Professional to execute its strategy as a stand-alone company. These strengths and competitive advantages include:

### Resilient and structurally growing underlying end-markets

The Company operates in several segments within the professional food, beverage and laundry markets. Historically, those have shown a greater level of resilience in economic downturns compared to the broader capital goods industry. The growth rate and spending habits vary across markets and segments, but are overall characterized by favorable general end-market trends with multiple, structural growth drivers. Global economic growth, population growth, growing disposable household income, changes to customer and consumer behavior and the trend towards urbanization drive demand for Electrolux Professional's solutions.

### Well positioned to meet customer needs

The Company believes it is well positioned to meet the various customer needs including reliable, innovative, technologically advanced products and aftermarket demand. The Company's competitive position stems from its continued focus to actively address individual customer needs, supported by its long-term customer commitment, extensive global sales and services footprint and its heritage of innovation.

### Differentiated market position as a full solution provider

Electrolux Professional can provide a complete offering within food, beverage and laundry – the OnE approach – that can cover all customers' needs under one global brand. The Company has a competitive strength in its wide portfolio of products

and services under one global brand and also a wide market presence in different geographies, both when it comes to customer relations and service network.

With comprehensive in-house capabilities and cooperation with partners, Electrolux Professional can provide a full solution offering across the entire value chain, from design and production to installation and service. In addition, tailored spare parts and other aftermarket accessories and consumables may allow for better equipment maintenance and add additional revenue streams for the Company.

### Innovation focused with attractive pipeline of product launches

Customers tend to demand more innovative, user-friendly and energy efficient solutions, and innovation plays a key role in the growth of the Company. Electrolux Professional's existing competitive and comprehensive product portfolio covers all key hospitality industry verticals, and is further advanced through a continuously high focus on innovation and a pipeline of new product launches. Through its long heritage of technology and innovation, combined with increased and targeted investments in research and development and capital expenditures, Electrolux Professional aims to strengthen its position as a global customer solution- and innovation-focused company.

### Global manufacturing base and local sales force to support customers

Electrolux Professional's goal is to be the global productivity partner for its customers, helping them to sustainably increase their efficiency. This is sought to be achieved by a strong sales and services footprint in 32 countries worldwide, as well as customer value creation through innovative solutions aimed at tackling the customers' core challenges.

In addition, a lean manufacturing processes and flexible and efficient manufacturing setup are a key competitive advantage. The Company's sites primarily operate with a one-shift model, indicating ample capacity, and a highly agile supply chain with short lead times and low inventory allows to quickly and effectively adapt to changes in demand.

### Attractive financial profile with a solid track record

Electrolux Professional has a track record of resilient sales growth, attractive profitability and cash generation over time.

The Company has delivered more than seven consecutive years of growth and reported a compound annual growth rate of 9.6 percent during 2017–2019 (5.9 percent adjusted for currency translation related growth). The F&B segment's compound annual growth rate has been 9.4 percent during 2017–2019, while the Laundry segment has achieved 9.9 percent over the same period (including organic, acquisition driven and currency translation related growth). In addition, the Company has historically improved EBITA and has had a 13.1 percent average EBITA margin over the last three years. F&B has generated an average

EBITA margin of 11.2 percent, while Laundry has achieved an average EBITA margin of 16.8 percent over the same period.

Operating income and operating margin decreased in 2019 compared to 2018. The decrease was mainly due to lower volumes, and partly also due to preparations pertaining to the separation of Electrolux Professional from Electrolux. Operating income included initial costs for setting up a new IT infrastructure and higher ongoing costs for operating as a standalone company. In 2019, an efficiency program was launched to mitigate the additional higher cost as a stand-alone company.

The Company has proven its strong cash generation, also in 2019, with average capital expenditures below 2.5 percent of net sales.

### Further upside to financial profile from growth in chains

Electrolux Professional has well-defined growth areas and a potential for further margin improvement. The development of sustainable, innovative low running cost solutions is aimed to be complemented with further growth through increased sales in North America and emerging markets, in chains – large brands with multiple service points across selected areas – and in the beverage segment. For example, in 2019, a large roll-out of beverage equipment for the quick service restaurant chain Subway significantly contributed to Electrolux Professional's sales growth for the year. Additionally, by boosting aftermarket sales, further margin improvement can be achieved.

## Financial targets and dividend policy

Electrolux Professional's goal is to create value for its stakeholders through profitable growth. This is targeted to be achieved through continued growth, operational excellence and capital efficiency by capturing increasing market demand in selected verticals and resilience in the aftermarket business.

The Board of Directors of Electrolux Professional has adopted the following medium-term financial targets and dividend policy.

### OVERVIEW OF FINANCIAL TARGETS AND DIVIDEND POLICY

Target	Description	Average performance 2017–2019
Sales growth <sup>1)</sup>	Organic annual growth of more than 4 percent over time, complemented by value accretive acquisitions.	3.1% <sup>2)</sup>
EBITA margin <sup>1)</sup>	EBITA margin of 15 percent.	13.1%
Operating working capital <sup>1)</sup>	Operating working capital below 15 percent of net sales.	15.9%
Net debt/EBITDA <sup>1)</sup>	Leverage ratio below 2.5x Net debt/EBITDA. Higher levels may be temporarily acceptable in case of acquisitions, provided a clear path to deleveraging.	-

Electrolux Professional's target is for the dividend, as proposed annually by the Board of Directors at its discretion, to correspond to approximately 30 percent of the income for the year, out of funds legally available for that purpose. The Company aims to use capital efficiently to generate as much shareholder value as possible, including potential acquisitions. The timing, declaration and amount of future dividends will depend on the Company's financial condition, earnings, capital requirements and debt service obligations.

**The above financial targets and dividend policy constitute forward-looking statements. Forward-looking statements do not constitute a guarantee of future results or developments and the actual outcomes could differ significantly from what is stated in the forward-looking statements. See also "Forward-looking statements and risk factors" in "Important information".**

1) For definition, please refer to "Key performance indicators" in "Selected financial information for Electrolux Professional".

2) Organic growth (i.e. excluding acquisition driven and currency translation related growth).

# Selected financial information for Electrolux Professional

The following tables display a summary of combined financial information for Electrolux Professional for the financial years 2017–2019. The majority of the functions and processes created to make Electrolux Professional an independent company, separate from Electrolux, have been implemented in 2019 or will be implemented in 2020. This means that the financial information is not fully representative in terms of the standalone costs related to these functions and processes. Electrolux Professional believes that 2020 will be the first full-year in which costs related to the new functions and processes will generate full effects. Furthermore, Electrolux Professional, as part of Electrolux, has only had limited external financing. However, Electrolux Professional will enter into external financing arrangements prior to the planned listing. For more information, please see “Financing” below.

This means that historical financial figures related to interest-bearing liabilities, net debt, earnings per share and financial net are not representative of the effect from such financing arrangements. The complete set of combined financial statements will be published in a prospectus prior to the listing of the shares in Electrolux Professional on Nasdaq Stockholm. These will be prepared in accordance with the International Financial Reporting Standards as endorsed by the EU (“IFRS”). Some additional information is disclosed based on the requirements in standard ‘RFR 1’ issued by the Swedish Financial Reporting Board.

