Shape living for the better

Annual Report 2023

Electrolux Group

Contents

Our corporate reporting

Annual Report
The Annual Report for AB Electrolux (publ), 556009-4178, consists of pages 33-52, 69-110. The Annual Report is adopted in Swedish. The English version is a translation of the Swedish original.

Remuneration Report
The Remuneration Report is available online at: electroluxgroup.com/en/category/corporate-governance/remuneration-reports

Sustainability Reporting
The sustainability framework and execution are described in the Statutory sustainability report on pages 49-50, 58-68. The full Sustainability report is published online in March 2024 at: electroluxgroup.com/en/category/sustainability/sustainability-reports

electroluxgroup.com
Please find more information about business development, strategy and business areas on the Investor Relations webpage: electroluxgroup.com/ir

Forward looking statements
This report contains 'forward-looking' statements that reflect the company's current expectations. Although the company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations prove to have been correct as they are subject to risks and uncertainties that could cause actual results to differ materially due to a variety of factors. These factors include, but are not limited to, changes in consumer demand, changes in economic, market and competitive conditions, supply and production constraints, currency fluctuations, developments in product liability litigation, changes in the regulatory environment and other government actions. Forward-looking statements speak only as of the date they were made, and, other than as required by applicable law, the company undertakes no obligation to update any of them considering new information or future events.

Electrolux Group's purpose is to shape living for the better by reinventing taste, care and wellbeing experiences for more enjoyable and sustainable living around the world. As a leading global appliance company, Electrolux places the consumer at the heart of everything it does, with a focus on delivering outstanding consumer experiences within the three innovation areas:

Taste

As a kitchen appliance leader, we want our products to enable consumers to prepare food with the right taste and texture, minimize food waste, and create healthy and nutritious meals. We continuously add new functionalities in terms of control, interaction and innovative digital technologies.

62% of sales

Product categories: Cookers, hobs, ovens, hoods, microwave ovens, refrigerators and freezers.

Care

Our laundry products aim to offer consumers outstanding garment care, water and energy efficiency, and effective low temperature washing. Demand for our washing machines and tumble dryers is driven by innovations that promote user-friendliness and garment care through tailored and adaptive programs combined with leading resource efficiency.

30% of sales

Product categories: Washing machines, tumble dryers and dishwashers.

Wellbeing

We strive to create wellbeing products that are differentiated by their visual appeal, and how they promote healthy indoor environments and sustainable living. Our wellbeing products enable more people to sustainably benefit from comfortable temperatures as well as fewer particles in the air, in the water and on surfaces.

8% of sales

Product categories: Vacuum cleaners, air-conditioning equipment, water heaters, heat pumps and small domestic appliances.

Electrolux Group in brief

A global leader in household appliances

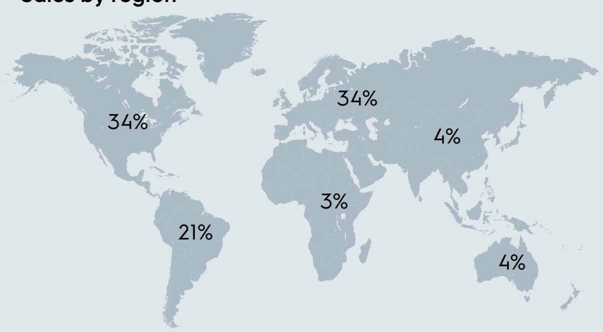
Sustainable consumer experience innovation is a key driver for long term profitable growth, enabling users to prepare great-tasting food, care for their clothes so they stay new for longer and achieve healthy wellbeing at home.

Consistently increasing operational efficiency through digitalization, automation and modularization is key to improve profitability and enable profitable growth. Sustainability is an integral part of Electrolux Group's strategy. A solid balance sheet facilitates profitable growth.

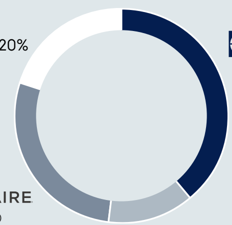
Electrolux Group's headquarters are located in Stockholm, Sweden, and the company's shares are listed on Nasdaq Stockholm.

Sales in ~120 markets for a total of SEK 134bn in 2023

Sales by region



Sales by brand



[1] Includes Frigidaire Gallery and Frigidaire Professional.

Strategy for profitable growth

Financial targets

Operating margin	Return on net assets	Sales growth
≥6%	>20%	≥4%

The primary financial priority is achieving our financial targets of an operating margin of at least 6% and a return on net assets of over 20%, over a business cycle. Once established, our objective is sales growth of at least 4% annually, over a business cycle.

Driving sustainable consumer experience innovation

Increasing efficiency through digitalization, automation and modularization

Solid balance sheet facilitates profitable growth

"To address the current challenging market conditions, and even though the ongoing cost reduction program is ahead of plan, we are stepping up our cost saving efforts significantly."

"Sharpened strategic focus and further steps to reduce costs"

2023 proved to be another challenging year with continued weak consumer demand and increased competitive pressure in our industry. To restore margins and return to profitable growth, we are therefore stepping up cost reduction measures, simplifying our organizational structure, and further sharpening our strategic focus.