## Combined statement of total comprehensive income

SEKm	2019	2018	2017
Net sales	9,281	8,666	7,723
Cost of goods sold	-6,040	-5,443	-4,851
Gross operating income	3,241	3,222	2,873
Selling expenses	-1,699	-1,641	-1,490
Administrative expenses	-582	-432	-330
Other operating income and expenses	32	-6	8
Operating income	992	1,143	1,060
Financial items, net	-15	-9	-9
Income after financial items	978	1,134	1,052
Taxes	-314	-182	-265
Income for the period	663	952	786
Items that will not be reclassified to income for the period:			
Remeasurement of provisions for post-employment benefits	-33	-47	42
Income tax relating to items that will not be reclassified	6	10	-10
	-27	-37	32
Items that may be reclassified subsequently to income for the period:			
Exchange-rate differences on translation of foreign operations	101	150	15
	101	150	15
Other comprehensive income, net of tax	74	113	47
Total comprehensive income for the period	737	1,066	833

## Combined balance sheet

SEKm	December 31, 2019	December 31, 2018	December 31, 2017
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	1,214	1,085	978
Property, plant and equipment, right-of-use	238	169	123
Goodwill	1,821	1,438	776
Other intangible assets	388	394	183
Deferred tax assets	350	246	122
Pension plan assets	13	3	3
Other non-current assets	33	20	7
<b>Total non-current assets</b>	<b>4,057</b>	<b>3,355</b>	<b>2,193</b>
<b>Current assets</b>			
Inventories	1,265	1,299	903
Trade receivables	1,687	1,658	1,453
Tax assets	102	36	93
Other current assets	273	209	138
Short-term financial assets	-	788	915
Cash and cash equivalents	651	230	179
<b>Total current assets</b>	<b>3,978</b>	<b>4,220</b>	<b>3,682</b>
<b>Total assets</b>	<b>8,035</b>	<b>7,576</b>	<b>5,874</b>
<b>Equity and liabilities</b>			
<b>Equity attributable to equity holders of the Parent Company</b>			
Share capital	25	25	25
Other paid-in capital	5	5	5
Other reserves	266	165	15
Retained earnings	2,415	3,332	2,379
<b>Equity attributable to equity holders of the Parent Company</b>	<b>2,711</b>	<b>3,527</b>	<b>2,424</b>
<b>Total equity</b>	<b>2,711</b>	<b>3,527</b>	<b>2,424</b>
<b>Non-current liabilities</b>			
Long-term borrowings	3	63	30
Long-term lease liabilities	172	117	90
Deferred tax liabilities	144	143	72
Provisions for post-employment benefits	208	222	140
Other provisions	494	361	385
<b>Total non-current liabilities</b>	<b>1,021</b>	<b>906</b>	<b>716</b>
<b>Current liabilities</b>			
Trade payables	1,606	1,571	1,421
Tax liabilities	73	22	78
Other liabilities	1,361	1,244	1,028
Short-term borrowings	994	126	84
Short-term lease liabilities	72	59	40
Other provisions	198	121	83
<b>Total current liabilities</b>	<b>4,303</b>	<b>3,142</b>	<b>2,734</b>
<b>Total equity and liabilities</b>	<b>8,035</b>	<b>7,576</b>	<b>5,874</b>

## Combined cash flow statement

SEKm	2019	2018	2017
<b>Operations</b>			
Operating income	992	1,143	1,060
Depreciation and amortization	287	220	193
Other non-cash items	7	27	6
Financial items paid, net <sup>1)</sup>	-6	-8	-7
Taxes paid	-275	-297	-287
<b>Cash flow from operations, excluding change in operating assets and liabilities</b>	<b>1,006</b>	<b>1,085</b>	<b>965</b>
<b>Change in operating assets and liabilities</b>			
Change in inventories	139	-239	32
Change in trade receivables	43	-35	13
Change in accounts payable	-23	-17	31
Change in other operating assets, liabilities and provisions	-47	110	-10
<b>Cash flow from change in operating assets and liabilities</b>	<b>112</b>	<b>-181</b>	<b>66</b>
<b>Cash flow from operations</b>	<b>1,118</b>	<b>904</b>	<b>1,031</b>
<b>Investments</b>			
Acquisition of operations	-441	-756	-826
Capital expenditure in property, plant and equipment	-243	-144	-144
Capital expenditure in product development	-9	-24	-22
Capital expenditure in software and other intangible assets	-5	-1	-1
Other	-4	91	8
<b>Cash flow from investments</b>	<b>-702</b>	<b>-833</b>	<b>-984</b>
<b>Cash flow from operations and investments</b>	<b>417</b>	<b>71</b>	<b>47</b>
<b>Financing</b>			
Change in short-term borrowings	-32	-101	24
New long-term borrowings	-	2	-
Amortization of long-term borrowings	-36	-4	-158
Payment of lease liabilities	-83	-51	-44
Dividend to Electrolux Group	-428	-336	-305
Shareholders contribution	5,702	13	-
Change in financial liabilities, Electrolux Group <sup>2)</sup>	1,672	142	-116
<b>Cash flow from financing</b>	<b>6,795</b>	<b>-337</b>	<b>-599</b>
<b>Total cash flow</b>	<b>7,211</b>	<b>-266</b>	<b>-552</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>230</b>	<b>179</b>	<b>149</b>
Exchange-rate differences referring to cash and cash equivalents	14	13	-2
Other cash flow from transactions with shareholders, Electrolux Group	-6,804	304	585
<b>Cash and cash equivalents at end of period</b>	<b>651</b>	<b>230</b>	<b>179</b>

1) In 2019, 2018 and 2017, interest and similar items received totaled SEK 12m, SEK 6m and SEK 2m, respectively, interest and similar items paid totaled SEK -13m, SEK -6m and SEK -8m, respectively, and other financial items paid/received totaled SEK 1m, SEK -1m and SEK -1m, respectively. Interest paid related to lease liabilities totaled SEK -6m, SEK -6m and SEK -1m, respectively.

2) "Other cash-flow from transactions with shareholders, Electrolux group" consists of effects on cash from cash flows presented in Electrolux Professional's combined financial statements belonging to legal entities which will remain in the Electrolux Group following the separation. In 2019, it also includes cash paid by Electrolux Professional to the Electrolux Group, to acquire its group companies.



## Financial information by segment<sup>1)</sup>

### Food & Beverage

SEKm	2019	2018	2017
Net sales	5,895	5,399	4,922
EBITA	568	629	607
EBITA margin, %	9.6	11.7	12.3
Operating income	522	599	572
Operating margin, %	8.9	11.1	11.6

### Laundry

SEKm	2019	2018	2017
Net sales	3,386	3,267	2,801
EBITA	507	573	502
EBITA margin, %	15.0	17.6	17.9
Operating income	488	558	499
Operating margin, %	14.4	17.1	17.8

## Net sales by geography

SEKm	2019	2018	2017
Europe	6,165	5,681	5,028
APAC & MEA	1,513	1,578	1,467
Americas	1,603	1,407	1,229
Total	9,281	8,666	7,723

## Key performance indicators

SEKm	2019	2018	2017
Net sales	9,281	8,666	7,723
Organic growth, % <sup>1)</sup>	-0.3	4.1	5.6
EBITA <sup>1)</sup>	1,058	1,188	1,098
EBITA margin, % <sup>1)</sup>	11.4	13.7	14.2
Items affecting comparability <sup>1)</sup>	-32	-	-
EBITA margin excluding items affecting comparability, % <sup>1)</sup>	11.7	13.7	14.2
Operating income <sup>1)</sup>	992	1,143	1,060
Operating margin, % <sup>1)</sup>	10.7	13.2	13.7
Operating margin excluding items affecting comparability, % <sup>1)</sup>	11.0	13.2	13.7
Income after financial items	978	1,134	1,052
Income for the period	663	952	786
Capital expenditure property, plant and equipment <sup>1)</sup>	-243	-144	-144
Operating cash flow after investments <sup>1)</sup>	1,138	1,131	1,167
Earnings per share (basic), SEK <sup>2)</sup>	2.31	3.31	2.74
Net debt (+)/cash (-) <sup>1)</sup>	1,025	-226	-481
Net debt (+)/cash (-)/EBITDA <sup>1)</sup>	0.8	-0.2	-0.4
Operating working capital, % of net sales <sup>1)</sup>	17.7	16.3	13.8
Average number of shares, million	287.4	287.4	287.4
Average number of employees	3,463	3,165	2,947

1) Alternative performance measure (non-IFRS measure).

2) The calculation of earnings per share has been based on the average number of outstanding shares in Electrolux during 2019 (287.4 million shares).