Net sales amounted to SEK 134bn in 2023 and organic sales were down 4%. Operating income excluding non-recurring items was SEK 414m (831). Operating cash flow after investments improved to SEK 3.1bn, compared to SEK -6.1bn in 2022, mainly driven by a reduction in inventories as well as lower capital expenditure.

Throughout the year, high inflation, rising interest rates and geopolitical tensions continued to weigh on consumer sentiment, which remained weak in our major markets. Lower residential construction and remodeling activity resulted in weaker market demand in the all-important built-in kitchen category in Europe, while overall reduced purchasing power led to more consumers shifting to lower price points and postponing purchases in discretionary categories. Furthermore, price pressure increased in most of our markets, particularly in North America, caused by several factors, including the end of post-pandemic supply chain constraints, significantly lower freight rates, a strong U.S. dollar versus Asian currencies, and substantial cost inflation discrepancies between Europe and North America on the one hand, and certain parts of Asia, on the other. Taken together, these factors led to high promotional activity with increased pressure on margins.

During the year, we continued to execute effectively on the Group-wide cost reduction and North America turnaround program, launched in 2022. We delivered cost savings of approximately SEK 5.5bn in 2023, exceeding our original target of SEK 4–5bn. However, the significant year-over-year cost improvement, especially in North America, was insufficient to offset increasingly challenging market conditions, with the industry's high degree of promotional activity and increased cost competition negatively impacting both gross margin realization and sales volumes. Hence, our North American business area reported a loss in 2023, on a similar level as in 2022.

To address the current challenging market conditions, and even though the ongoing cost reduction program is ahead of plan, we are stepping up our cost saving efforts significantly, not just in our North American operations, but for the Group as a whole. The cost reduction target for 2024 vs 2023 is SEK 4–5bn. In addition to these targeted cost savings, we aim to →

continue to reduce product costs at a similar annual rate as for the period 2023–2024.

On a positive note, I am pleased with the strong performance of our new products in higher value categories enabled by our investment in new and innovative modular product architectures and new and more efficient production facilities. The increasing share of sales of these well-received products demonstrates that our strategy makes us competitive when we leverage our global scale in terms of innovation, Group-common product architecture, modularization, and speed to market. In recent years, product mix improvements have for the Group as a whole contributed on average approximately SEK 1bn a year to operating income. Despite weak consumer demand in 2023, mix was positive for the Group also this year, supported by our attractive product offering that is providing us with a solid platform to drive mix improvements also going forward.

To restore profitability, it will be equally important to drive commercial growth. Given the very competitive environment, and increased consumer power fueled by digitalization and enhanced opportunities for direct interaction, we must as a Group become even more focused in our commercial decisions. We are therefore sharpening our strategic focus to grow profitably in selected categories in the mid- and premium segments under our main brands Electrolux, AEG, and Frigidaire. To provide resources to execute our strategy at speed and scale, we have initiated divestment of non-core assets including mass appliance brands, production of water heaters and non-strategic real estate. Although the water heater business is profitable, and the mass appliance brands are well-known in their respective markets, the assets targeted for divestment do not have sufficiently strong synergies with our core strategy to warrant the necessary focus and investment from Electrolux Group. →

Industry trends: By leveraging its global scale and focusing on consumer-centric innovation, Electrolux Group is able to benefit from dominant long-term industry trends and rapidly introduce new innovative and sustainable products that are attractive in an increasingly competitive market.

Consumer power
Greater consumer awareness and access to information increasingly empowers consumers. Consumers are increasingly choosing brands with a purpose that they feel matches their own values.

Digitalization
enhances consumer power, while enabling increasingly advanced products and direct contact with consumers, as well as greater productivity and flexibility in industrial operations.

Sustainability
Consumers and authorities are increasing both social and environmental demands on manufacturers, to develop and offer more sustainable products that meet demands in areas such as energy efficiency and circularity.

Global economies of scale
In a competitive environment with an accelerating pace of development, global scale, and the ability to modularize are becoming increasingly important for innovation, efficient manufacturing, and marketing of sustainable, high-quality products at low costs.

Growing global middle class
drives market growth in Africa, the Middle East, Eastern Europe, Latin America and Southeast Asia. Emerging markets represent a potential universe of over 6 billion consumers.

A new simplified organization is a key enabler to execute successfully on our cost actions and targeted commercial growth. We have therefore reorganized the Group into three regional business areas and two global product lines, Taste and Care, all reporting directly to me. While North America and Latin America remain two separate business areas as before, we have combined the European business area and the Asia-Pacific, Middle East, and Africa business area into one. These measures will leverage our global scale with fewer layers, resulting in increased focus and reduced costs, as well as contributing to speed of innovation.

With all these combined measures, we remain committed to achieving an operating margin of at least 6% in the mid-term, executing on our strategy with focus, speed, scale, and lower cost. These measures are also expected to contribute positively to cash flow and thereby strenghten the balance sheet, which is a prioritized area from the management and the Board. The aim remains to maintain a solid investment grade rating.

Strategy for profitability – and growth

Electrolux Group shapes living for the better by reinventing taste, care, and wellbeing experiences, making life more enjoyable and sustainable for millions of people. Around the world, our products are an essential part of daily life. Our strategy for profitable growth is firmly based on industry trends that drive the development of a changing household appliance market. In terms of financial goals as part of our strategy, our primary financial priority is achieving an operating margin of at least 6%, as stated, and a return on net assets of more than 20% over a business cycle. →

Once these goals are achieved, our objective is sales growth of at least 4% annually over a business cycle.

With an even sharper strategic focus, our global scale takes on even greater significance. Through our global innovation processes and modularized product architectures, we have the ability to rapidly and efficiently bring attractive products to market that meet the needs and desires of our targeted consumer groups. Digitalization and automation are additional important elements in providing high-quality, cost-competitive products.

Digitalization and sustainability are two major trend drivers in our industry. In our dialogue with consumers, sustainability is an increasingly vital component. More environmentally friendly and resource-efficient appliances are not only good for consumers and society in general, but also for us as these products typically have higher margins. At the same time, we are increasing our focus on the aftermarket, which further strengthens our relationship with consumers, as we are able to provide service and solutions that maximize product performance and lifespan. Our aftermarket business contributes to both profitable growth and sustainable development.

Electrolux Group's clear sustainability focus is crucial for continued commercial success and for the company's social responsibility. Our sustainability framework – For the Better 2030 – contributes to several of the UN Sustainable Development Goals (SDGs). We focus primarily on the four SDGs where we see that we can contribute the most. These are: Decent Work and Economic Growth; Responsible Consumption and Production; Climate Action, and Partnership for the Goals. Our long-term climate goal, to have a net-zero value chain by 2050, is a firmly integrated part of our strategy. The way there involves all colleagues in all parts of our global organization, as well as close co-operation with a wide range of suppliers and partners in various fields. In order to achieve our long-term climate goal, we also have ambitious intermediate goals. We achieved our 2025 science-based target already in 2022 and have therefore set a new science-based target, which includes an even larger proportion of the value chain than before.

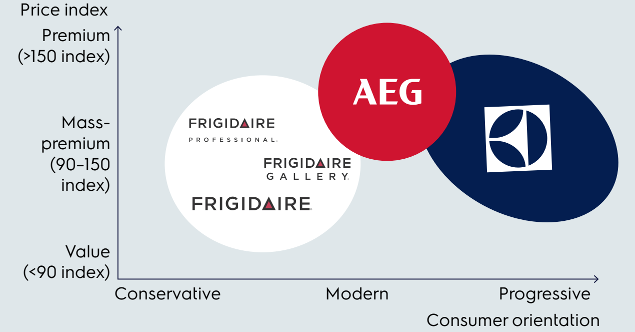
Driving innovation

As we further define our strategic direction, we are increasing our focus on our three main brands – Electrolux, AEG, and Frigidaire – which together represent 80% of total sales. Each brand has its own distinct market position. The typical Electrolux consumer wants a progressive, sustainable premium brand, whereas AEG consumers seek innovation, performance, and premium quality. The Frigidaire consumer looks for practical and affordable household solutions that improve the lives of family and friends. All three brands share the same ambition to offer solutions that enable more sustainable living.

At Electrolux Group innovation is built on deep consumer insights in the specific target groups for our three main brands. These insights provide the foundation for how we develop attractive products that meet the demands of each consumer group.

We focus our innovation efforts on three areas: Taste, Care, and Wellbeing. Taste innovation includes our kitchen appliances and is directed towards solutions for preparing great-tasting, healthier and more nutritious meals, and reducing food waste. Care innovation focuses on user-friendly, resource-efficient washing machines and tumble dryers that enable →

Three main brands with distinctive target consumers



"Our most resource-efficient products also make good business sense, accounting for 29% of total units sold and 38% of gross profit in 2023."

clothes to be cared for, so they stay new longer; while we target innovation efforts within Wellbeing on visually appealing and efficient vacuum cleaners and air-conditioning equipment that promote healthy homes.

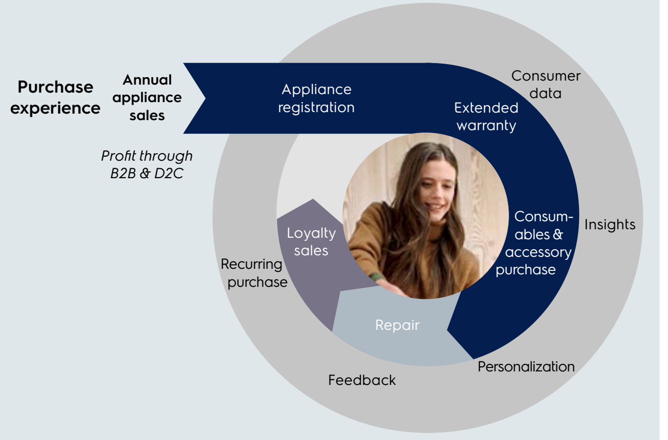
Recognized as a sustainability leader in the appliance industry, a substantial proportion of our innovation efforts are aimed at developing new environmentally friendly and resource-efficient products that can be brought to market at scale. Our most resource-efficient products also make good business sense: they accounted for 29% of total units sold and 38% of gross profit in 2023.