1) In addition to the Group's two segments, Food & Beverage and Laundry, there are group common costs, which together with the segment results equal the Group's total EBITA and Operating income, respectively.

## Definitions of alternative performance measures

### *Organic growth %*

Change in sales growth excluding net FX impact and acquisitions.

### *Acquisitions %*

Change in net sales during the current period attributable to acquired operation in relation to prior period's sales, following a period of 12 months commencing on the acquisition date.

### *Operating income (EBIT)*

Earnings before interest and tax.

### *Operating margin (EBIT margin)*

Operating income as a percentage of net sales.

### *Items affecting comparability*

Material profit or loss items such as capital gains and losses from divestments of product groups or major units, close down or significant down-sizing of major units or activities, restructuring activities, significant impairment, and other major non-recurring costs or income.

### *Operating margin excluding items affecting comparability*

Operating income excluding items affecting comparability as a percentage of net sales.

### *Capital expenditure property, plant and equipment*

Investments in property, plant and equipment

### *EBITA*

Operating income less amortization and write-down related to intangibles assets (excluding right of use assets).

### *EBITA margin*

EBITA expressed as a percentage of net sales.

### *EBITDA*

EBITA less depreciation.

### *EBITA margin excluding items affecting comparability*

EBITA excluding items affecting comparability expressed as a percentage of net 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.

### *Net debt*

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/EBITDA*

Net debt in relation to EBITDA (Net debt is based on the end of period balance and EBITDA is calculated based on last four rolling quarters).

### *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.

## Financing

Electrolux Professional is currently financed primarily through intra-group financing from Electrolux. The financial net debt as per December 31, 2019 amounted to approximately SEK 0.6bn and net debt amounted to approximately SEK 1.0bn, corresponding to a net debt in relation to EBITDA 2019 of 0.8. Neither dividend payments nor capital contribution payments to or from Electrolux Professional to Electrolux should occur after January, 2020 implying that cash flow generated in Electrolux Professional thereafter will remain in Electrolux Professional. In connection with the listing of Electrolux Professional's shares, the intragroup financing in Electrolux Professional from Electrolux is intended to be refinanced by cash and with a multicurrency revolving credit facility and a bilateral term loan. After the listing of Electrolux Professional's shares, there will be no loans nor derivatives outstanding between Electrolux Professional and Electrolux.

# Brief description of Electrolux, excluding Electrolux Professional

## Overview

Electrolux is a global leader in household appliances that offers thoughtfully designed and innovative products for consumers under three main, well-established brands; Electrolux, AEG and Frigidaire. Electrolux sells approximately 60 million products in approximately 120 markets every year. In 2019, Electrolux, excluding Electrolux Professional, had sales of SEK 119bn and employed 48,652 people around the world.

Electrolux operations are, following the separation of Electrolux Professional, divided into four regional business areas: Europe, North America, Latin America and Asia-Pacific, Middle East and Africa. The structure ensures a unified approach to each market with common branded platforms and interactions with consumers.

Electrolux product offering is divided into three areas for innovation; Taste, Care and Wellbeing.

### Taste

*Making it possible to prepare great-tasting food*

Electrolux sells cookers, hobs, ovens, hoods, microwave ovens, refrigerators, freezers and dishwashers for consumers around the world. Electrolux is a leader in kitchen appliances and new functionalities are continuously being developed.

### Care

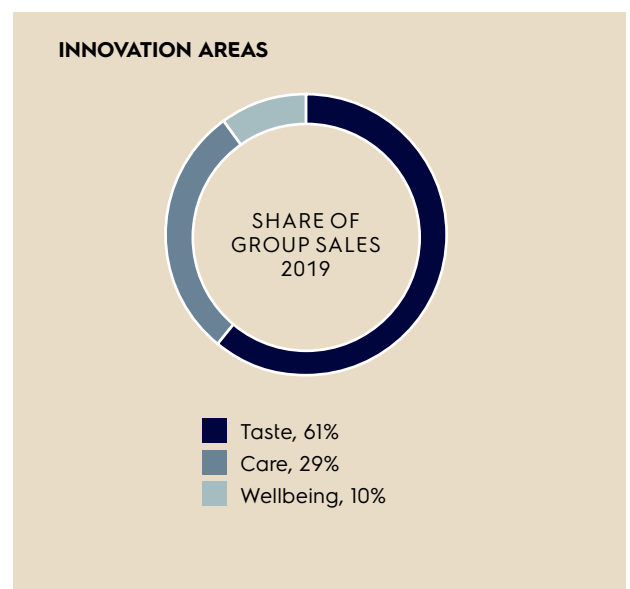
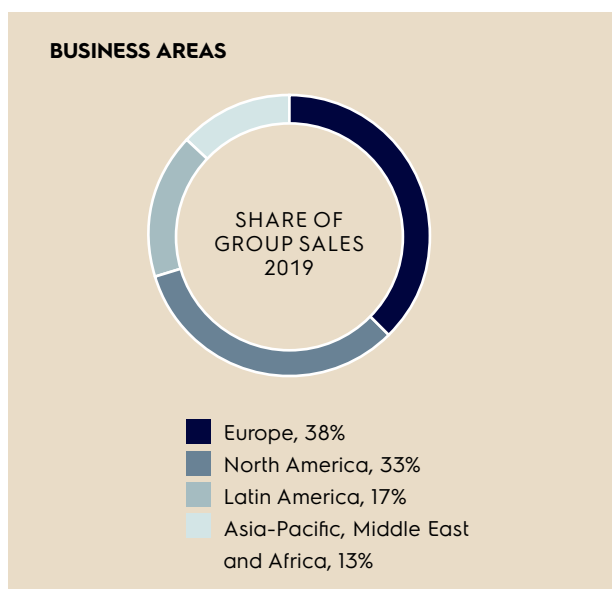
*Making it possible to care for your clothes so they stay new for longer*

Washing machines and tumble dryers are the core of Electrolux product offering for washing and garment care. Demand is driven by innovations that promote user-friendliness and resource efficiency.

### Wellbeing

*Making it possible to achieve healthy wellbeing in your home.*

Electrolux vacuum cleaners, air-conditioning equipment, water heaters, heat pumps, small domestic appliances, and accessories are sold to consumers worldwide with a strong, global distribution network and an attractive product offering that includes service.



## Purpose, mission and strategy

### Purpose

Shape living for the better.

### Mission

Electrolux reinvents taste, care and wellbeing experiences for more enjoyable and sustainable living around the world.

### Strategy

Electrolux has a focused strategy for profitable growth to achieve the Electrolux Group's purpose – shape living for the better – and to create long term value. Profitable growth is driven through two key areas; the first is sustainable consumer experience innovation, and the second increased efficiency through digitalization, automation and modularization. These two areas are supported by a solid financial position enabling Electrolux to grow its business further.

Electrolux works with three defined areas of innovation; Taste, Care and Wellbeing, for a streamlined and innovative product portfolio with proven consumer benefits. To further strengthen the focus on deep consumer insight, a new global consumer experience organization was established in 2019. The three main brands – Electrolux, AEG and Frigidaire – have a strong innovation heritage and are all well-established. Electrolux aims to strengthen its position in the profitable aftermarket business and in emerging markets, both representing important business opportunities.

Electrolux has a strong track-record of delivering cost reductions. In 2018, a SEK 8bn re-engineering program started with investments in modularization and automation. The program drives efficiency, strengthens production cost competitiveness

and increases flexibility and product speed to market. It also reduces Electrolux environmental footprint. A digitally integrated supply chain manufacturing further contributes to improved productivity and flexibility in the operations.

## Financial targets and dividend policy

Electrolux financial targets, over a business cycle, aim to strengthen Electrolux leading, global position in the industry and assist in generating a healthy total yield for its shareholders. The objective is growth with improved profitability. The financial targets and the dividend policy remain unchanged following the separation of Electrolux Professional.