Resource-efficient products is our greatest contribution to tackling climate change. Because we know that the use phase accounts for approximately 85% of the total carbon footprint of appliances, we work to inspire conscious behavior and we design products that intuitively help consumers to use them in ways that reduce environmental footprint.

For example, with the launch of our EcoLine selection in 2023, we have brought together Electrolux and AEG's most resource-efficient washing, food preparation, dishwasher, and refrigeration products. Washing machines that qualify as EcoLine, for example, have several resource-saving functions with programs that clean effectively at 30°C, while consuming 30% less energy than the corresponding 40-degree program. Responding to increased energy awareness among consumers, these products are excellent examples of how our consumer-driven innovation creates conditions for consumers to contribute to reduced carbon-dioxide emissions at the same time as they save money and extend the lifetime of their garments and keep them looking new longer. Cutting edge innovation is crucial both for us as a business driver and for achieving our long-term sustainability goals.

Our innovation work also strives to strengthen relationships with consumers throughout the entire lifecycle of our products. An increased focus on the aftermarket, with service and spare parts sales, consumables, and accessories, contributes to profitable growth and supports consumers' own sustainability ambitions. Our investment in the aftermarket also creates opportunities for improved direct contact with consumers, which in turn increases consumer loyalty and benefits sales overall. →

Consumer direct interactions broaden business potential and deepen consumer loyalty



Electrolux and AEG EcoLine highlight energy-efficient solutions for consumers

With the launch of its Electrolux and AEG EcoLine selection, Electrolux Group is again responding to shifts in consumer preferences and setting new levels of sustainability performance. New research highlights the value of the Group's consumer insight-driven innovation that creates attractive products, which help consumers reduce their climate footprint.

Sustainability is a key business driver for Electrolux Group and a differentiator for its brands. Globally, 2 out of 3 consumers consider sustainability an important factor when buying electrical appliances[1] and Electrolux Group's most resource-efficient products typically have a higher profit margin. As the main part of an appliance's climate impact occurs in the use phase, sustainable consumer experience innovation is key for the Group's ability to help tackle climate change.

Responding to consumers' increased energy awareness

Consumer awareness and consideration for energy usage has increased significantly. According to the most recent Truth About Laundry[2] report, commissioned by Electrolux Group, in Europe 35 million households have started washing at 30°C since 2020; 44% of households now wash at 30°C, and a majority will do so by 2025 if this trend continues. Some 86% of households have tried to reduce energy use in the past year.

In response, Electrolux Group in 2023 launched Electrolux and AEG EcoLine. Activated in stores and online in European markets, the EcoLine selection includes the strongest energy labels of the Electrolux and AEG brands per product category and highlights key features driving more efficient use of resources.

Thoroughly cleans at 30°C while saving 30% energy

The laundry appliances qualified for EcoLine include models with an energy rating up to 30% better than the best A rating[3] with features such as AutoDose, which saves detergent, and Ultrawash, which cleans efficiently at 30°C and uses 30% less energy compared to a 40°C cotton program. The ProSteam program refreshes clothes in 25 minutes using up to 96% less water than washing. Steam also reduces wrinkles and the need to iron. Online, a converter[4] helps consumers translate energy efficiency into financial savings. Overall, the new products launched have been very well received, for example the new AEG laundry range has an average 4.8 consumer star rating on a 5-point scale. EcoLine also includes the most energy-efficient Electrolux and AEG products within cooking, dishwashers, and refrigeration.

1) Foresight Factory; 9,012 online respondents, global average, January 2022.
2) The research is based on data collected from 14,000 adults across 14 European markets between December 20, 2022, and January 16, 2023.
3) For products categorized with the EU energy label, Electrolux/AEG EcoLine products will always have the Group's best energy labels as a minimum criterion for selection.
4) Energy Savings Tool for websites provided by independent service provider Youreko.

Increasing efficiency

To be successful in today's competitive market, global scale is increasingly important. Our global size, together with Group-wide technology and product architecture, creates the necessary conditions to efficiently manufacture innovative products with high quality at competitive costs. With our detailed consumer insights, we are able to identify early changes in the needs and desires of our targeted consumer groups to efficiently and rapidly introduce new and attractive products to the market.

Modularization and automation are critical to increase efficiency in our operations. Through modularization, we optimize production and innovation by developing technology and product architecture for our appliances at Group level. This also means that we shorten the path from innovation to product launch, increase quality assurance, and reduce costs and resource use in product development. Modularization enables increased flexibility and lowers material costs, while increased automation contributes to higher productivity, improved quality, lower product costs and improved workplace safety. The investment and efficiency initiative totaling approximately SEK 8bn, which is now in its final phase, further increases efficiency in selected production facilities in Europe and the Americas. In this way, we are able to leverage our global scale and deploy Group-wide technologies and product architecture for our cooking and refrigeration/freezer solutions, reaching similarly high levels as our already established global frameworks for dishwashers and front-loading washing machines.

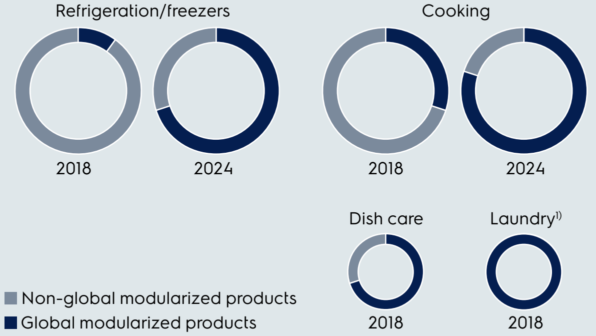
In order to implement our strategy for profitable growth, we need to make investments that develop innovative and sustainable digital consumer experience solutions and efficient manufacturing. In tougher economic times, it is even more important to make the right investments. A better defined and sharpened strategic focus facilitates such decisions.

Investments in digitalization are important to efficiently manage sourcing, supply chain, logistics, and consumer interaction. A combination of global strategic sourcing, a reduced number of components in our modularized production, and digitalization provides us with efficiency gains, increased flexibility and lowers the risk of disruption.

A key focus for our production facilities is an even greater degree of resource efficiency, which both lowers costs and contributes to achieving our sustainability goals. In addition to reduced energy use, we have worked on lowering water use at our factories for many years. Since 2015, we have reduced water use by 48% and all our facilities have individually developed plans to further reduce consumption. This is particularly important for factories located in areas with potential water risk, such as scarcity.

Another important initiative we are taking is to reduce the amount of waste from our facilities. In 2023, we recycled or recovered more than 98% of the waste from our factories. The goal is to reach 100% and for all our production facilities to be Zero Waste to Landfill-certified by 2025. →

Significantly leverage our global scale and technology deployment through global modularized products



Note: graphs show % of volume using global modules over total In-house production volume. Global modularized products are used in more than one product and in more than one region. The SEK 8bn re-engineering initiative was launched in 2018.

[1] Front-load laundry

Executing on our global re-engineering investments of SEK 8bn

Investments in modularization and automation in selected factories.

Global scale and new modular product architectures drive enhanced value share

Leveraging global scale is key for Electrolux Group to drive profitable growth. In North America, new cooking products in higher value categories are increasing their share of sales. Highly appreciated by consumers and efficiently produced, the new ovens and cookers are benefiting from the Group's innovative and modular global architectures.

Meeting consumers' ever-evolving needs and desires, the new Frigidaire Gallery wall ovens and front control cookers are equipped with several new functions enhancing the user experience. Features such as convection, air fry and no-preheat offer a variety of ways to cook great-tasting, healthier meals. Well-received by consumers, the new products belong to the higher-margin categories that have increased their market share by value and grown their share of total sales in North America.

New cooking facility in Springfield, U.S.
The latest wall ovens and new front control cookers are manufactured at the new cooking facility in Springfield, U.S. Having replaced two older plants in Springfield and Memphis, the new factory is part of Electrolux Group's SEK 8bn re-engineering investment initiative along with investments in four other factories in the Group. Now in its final phase, the initiative is aimed at leveraging global scale through a high degree of modularization, automation and Group-wide innovation and product development.

Increased efficiency and speed of innovation are major benefits of modularization. The new series of wall ovens and cookers in North America are based on product architecture and technologies that have already been proven to be beneficial in other plants in the Group and successful in other markets. With common platforms, the development of a broad variety of models, and adjustments to specific consumer target groups, is much faster and requires fewer resources. Even though white goods in the U.S. are considerably larger than those in Europe and Asia, they can still use the same platforms, creating cost advantages that are benefiting the whole Group.

Faster and more cost-efficient production
Modularization also brings substantial advantages on the assembly line. Production is significantly faster and more cost-effective as the new cooking products have far fewer parts and weigh significantly less than previous models. This results in reduced material costs compared to the earlier models. Overall, the new Springfield facility has reduced product variance by more than 70% and increased the degree of automation to around 30% compared to 6% at the old Springfield plant.

These enhancements enable Electrolux Group to significantly improve products in a more cost-efficient way. In addition to their value-adding cooking functions, the products' higher quality, more user-friendly design, and better finishes are important differentiators cited by consumers. The positive reception is reflected in high consumer star ratings. The wall ovens score a 4.6 rating and the front control cookers 4.5 on a 5-point scale.