### Financial targets (over a business cycle)

- ▶ Sales growth of at least 4%<sup>1)</sup>
- ▶ Operating margin of at least 6%
- ▶ Capital turnover-rate of at least 4
- ▶ Return on net assets >20%

### Dividend policy

Electrolux target is for the dividend to correspond to at least 30 percent of the income for the period. Following the separation of Electrolux Professional from Electrolux, the dividend capacity will naturally be reduced.

## Q4 2019 Interim Report

For further information on Electrolux, please refer to Electrolux Q4 2019 Interim Report, available at [www.electroluxgroup.com/en/q4-2019](http://www.electroluxgroup.com/en/q4-2019).



1) Total sales growth excluding currency translation effects.

# Selected financial information for Electrolux, excluding Electrolux Professional

The tables below present selected financial information for the financial year 2019 for Electrolux excluding Electrolux Professional representing the remaining operations in Electrolux after the distribution of the shares in Electrolux Professional. The basis for the financial information in this section is the financial information presented in the Electrolux Q4 2019 Interim Report as continuing operations prepared in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

## Selected income statement data

SEKm	2019
Net sales	118,981
Cost of goods sold	-99,182
<b>Gross operating income</b>	<b>19,799</b>
Selling expenses	-12,186
Administrative expenses	-5,481
Other operating income and expenses	1,057
<b>Operating income</b>	<b>3,189</b>
Financial items, net	-733
<b>Income after financial items</b>	<b>2,456</b>
Taxes	-636
<b>Income for the period</b>	<b>1,820</b>

**Balance sheet<sup>1)</sup>**

SEKm	December 31, 2019
<b>Assets</b>	
<b>Non-current assets</b>	
Property, plant and equipment	21,803
Property, plant and equipment, right-of-use	2,811
Goodwill	7,071
Other intangible assets	3,817
Investments in associates	424
Deferred tax assets	6,618
Financial assets	93
Pension plan assets	1,043
Other non-current assets	1,486
<b>Total non-current assets</b>	<b>45,166</b>
<b>Current assets</b>	
Inventories	16,194
Trade receivables	20,847
Tax assets	913
Derivatives	192
Other current assets	4,465
Short-term financial assets	190
Cash and cash equivalents	10,807
Receivables, Electrolux Professional	1,372
<b>Total current assets</b>	<b>54,980</b>
<b>Total assets</b>	<b>100,146</b>
<b>Equity and liabilities</b>	
<b>Equity attributable to equity holders of the Parent Company</b>	
Share capital	1,545
Other paid-in capital	2,905
Other reserves	-1,351
Retained earnings	19,468
Equity, Electrolux Professional	-2,711
<b>Equity attributable to equity holders of the Parent Company</b>	<b>19,856</b>
Non-controlling interests	8
<b>Total equity</b>	<b>19,864</b>
<b>Non-current liabilities</b>	
Long-term borrowings	8,236
Long-term lease liabilities	2,333
Deferred tax liabilities	561
Provisions for post-employment benefits	4,909
Other provisions	5,577
<b>Total non-current liabilities</b>	<b>21,616</b>
<b>Current liabilities</b>	
Accounts payable	33,892
Tax liabilities	883
Other liabilities	16,821
Short-term borrowings	3,354
Short-term lease liabilities	817
Derivatives	293
Other provisions	2,606
<b>Total current liabilities</b>	<b>58,666</b>
<b>Total liabilities</b>	<b>80,282</b>
<b>Total equity and liabilities</b>	<b>100,146</b>

1) The balance sheet corresponds to Electrolux consolidated balance sheet excluding assets and liabilities presented as Discontinued operations (held for distribution) according to IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. The difference has increased receivables corresponding to the receivables Electrolux has on Electrolux Professional and reduced equity with an amount corresponding to Electrolux Professional's consolidated equity on two separate lines.



## Selected cash flow statement data

SEKm	2019
<b>Operations</b>	
Operating income	3,189
Depreciation and amortization	4,821
Other non-cash items	1,736
Financial items paid, net	-656
Taxes paid	-1,277
<b>Cash flow from operations, excluding change in operating assets and liabilities</b>	<b>7,813</b>
Cash flow from change in operating assets and liabilities	-498
<b>Cash flow from investments</b>	<b>-6,994</b>
<b>Cash flow from financing</b>	<b>-1,028</b>
<b>Total cash flow</b>	<b>-707</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>11,467</b>
Exchange-rate differences referring to cash and cash equivalents	158
Cash flow between Electrolux and Electrolux Professional <sup>1)</sup>	-111
<b>Cash and cash equivalents at end of the period</b>	<b>10,807</b>

1) Mainly related to cash flow from financing.

## Key performance indicators

SEKm	2019
Net sales	118,981
Sales growth, % <sup>1)</sup>	-1.3
Operating income <sup>1)</sup>	3,189
Operating margin, % <sup>1)</sup>	2.7
Operating margin excl. non-recurring items, % <sup>1)</sup>	3.8
Income after financial items	2,456
Income for the period	1,820
Earnings per share, SEK <sup>2)</sup>	6.33
Capital turnover rate, times/year <sup>1)</sup>	4.5
Return on net assets <sup>1)</sup>	12.0

1) Alternative performance measure (non-IFRS measure).

2) Basic.

### Definitions of alternative performance measures

#### *Sales growth*

Change in net sales adjusted for currency translation effects.

#### *Operating income (EBIT)*

Earnings before interest and tax.

#### *Operating margin (EBIT-margin)*

Operating income (EBIT) expressed as a percentage of net sales.

#### *Non-recurring items*

Material profit or loss items in operating income which are relevant for understanding the financial performance when comparing income for the current period with previous periods.

#### *Operating margin (EBIT margin) excluding non-recurring items*

Operating income (EBIT) excluding non-recurring items, expressed as a percentage of net sales.

#### *Capital turnover rate*

Net sales (annualized) divided by average net assets.

#### *Return on net assets*

Operating income (annualized) expressed as a percentage of average net assets (total assets exclusive of liquid funds and pension plan assets, less deferred tax liabilities, non-current other provisions and total current liabilities exclusive of total short-term borrowings).

## The Electrolux Professional spin-off effect on Electrolux financing

Electrolux Professional is currently primarily financed through intra-group loans from Electrolux. These loans will be repaid in connection with the planned listing and replaced by external financing leading to a reduction of Electrolux financial net debt.

# Electrolux Professional's Board of Directors, Executive Management Team and Auditor<sup>1)</sup>

## Board of Directors

According to Electrolux Professional's Articles of association, the Board of Directors shall be comprised of not less than three and not more than nine members, with not more than three deputy members, elected by the shareholders at the General Meeting. In addition and by law, employee organizations are entitled to appoint employee representatives. The Board of Directors currently comprises seven members elected by General Meetings as well as two members with one deputy appointed by Swedish employee organizations.

### Kai Wörn

*Chairman*

*Born 1959. Chairman of the board since 2019. Chairman of the Remuneration Committee. M.Sc. in Mechanical Engineering, KTH Royal Institute of Technology, Stockholm, Sweden.*

**Other assignments:** President and CEO as well as board member of Husqvarna AB<sup>2)</sup>. Board member of AB Electrolux, Exandio Holding AB och Comparsio AB.

**Previous positions:** Operations Partner at IK Investment Partners Norden AB. President and CEO of Seco Tools AB. Various positions within ABB.

**Holding in Electrolux:** 4,000 shares of Class B.

### Katharine Clark

*Born 1979. Board member since 2020. B.Sc. (Hons) Business Information Systems Management, Bournemouth University, United Kingdom. Professional Diploma in Marketing, Chartered Institute of Marketing, United Kingdom.*

**Other assignments:** VP EMEA, Global Smart Residential, UK and Managing Director, Yale EMEA, UK at Assa Abloy.

**Previous positions :** Business Unit Manager, Yale Scandinavia, Sweden at Assa Abloy.

**Holding in Electrolux:** -

### Lorna Donatone

*Born 1957. Board member since 2019. Member of the Audit Committee. MBA, Texas Christian University, United States. B.Sc. Tulane University, United States.*

**Other assignments:** Board member of National Restaurant Association Educational Foundation, United States.

**Previous positions:** Board member of Sodexo Foundation, Jamba Inc. and the Culinary Institute of America, United States. Board member emeriti National Restaurant Association, United States. Various senior positions within the Sodexo Group.