Broadening our climate goal

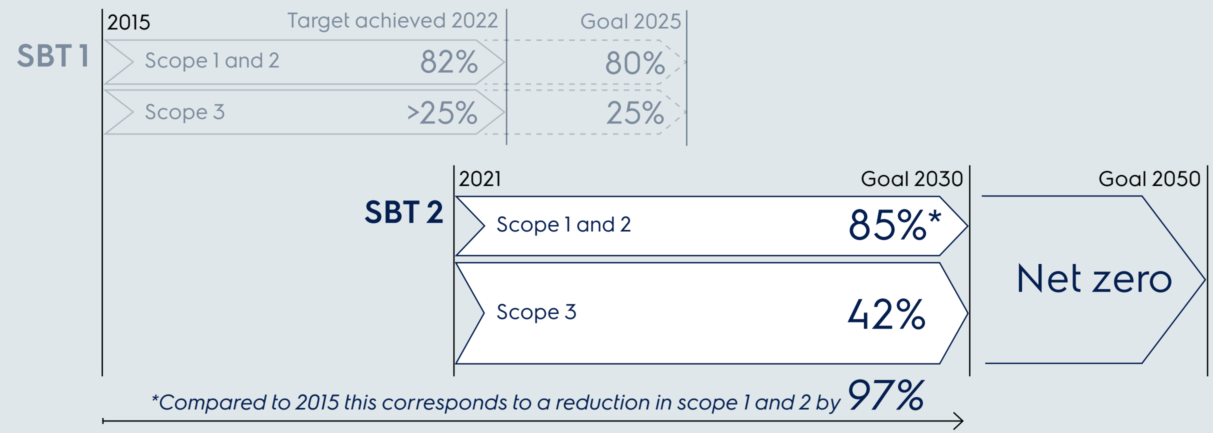
Electrolux Group was one of the first global manufacturing groups to identify the environment and climate as core issues for our common future. We were also one of the first 100 companies globally to set a science-based climate target and to have this approved by the Science Based Targets initiative in 2018. Not only did we set ambitious goals for ourselves, we were also one of the first companies to achieve the target. By 2022, we had reduced Scope 1 and Scope 2 carbon dioxide emissions from our own operations by 82% from 2015 levels, and we reduced emissions from product use, (Scope 3), by >25%. This means that we achieved the 2025 target of an 80% reduction of Scope 1 and Scope 2 emissions and a 25% reduction in Scope 3 emissions three years ahead of schedule.

With these achievements behind us, we have set a new science-based target, which by 2030 will see us further significantly reduce carbon dioxide emissions in our operations and from the value chain including the use of our products. We have also broadened our target for 2030 to include an even larger proportion of the value chain than before, with the long-term ambition of ensuring net-zero carbon emissions throughout our value chain by 2050.

Today, Electrolux Group operates a business that considers the climate in every aspect of its operations. The additional emissions reductions that we are now working towards are considerably more complex and thus more difficult to achieve. Despite this, I am as CEO confident about the considerable commitment to the climate that exists among my colleagues throughout the organization. Sustainability is part of our corporate identity and thereby a fundamental and integrated part of our corporate culture. Since 2020, part of the →

Electrolux Group has set a new and expanded Science Based Target (SBT 2)

Carbon emission reduction targets



SBT 1 (Base year 2015)
Scope 1, direct emissions, scope 2, indirect emissions, energy
Scope 3, other indirect emissions, including categories:
- Use of sold products

SBT 2 (Base year 2021)
Scope 1, direct emissions, scope 2, indirect emissions, energy
Scope 3, other indirect emissions, including categories:
- Purchased goods and services (new)
- Upstream transportation and distribution (new)
- Business travel (new)
- Use of sold products

"The broadening of our science-based target is a crucial step in driving the organization even more clearly in the direction of a net-zero value chain by 2050."

long-term incentive program for senior leaders is linked to reduced carbon dioxide emissions.

More categories added to our science-based target
According to our new science-based target, Electrolux Group will reduce Scope 1 and 2 emissions by 85% by 2030 compared to the base year 2021 with the aim of reaching zero emissions by 2033. While this is three years later than originally planned, due to a combination of challenging market conditions and limitations in how quickly new scalable technical solutions become available, our ambitions remain as high as before. At our production facilities, efforts continue to minimizing the use of energy. We are taking further steps to raise the percentage of renewable electricity used in our factories from the already high 96%. We have also begun to phase out the use of fossil fuel, moving towards electrifying equipment and processes.

For other indirect emissions, i.e. Scope 3, we have broadened our target for 2030 by adding the categories Purchased goods and services, Upstream transportation and distribution, and Business travel. The existing category Use of sold products has also been expanded. We aim to reduce Scope 3 emissions by 42% of 2021 levels by 2030. By including more categories in Scope 3, we further build commitment in parts of the value chain where we have the greatest opportunity to drive progress together with our partners and suppliers on the journey towards the goal of a net-zero value chain.

Since the majority of emissions occur in the use phase of our products, the most important thing we can do within Scope 3 is to make our products even more energy efficient and create the conditions for consumers to be able - and willing - to use them in ways that minimize climate impact. We are also working to change our product mix so that highly energy-efficient products constitute a growing proportion of total sales, which also makes a positive contribution to profitability. The rate of emissions reduction in the use phase is also dependent on the degree to which consumers have access to renewable electricity in the countries where they live.