**Holding in Electrolux:** -

### Hans Ola Meyer

*Born 1955. Board member since 2019. Chairman of the Audit Committee. B.Sc. in Economics and Business Administration from Stockholm School of Economics.*

**Other assignments:** Senior Vice President Controlling and Finance at Atlas Copco AB. Board member of Upplands Motor Holding AB.

**Previous positions:** -

**Holding in Electrolux:** -

### Daniel Nodhäll

*Born 1978. Board member since 2019. Member of the Remuneration Committee and the Audit Committee. M.Sc. in Economics and Business Administration, Stockholm School of Economics.*

**Other assignments:** Head of Listed Companies at Investor AB. Board member of Husqvarna AB and Saab AB.

**Previous positions:** -

**Holding in Electrolux:** 4,000 shares of Class B.

1) Information on holdings in Electrolux in this section represents own holdings and holdings of related persons and affiliated companies as per December 31, 2019. The ownership structure in Electrolux Professional will initially be identical to that of Electrolux on the record date for the proposed distribution.

2) Kai Wörn will step down from his position as President, CEO and board member of Husqvarna AB in connection with Husqvarna AB's annual general meeting to be held on April 2, 2020.

### Martine Snels

Born 1969. Board member since 2019. Member of the Remuneration Committee. M.Sc. Agriculture, industrial engineering, Katholieke Universiteit Leuven campus Geel, Belgium. Studies in mathematics, Universiteit Antwerpen, Belgium. Advanced Finance, London Business School, England. Finance for non-financials, Singapore Institute of Management, Singapore. B2B Marketing, Vlerick Business School, Belgium.

**Other assignments:** Independent Non-Executive Director of Resilux.

**Previous positions:** Member of the Executive Board of GEA Group and various positions within FrieslandCampina, including Chief Operating Officer and Executive Director Ingredients.

**Holding in Electrolux:** -

### Carsten Voigtländer

Born 1963. Board member since 2019. Degree in Mechanical Engineering, Technical University of Braunschweig, Germany. Doctoral Degree/Dr.-Ing., Process Engineering, Technical University of Braunschweig, Germany. Business Administration for Engineers, ESMT Berlin, Germany. Advanced Management Programme, INSEAD.

**Other assignments:** CEO and owner of Voiglaender Board Advisory. Vice Chairman of the Board of Directors of Saurer Intelligent Technology Ltd. Board member of Arbonia AG and BBC Group AG. Non-Executive Director of INNIO Group and Star Deutschland GmbH. Member of the Foundation Board of Friedhelm Loh Stiftung.

**Previous positions:** CEO of Vaillant Group.

**Holding in Electrolux:** -

### Ulf Carlsson

Born 1958. Board member since 1998. Employee representative of the Swedish Confederation of Trade Unions (LO). Technical Engineer.

**Other assignments:** Works full time with union-related questions on a local, regional, European and global level. Board member (employee representative) of AB Electrolux.<sup>3)</sup> Board member of Ljungbybostäder AB, Sparbanksstiftelsen Kronan i Syd Förvaltning AB and Ljungby Dacke 11 AB.

**Previous positions:** Board member of Idé & Resurscentrum i Ljungby AB.

**Holding in Electrolux:** -

### Joachim Nord

Born 1966. Board member since 2019 (deputy board member 2016–2019). Employee representative of the council for negotiation and cooperation (PTK). Technical Engineer.

**Other assignments:** Field quality expert for Bought in Products (BIP), Electrolux Professional AB. Deputy board member (employee representative) of AB Electrolux.<sup>4)</sup>

**Previous positions:** -

**Holding in Electrolux:** 100 shares of Class B.

### Per Magnusson

Born 1964. Deputy board member since 1995. Deputy employee representative of the Swedish Confederation of Trade Unions (LO). Technical Engineer.

**Other assignments:** Welder, Electrolux. Engineering workshop experience, Electrolux.

**Previous positions:** -

**Holding in Electrolux:** -

3) Ulf Carlsson will resign from his position as board member (employee representative) of Electrolux in connection with the separation of Electrolux Professional.

4) Joachim Nord will resign from his position as deputy board member (employee representative) of Electrolux in connection with the separation of Electrolux Professional.

## Executive Management Team

### Alberto Zanata

President and CEO

Born 1960. University Master's degree in Electronic Engineering with Business Administration, Padua University, Italy. In Electrolux Group Management since 2009 and employed within Electrolux since 1989.

**Other assignments:** –

**Previous positions:** Head of Professional Products, Executive Vice President within the Electrolux Group.

**Holding in Electrolux:** 33,108 shares of Class B.

### Fabio Zarpellon

CFO

Born 1967. Degree, Business Administration, Ca' Foscari University of Venice, Italy. Employed within Electrolux since 1994.

**Other assignments:** President, La Vela srl.

**Previous positions:** CFO of Professional Products within the Electrolux Group.

**Holding in Electrolux:** 3,027 shares of Class B.

### Jacob Broberg

SVP Investor Relations and Corporate Communication

Born 1964. B.A., Political Science and Economics, Lund University, Sweden. Employed within Electrolux since 2019.

**Other assignments:** Board member of Sveriges Kommunikatörer AB.

**Previous positions:** SVP Corporate Communications and Investor Relations, Cloetta AB.

**Holding in Electrolux:** 1,000 shares of Class B.

### Marie Thérèse Chaabane<sup>5)</sup>

Chief Human Resources Officer (CHRO)

Born 1953. Degree in Economics, Paris University, France. Employed within Electrolux since 2000.

**Other assignments:** –

**Previous positions:** Vice President Change Management and Human Resources within the Professional Products business area of the Electrolux Group.

**Holding in Electrolux:** 4,047 shares of Class B.

### Douglas Walker

SVP & GM APAC & MEA

Born 1960. Polymer Technology, Plastics and Polymer Engineering Technology, University of North London, England. Employed within Electrolux since 2009.

**Other assignments:** –

**Previous positions:** Various senior positions within the Professional Products business area of the Electrolux Group, including SVP Commercial APAC and Head of Region UK.

**Holding in Electrolux:** 2,477 shares of Class B.

### John Evans

SVP & GM Americas

Born 1967. B.A. in Mass Communications and Marketing, Kings College, Wilkes-Barre, PA, the United States. Employed within Electrolux since 2011 (also 2004–2007).

**Other assignments:** –

**Previous positions:** Head of the Americas within the Professional Products business area of the Electrolux Group.

**Holding in Electrolux:** 2,407 shares of Class B (and 100 ADRs).

### Philippe Zavattiero

SVP & GM Europe

Born 1961. Master's Degree of Engineer, National Institute Polytechnique of Grenoble, France. Master's degree ESSEC Business School Paris, France. Employed within Electrolux since 2007 (also 1996–2001).

**Other assignments:** –

**Previous positions:** SVP of the Commercial Organization Europe within the Professional Products business area of the Electrolux Group. Board member of Institut Paul Bocuse, France.

**Holding in Electrolux:** 4,384 shares of Class B.

### Torsten Urban

SVP Product & Marketing

Born 1970. Business Management with focus on marketing, VWA Munich, Germany. Employed within Electrolux since 2000.

**Other assignments:** –

**Previous positions:** Various senior positions within the Professional Products business area of the Electrolux Group, including SVP Product and Marketing and SVP Business Unit Food Service.

**Holding in Electrolux:** 2,779 shares of Class B.

### Paolo Schira

SVP Business Development

Born 1975. Master's Degree, Engineering, University of Trieste, Italy. Employed within Electrolux since 2006.

**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.

**Holding in Electrolux:** 5,518 shares of Class B.

### Carlo M. Caroni

COO (Operations & R&D)

Born 1968. Master university degree in Mechanical Engineering with Economics and Management, Politecnico di Torino, Italy. Employed within Electrolux since 2014.

**Other assignments:** –

**Previous positions:** SVP Global Operations within the Professional Products business area of the Electrolux Group.

**Holding in Electrolux:** 7,335 shares of Class B.

## Auditor

### Deloitte AB

Auditor in charge: Jan Berntsson

5) Marie Thérèse Chaabane will retire in 2021.

# Shares and ownership structure

## Share information

Electrolux registered share capital amounted, as of the date of this information brochure, to SEK 1,544,601,540 distributed on 308,920,308 shares, of which 8,192,539 Class A shares and 300,727,769 Class B shares (including 21,522,858 treasury shares of Class B that do not carry distribution rights). The number of shares in Electrolux Professional and the distribution between shares of Class A and Class B will correspond at the date of distribution of Electrolux Professional to the number of shares carrying distribution rights in Electrolux.

In conjunction with the distribution, Electrolux Professional's shares will be listed on Nasdaq Stockholm. Class A shares and Class B shares, respectively, will have the same rights as shares of the same share class in Electrolux.

## Voting rights

At the General Meeting, each Class A share in Electrolux Professional carries one vote and each Class B share carries one tenth of a vote.

## Preferential rights to new shares, etc.

If Electrolux Professional issues new shares, warrants or convertibles in a cash issue or an issue offsetting debt, shareholders have preferential rights to subscribe for such securities in proportion to the number of shares held prior to the issue. There are, however, no provisions in the Company's Articles of association that limit the Company's ability to decide, in accordance with the rules set out in the Swedish Companies Act (Sw. *aktiebolagslagen (2005:551)*), to issue new shares, stock options or convertibles with deviation from the shareholder's preferential rights.

## Rights to dividends and surplus in the event of liquidation

Class A shares and Class B shares in Electrolux Professional give equal rights to dividends and the Company's profit and any surpluses in the event of liquidation. Decisions regarding any dividends will be made by the General Meeting. All shareholders who are registered in the share register maintained by Euroclear Sweden on the record date determined by the General Meeting will be entitled to receive dividends. Dividends are normally paid to shareholders through Euroclear Sweden as a cash amount per share, but may also comprise forms other than cash dividends (distribution in kind).

For information on Electrolux Professional's dividend policy, please refer to "Financial targets and dividend policy" in "Brief description of Electrolux Professional".

## Central securities depository

Electrolux Professional's shares will be registered in a central securities depository 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*). This register will be maintained by Euroclear Sweden. No share certificates will be issued for Electrolux Professional's shares. Information regarding the ISIN code for Electrolux Professional's shares will be contained in the prospectus to be published ahead of the listing of Electrolux Professional's shares.

## Convertibles, warrants and other share-based instrument

There are no outstanding warrants, convertibles or other share-based financial instruments issued by Electrolux Professional.

## Long-term incentive programs

### Electrolux LTI programs

The members of the Electrolux Professional's Executive Management Team, who have held a senior management position within the Electrolux Group 2017-2019, have historically participated in Electrolux long-term performance share plans ("**LTI programs**"). Due to the separation of Electrolux Professional from Electrolux, the 2018 and 2019 LTI programs are, with respect to Electrolux Professional employees, intended to be settled in cash with an accelerated vesting.

### Long-term incentive program 2020

To drive sustainable long-term financial performance through an effective link between shareholders' interests and management incentives while offering a competitive program that attracts and retains key personnel, a long-term cash based incentive program that requires all participants to purchase shares for the full cash award, net of income tax, and to retain such shares for a period of not less than two years after the cash award, has been established within Electrolux Professional.

## Major shareholders

As of the date of this information brochure, Electrolux Professional is a wholly-owned subsidiary of Electrolux. The table below presents Electrolux largest shareholders as per December 31, 2019. The table, which does not include treasury shares held by Electrolux, is compiled based on information from Modular Finance and Euroclear Sweden. If the record date for the distribution of shares in Electrolux Professional had been December 31, 2019, the largest shareholder of Electrolux Professional would have initially been as illustrated below. The ownership structure in Electrolux Professional will initially be identical to that of Electrolux on the record date for proposed distribution.<sup>1)</sup>

Holder/nominee/custodian	Number of shares of Class A	Number of shares of Class B	Total number of shares	Shares, %	Votes, %
Investor	6,420,771	44,365,641	50,786,412	17.7	30.1
Alecta Pension Insurance	500,000	21,725,098	22,225,098	7.7	7.4
Swedbank Robur Funds	-	21,700,614	21,700,614	7.6	6.0
BlackRock, Inc.	-	14,396,070	14,396,070	5.0	4.0
Handelsbanken Funds	-	8,490,000	8,490,000	3.0	2.4
Nordea Funds	-	7,911,071	7,911,071	2.8	2.2
Vanguard	-	6,980,956	6,980,956	2.4	1.9
AMF Insurance & Funds	1,000,000	5,966,703	6,966,703	2.4	4.4
Fiduciary Management, Inc. of Milwaukee	-	6,570,000	6,570,000	2.3	1.8
Norges Bank	-	4,742,278	4,742,278	1.7	1.3
<b>Total ten largest shareholders</b>	<b>7,920,771</b>	<b>142,848,431</b>	<b>150,769,202</b>	<b>52.5</b>	<b>61.5</b>
Other shareholders	271,768	136,356,480	136,628,248	47.5	38.5
<b>Total</b>	<b>8,192,539</b>	<b>279,204,911</b>	<b>287,397,450</b>	<b>100.0</b>	<b>100.0</b>

Source: Modular Finance and Euroclear Sweden.

1) Excluding treasury shares. As of December 31, 2019, Electrolux held 21,522,858 treasury shares of Class B which do not entitle to shares in Electrolux Professional.



# Risk factors associated with the distribution of shares in Electrolux Professional

*Below is a brief outline of certain risk factors related to the distribution of shares in Electrolux Professional. A more detailed description of the risks relating to Electrolux Professional will be included in the prospectus to be published prior to the listing of Electrolux Professional on Nasdaq Stockholm, provided that the Extraordinary General Meeting resolves on the distribution of Electrolux Professional in accordance with the Board of Directors' proposal.*

## The distribution of Electrolux Professional's shares may fail to realize anticipated benefits

The intended purpose of the proposed separation of Electrolux Professional from Electrolux is to create long-term shareholder value and to increase focus, customer value and development opportunities for Electrolux Professional as a stand-alone company. A driving factor behind the separation is the fact that the two businesses have different end markets, customers and drivers for success. However, there is a risk that the anticipated benefits of the distribution will not be achieved if the assumptions underlying the decision to carry out the distribution turn out to be incorrect, or if the anticipated benefits or underlying drivers have been overestimated. For example, Electrolux Professional, as a stand-alone company, may not be able to procure external financing or other financial services on conditions as favorable as those obtainable by Electrolux before the distribution. There is also a risk that the investors' appetite in investing directly in Electrolux Professional is overestimated, thus causing the share price in Electrolux Professional to develop unfavorably following the listing of Electrolux Professional's shares on Nasdaq Stockholm. Moreover, to the extent that Electrolux Professional as a standalone company incurs additional costs or achieves lower sales, its business, financial position and results of operations could be adversely affected and the anticipated benefits from the distribution could fail to be realized.