In order to reduce indirect emissions, it is also important that the materials in our products are produced in a climate-efficient manner and with as high a degree of circularity as possible. Our ambition is to prioritize collaborations with suppliers that have the most carbon dioxide efficient steel production and that use as large a proportion of recycled metal as quality requirements allow. Similarly, we strive to increase the proportion of recycled plastic in our products. For example, our range includes fridges and freezers with inner liner walls made from 70% recycled plastic.

Transport to and from our production facilities and warehouses is an important part of our value chain. We are working to move transport on land from road to rail. In parallel, a transition to trucks powered by either electricity or biofuel is underway, and we are currently installing battery chargers at our manufacturing facilities and warehouses. A change is also underway in shipping, where we have partnerships with shipping companies that offer ships with a lower climate impact. In 2023, 34% of our sea transports were made with ships powered with more sustainable fuels.

Even if business travel overall has a significantly smaller climate impact than other Scope 3 categories, the inclusion of business travel in the science-based target is an important signal within the organization that everyone can and needs to be involved to ensure that we achieve our climate goals. We aim to reduce the number of flights by 50% by 2030 compared to 2019, and our employees are therefore encouraged to actively consider which flights are genuinely necessary and to have digital meetings where possible.

Efforts to achieve our climate goals and continuously increase resource efficiency are underway across the business. The broadening of our 2030 science-based target with three new Scope 3 categories is a crucial step in driving the organization even more clearly in the direction of a net-zero value chain in 2050.

Leveraging global scale to fulfill our long-term strategy

The challenging market environment that we are experiencing emphasizes the importance of staying agile and ready to adapt to rapidly changing conditions.

Our main priority remains delivering on our cost reduction targets and to efficiently implement the new, simplified organizational structure. We thereby aim to successfully leverage our global scale and strengthen our position in selected mid- and premium categories to restore margins and return to profitable growth.

Stockholm, February 2024

Jonas Samuelson
President and CEO

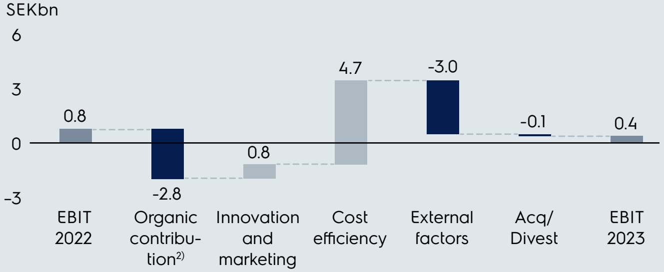
Summary 2023

The business environment in 2023 continued to be highly challenging. The consumer demand in most of Electrolux Group's main markets was negatively impacted by high general inflation, rising interest rates, and geopolitical tensions. The reduced purchasing power led to more consumers shifting to lower price points and postponing purchases in discretionary categories. In addition, lower residential construction and remodeling activity in Europe resulted in weaker market demand in the important built-in kitchen category. Lower sales volumes resulted in an organic sales decline for Electrolux Group of 4.0% and impacted earnings negatively. The operating margin amounted to 0.3%, excluding non-recurring items, compared to 0.6% last year.

Price was slightly positive, mainly as a result of price increases implemented in high inflation countries, while promotional activity increased significantly year-over-year due to lower consumer demand, the resolution of supply chain constraints, and large input cost discrepancies between Europe and North America on one hand and certain parts of Asia on the other. External factors had a negative impact on earnings, mainly driven by currency but also by labor cost- and energy inflation.

Despite the general market shift to lower price points, the attractive product offering delivered under well-established brands, and a focus on high-value categories, generated a favorable mix, enabled by the investments in modularized product platforms in recent years. Aftermarket sales increased slightly and amounted to 7% of total sales for the year.

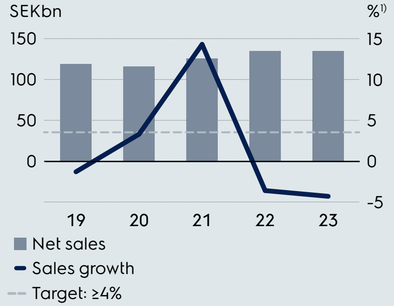
Operating income (EBIT) bridge[1)]



[1)] Excluding non-recurring items, all numbers are rounded.
[2)] Excludes currency related price increases in Argentina as of Q4 2023, which are included in External factors.

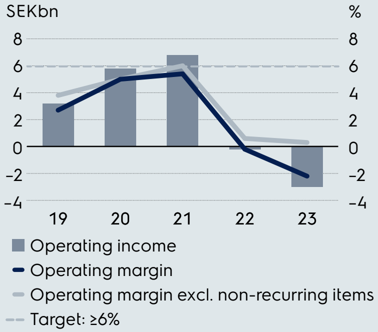
The Group-wide cost reduction and North America turnaround program, initiated towards the end of 2022, resulted in a substantial positive earnings effect year-over-year of approximately SEK 5.5bn. However, the significant cost improvement was insufficient to restore margins given the continued weak consumer demand and intensfied price pressure in North America. To address this, a significant step-up in cost reduction efforts was announced in October 2023, including further sharpening of the strategic focus and simplification of the organizational structure.