## Electrolux Professional will continue to be dependent on Electrolux as a supplier of IT services over a transitional period

Electrolux Professional and Electrolux have entered into an agreement whereby Electrolux will provide certain IT services to Electrolux Professional in a number of areas, on both group and country level, over a transitional period. The term for the different services varies but will end on March 31, 2021 at the latest. Shortcomings in Electrolux or Electrolux Professional's fulfillment of its commitments in relation to each other, disagreements

regarding interpretation of agreements or other disruptions in the Electrolux-Electrolux Professional relationship could have an adverse impact on both Electrolux and Electrolux Professional's operations, financial position and results of operations. After the transitional period, Electrolux Professional intends to either develop internal capacity or enter into agreements with third parties to replace the services provided by Electrolux. If Electrolux Professional fails at replacing the functions internally, on which Electrolux Professional at the present moment is depending on Electrolux, or if Electrolux Professional fails to enter into agreements with third party on commercially acceptable conditions, or if the transition to services provided by third parties is disrupted or delayed, Electrolux Professional's operations, financial position and results of operations could be adversely affected.

## The "Electrolux" component of the Electrolux brand and trademark will be subject to a licensing agreement

Following the distribution of Electrolux Professional from Electrolux, Electrolux Professional will be a licensee of the "Electrolux" component of the Electrolux Professional brand and trademark (and also the Zanussi brand and trademark) pursuant to a fifty year license granted under a trademark license agreement. The trademark license agreement contains a change of control provision and also entails certain other obligations and restrictions with respect to Electrolux Professional's use of the intellectual property, as a consequence of which it does not enjoy the same freedom to use the licensed brands and trademarks as it would if Electrolux Professional had owned them. For Electrolux, this means that it cannot in all respects control how and when the trademarks and brands are used.

## There will be two separate global groups whose brands and trademarks consist of the component “Electrolux”

Following the distribution of Electrolux Professional from Electrolux, there will be two separate global groups whose brands and trademarks consist of the “Electrolux” component. Accordingly, since both Electrolux Professional and Electrolux use a commercial name and trademark that include “Electrolux”, any negative occurrences or publicity about Electrolux Professional could potentially hurt Electrolux reputation and brand image, undermine confidence in Electrolux and reduce demand for its products, and vice versa. Moreover, since both Electrolux and Electrolux Professional’s shares will be listed on Nasdaq Stockholm, any negative occurrences or publicity related to Electrolux Professional risk affecting investors’ willingness to invest in shares in Electrolux, and vice versa.

## The proposed distribution may affect the price of both Electrolux and Electrolux Professional’s shares

The proposed distribution of Electrolux Professional involves the creation of an independent group consisting of operations and assets that generate approximately 7.2 percent of current Electrolux Group net sales. It is impossible to predict the market price of the shares of Electrolux and Electrolux Professional as standalone companies or whether their aggregate share price would exceed the share price of Electrolux as currently constituted. The distribution may also have an effect on the individual companies’ financial position and risk profile as well as other conditions for conducting their respective business. There is a risk that the market will not react favorably to the distribution and that investors may perceive the standalone companies less favorably than the Electrolux Group, as currently constituted.

## Indemnities under the Master Separation Agreement may result in unforeseen costs for Electrolux or Electrolux Professional

Under the separation agreements entered into in connection with the distribution of Electrolux Professional from Electrolux, Electrolux Professional shall, as a general rule, indemnify Electrolux for any liability or loss caused by or relating to the Professional Products business area, regardless of when and in what legal entity such liability occurred. Relevant members of Electrolux shall, conversely, as a general rule, indemnify Electrolux Professional for any liability or loss caused by or relating to the consumer products business or any other residual business conducted by Electrolux Professional prior to the first day of trading of Electrolux Professional’s shares on Nasdaq Stockholm, other than the Professional Products business area, regardless of when and in what legal entity such liability occurred. Should there occur unforeseen significant liabilities pertaining to Electrolux or Electrolux Professional’s business that would trigger Electrolux or Electrolux Professional’s respective indemnification liability, this could lead to increased costs for Electrolux or Electrolux Professional. Furthermore, if Electrolux and Electrolux Professional fail to agree on the allocation of liability in any matter described above, the matter may finally need to be resolved in arbitration procedures, which may both be protracted and costly for both Electrolux and Electrolux Professional.

## Risks associated with smaller, streamlined operations

The respective asset pools of Electrolux and Electrolux Professional as standalone companies will be smaller than the combined asset pool in its current form. Accordingly, every risk that currently exists in the Electrolux Group and the Electrolux Professional Group, respectively, and which will continue to exist in any of the two businesses (Electrolux or Electrolux Professional) after the distribution will be of greater proportional significance to such business than for the respective group as currently constituted. This may concern, for example, the capability to manage unforeseen claims and expenses of material significance. Furthermore, the more streamlined operations to be conducted in the respective businesses of the current respective groups (Electrolux and Electrolux Professional) will not have the same possibilities to balance the effects of certain operational risks as the groups as currently constituted. Such major unforeseen claims and expenses as well as material changes in the price of input goods could, therefore, have a significant negative impact on Electrolux and Electrolux Professional’s respective results of operations, cash flow and financial position.

# Tax considerations

The following is a general description of certain tax considerations relating to the proposed distribution of shares in Electrolux Professional to the shareholders of Electrolux. It does not purport to be a complete analysis of all tax considerations, neither in Sweden, the United States or elsewhere. The tax treatment of each individual shareholder depends on the shareholder's particular circumstances and the tax laws in the country where the shareholder is resident for tax purposes. Each shareholder should therefore consult its own tax adviser with regard to the specific tax consequences that may arise in the individual case. This summary is based upon the laws and regulations in effect as of the date of this information brochure and does not consider changes in laws or regulations effective, sometimes with retroactive effect, after such date.

## Certain tax issues in Sweden

The following is a summary of certain Swedish tax consequences that may arise from the proposed distribution of shares in Electrolux Professional to shareholders of Electrolux. The summary is based on current legislation and only provide general information applicable to individuals and limited liability companies (Sw. *aktiebolag*) resident in Sweden for tax purposes.

The summary does not cover: (i) shares held by partnerships or as current assets in business operations (Sw. *lagertillgångar*); (ii) the specific rules concerning tax-exempt capital gains (including non-deductibility for capital losses) and dividends in the corporate sector in case shares are deemed to be held for business reasons under the Swedish participation exemption regime (Sw. *näringsbetingade andelar*); (iii) shares that are held in an investment savings account (Sw. *investeringssparkonto*), or endowment insurance (Sw. *kapitalförsäkring*), which are both subject to notional taxation; or (iv) special tax rules applicable to certain investors (e.g. investment funds and insurance companies).

The tax consequences for each individual shareholder will ultimately depend on the holder's particular circumstances. Each shareholder should therefore consult a tax adviser regarding the specific tax consequences that may arise in the individual case, including (but not limited to) the applicability and effect of foreign tax rules and tax treaties.

## Taxation of the distribution of Electrolux Professional

It is expected that the distribution of the shares in Electrolux Professional will fulfill the requirements set out in the "Lex Asea" rules. The distribution of Electrolux Professional shares to Electrolux shareholders will therefore not trigger any immediate taxation. Shareholders in Electrolux entitled to participate in the distribution will have the tax basis in their Electrolux shares allocated among these shares and the shares received in Electrolux Professional. The allocation of the tax basis will be based on the change in value of the Electrolux shares due to the distribution of the shares in Electrolux Professional. Electrolux will request general guidelines from the Swedish Tax Agency (Sw. *Skatteverket*) concerning how this tax basis should be allocated and these guidelines will be published on the websites of Electrolux,

Electrolux Professional and the Swedish Tax Agency as soon as possible.

## Withholding tax on dividends

Since it is expected that the distribution of the shares in Electrolux Professional will fulfill the requirements set out in the "Lex Asea" rules no Swedish withholding tax will be levied on the distribution.

## Certain U.S. federal income tax considerations

The distribution of Electrolux Professional's shares could be a taxable transaction for Electrolux U.S. shareholders.

Electrolux and Electrolux Professional intend to take the position that the distribution by Electrolux of Electrolux Professional's shares (the "**Distribution**") qualifies under Section 355 of the Internal Revenue Code of 1986, as amended (the "**U.S. Internal Revenue Code**") as a tax-free transaction for U.S. federal income tax purposes. If contrary to Electrolux and Electrolux Professional's position, the Distribution does not qualify under Section 355 of the U.S. Internal Revenue Code, then a U.S. Holder (defined below) of Electrolux shares generally would be treated as receiving a taxable dividend, a tax-free return of basis, and/or a taxable gain in an amount equal to the fair market value of the Electrolux Professional shares at the time of distribution (as determined in USD) for U.S. federal income tax purposes.

THIS SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES IS FOR GENERAL INFORMATION ONLY. U.S. HOLDERS SHOULD CONSULT THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING AND DISPOSING OF ELECTROLUX PROFESSIONAL'S SHARES, INCLUDING THEIR ELIGIBILITY FOR THE BENEFITS OF THE TREATY (DEFINED BELOW), THE APPLICABILITY AND EFFECT OF STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

## Tax consequences of the Distribution

### *Distribution of Electrolux Professional's shares*

Electrolux and Electrolux Professional intend to take the position that the Distribution qualifies under Section 355 of the U.S. Internal Revenue Code as a tax-free transaction for U.S. federal income tax purposes. To qualify under section 355, several requirements must be satisfied, including requirements that relate to the business reasons for engaging in the Distribution, the conduct of certain business activities by Electrolux and Electrolux Professional, and certain plans or intentions of Electrolux and Electrolux Professional following the Distribution. U.S. Holders should be aware that neither Electrolux nor Electrolux Professional has requested or intends to request an opinion of counsel or a ruling from the U.S. Internal Revenue Services (the "IRS") with respect to the U.S. federal income tax treatment of the Distribution or any of the statements or conclusions expressed herein. There can be no assurance that the IRS will not take a contrary position to the views expressed herein or that a court in the event of litigation will not agree with a position of the IRS.

If the Distribution qualifies under Section 355 of the U.S. Internal Revenue Code, a U.S. Holder of Electrolux shares generally have the following tax consequences:

- ▶ Such U.S. Holder recognizes no gain or loss, and have no income, upon the receipt of Electrolux Professional shares in the Distribution;
- ▶ the aggregate tax basis of the Electrolux shares and the Electrolux Professional shares held by each U.S. Holder immediately after the distribution is expected to be the same as the aggregate tax basis of the Electrolux shares held by the U.S. Holder immediately before the Distribution, allocated between the Electrolux shares and the Electrolux Professional shares, in proportion to their relative fair market values at the time of the Distribution; and
- ▶ such U.S. Holder's holding period in its Electrolux Professional shares includes such holder's holding period in its Electrolux shares on which the Distribution was made.

U.S. Holders that acquired different blocks of Electrolux shares at different times or at different prices should consult their tax advisors regarding the allocation of their aggregate adjusted basis among, and their holding period in, shares of Electrolux Professional distributed with respect to such blocks of Electrolux shares.

If contrary to Electrolux and Electrolux Professional's position, the Distribution does not qualify under section 355, the Distribution would be treated as a taxable distribution of Electrolux Professional's shares to U.S. Holders of Electrolux shares. The amount of the distribution would be the fair market value of Electrolux Professional's shares at the time of the Distribution (as determined in USD), and this amount would be treated as a dividend to U.S. Holders to the extent of Electrolux current or accumulated earnings and profits (as determined for U.S. federal income tax purposes). The amount of the distribution in excess of Electrolux current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the U.S. Holder's basis in its Electrolux shares and thereafter as capital gain. As a non-U.S. corporation, Electrolux does not maintain

calculations of its earnings and profits for U.S. federal income tax purposes. Thus, if the Distribution is a taxable distribution, U.S. Holders therefore should assume that their receipt of Electrolux Professional's shares pursuant to the Distribution will be reported as ordinary dividend income. A U.S. Holder would have a tax basis in the Electrolux Professional shares equal to the fair market value of the Electrolux Professional shares at the time of the Distribution (as determined in USD). U.S. Holders are urged to consult their own tax advisors with respect to the appropriate U.S. federal income tax treatment of their receipt of Electrolux Professional's shares pursuant to the Distribution. In particular, certain shareholders may qualify for benefits under the Convention Between the Government of the United States of America and the Government of Sweden for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, entered into force on January 1, 1996 (the "Treaty"), and/or tax credits in the United States; however, such qualifications will depend on the facts of each shareholder.

As used in this discussion, the term "U.S. Holder" means a beneficial owner of Electrolux shares that is, for U.S. federal income tax purposes: (i) an individual citizen or resident of the United States; (ii) a corporation, or other entity treated as a corporation, that is created or organized in or under the laws of the United States, any State thereof or the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income tax regardless of its source; or (iv) a trust if (A) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust; or (B) in the case of a trust that was in existence on August 20, 1996, the trust has a valid election in effect under applicable Treasury Regulations. The U.S. federal income tax treatment of a partner in an entity or arrangement treated as a partnership for U.S. federal income tax purposes that holds Electrolux shares will depend on the status of the partner and the activities of the partnership. Partnerships holding Electrolux shares and partners in such partnerships should consult their tax advisors concerning the U.S. federal income tax consequences to them and their partners of the distribution.

### Tax return requirements

Each U.S. Holder that immediately before the Distribution, owns (i) at least 5 percent (by vote or value) of the total outstanding shares of Electrolux; or (ii) securities of Electrolux with an aggregate tax basis of USD 1,000,000 or more must attach to such holder's U.S. federal income tax return for the year in which the Electrolux Professional shares are received a statement setting forth certain information related to the Distribution.

# Frequently asked questions

## Why are the shares in Electrolux Professional distributed?

The Board of Directors of Electrolux believes that long-term shareholder value will be created by splitting the current group into two separate companies and by distributing the shares and listing Electrolux Professional.

## What are the terms and conditions for the distribution?

Registered shareholders of Electrolux on the record date for distribution of shares are entitled to receive one share in Electrolux Professional, for no consideration, for each share held of the same share class in Electrolux.

## Do I need to take any actions in order to receive distributed shares?

No, registered (directly registered or nominee registered) shareholders of Electrolux on the record date for distribution will automatically receive shares in Electrolux Professional. Holders of ADRs in Electrolux should read "*Holders of Electrolux American Depositary Receipts*" on page 5 in this information brochure.

## When is the record date for the distribution?

The Board of Directors proposes that the Extraordinary General Meeting authorizes the Board of Directors to resolve on the record date at Euroclear Sweden for the distribution. The record date is therefore not yet determined as per the date of this information brochure. The Board of Directors of Electrolux intends to execute the distribution of shares in Electrolux Professional on March 23, 2020. The record date is expected to fall close to the listing of the shares in Electrolux Professional.

## When will the prospectus be published and where can I find it?

A prospectus, which will contain information about Electrolux Professional and the risks associated with an investment in Electrolux Professional's shares, is planned to be published in March 2020. The prospectus will be available for downloading at Electrolux and Electrolux Professional's websites and can also be obtained in paper format from Electrolux and Electrolux Professional's offices.

## Will the distribution cause any tax consequences for shareholders?

It is expected that the distribution of the shares in Electrolux Professional will fulfill the requirements set out in the "Lex Asea" rules and therefore not be immediately taxable for individuals and limited liability companies that are Swedish tax residents. The tax basis for the shares in Electrolux that carry distribution rights will however be allocated among these shares and the shares received in Electrolux Professional. The allocation of the tax basis will be based on the change in value of the shares in Electrolux due to the distribution of the shares in Electrolux Professional. Electrolux will request general guidelines from the Swedish Tax Agency regarding the allocation of the tax basis. Information regarding the Swedish Tax Agency's general guidelines will be published as soon as possible on the websites of Electrolux, Electrolux Professional and the Swedish Tax Agency.

No Swedish withholding tax will be levied on a distribution made in accordance with the requirements set out in the "Lex Asea" rules.

Questions regarding the proposed distribution will be answered by telephone at +46 8 402 92 79.

This information brochure can also be downloaded from Electrolux website, [www.electroluxgroup.com](http://www.electroluxgroup.com).



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