Sales growth

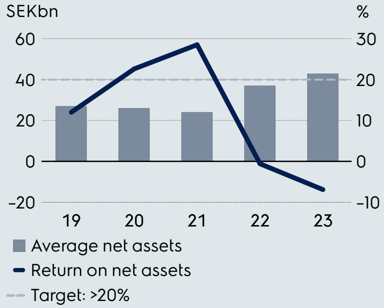


[1)] Total sales growth excluding currency translation effects.

Operating margin



Return on net assets



Note: Financial targets are over a business cycle.

Carbon dioxide emissions

In late 2023, Electrolux Group set a new science-based climate target to reduce carbon dioxide emissions in products and operations. The new target comes after the Group in 2022 achieved its previous science-based target three years ahead of plan. The new science-based target aims to reduce the company's direct and indirect emissions resulting from its own operations (scope 1 and 2) by 85% and to reduce the Group's absolute scope 3 emissions by 42% between 2021 and 2030. Beyond the use of sold products (which represents approximately 85% of the total climate footprint) the new scope 3 target also includes emissions from materials, transport of products and business travel. In 2023, the combined scope 1 and 2 emissions were reduced by 33% compared to 2021, mainly as a result of improved energy efficiency and increased share of renewable energy. Scope 3 emissions related to 'Use of sold products', were reduced by 28% compared to 2021, through improved product energy efficiency and product mix. The year-over-year decline in sales volumes also impacted the result positively in 2023.

Scope 1 and 2

33%

reduction compared to 2021

Scope 3

28%

reduction compared to 2021

For more information on Electrolux Group's Science Based Target, see the Statutory sustainability report on page 58.

Governance and control

Corporate governance report 2023, page 17-32
Annual report 2023, page 33-52, 69-110
Climate risk disclosures 2023, page 53-57
Statutory sustainability report 2023, page 49-50, 58-68

AB Electrolux (publ), 556009-4178, S:t Göransgatan 143, SE-105 45 Stockholm, Sweden.

Corporate governance report

Chairman's introduction

This corporate governance report provides details of the overall governance structure of Electrolux Group, the interactions between the formal corporate bodies, internal policies, and procedures as well as relevant control functions and reporting, which together ensure a robust global governance framework and a strong corporate culture.

Board's focus areas during the year

2023 has been a turbulent year marked by increased geopolitical tensions in the surrounding world with wars and overall macro-economic uncertainty, continued high inflation and a rising interest rate environment. This all together has resulted in a challenging year for Electrolux Group, with continued weak consumer demand and a shift towards lower price segments as well as increased competition in the market, which in turn has led to a decrease in organic sales and margins.

Considering the challenging macro environment, the overriding priority for the Board during 2023 has been to ensure necessary and rapid adaptations of the Group's structure and operations. The Board has regularly been following up on the execution of the on-going Group-wide cost reduction and North America turnaround program, as well as evaluating and initiating further cost reductions, and decided to sharpen the Group's strategic focus by initiating divestments of certain non-core assets – all to as quickly as possible restore margins, return to profitable growth and achieve the targeted capital structure.

The on-going Group-wide cost reduction and North America turnaround program, initiated in September 2022, has progressed well above target but it has not been sufficient to compensate for the difficult market conditions in which the Group operates. In October 2023, our on-going cost reduction efforts were therefore increased significantly, not just in relation to the operations in North America but Group-wide, to reduce structural and product costs. A new simplified organization was also presented, by which Electrolux Group as of January 1, 2024, has reorganized into three regional business areas and two global product lines, leveraging the Group's global scale with fewer layers. This step-up of cost reduction actions and simplified organizational structure are expected to result in cost savings of SEK 4-5bn in 2024 vs. 2023. Further in this challenging market, focused and strategic portfolio management is more important than ever. As part of the ongoing work to sharpen the strategic focus on growing profitably in selected home appliance categories in the mid- and premium segments, primarily under our main brands Electrolux, AEG and Frigidaire, and to provide resources to execute the strategy at speed and scale, preparations were initiated in July 2023 to divest non-core assets during the coming years, whereof SEK 0.9bn were realized during 2023.

The Board's objective is to maintain a solid investment grade rating, as defined by leading rating institutes, and according to the dividend policy the target is for the dividend to correspond to approximately 50% of the annual income. With the recorded net loss in 2023, the Board has proposed that no payment of dividend is to be made for the fiscal year 2023. Although this proposal is aligned with our dividend policy, it was an undesirable but necessary precautionary measure for the Board in order to ensure long-term value for our shareholders given the continued challenging macro environment. The Board continues to support management in the work to reduce costs and drive profitability, in order to return to dividend-paying conditions as soon as possible.

At the upcoming Annual General Meeting in March 2024, the time has come for me to step down as Chairman, and I would like to take this opportunity to thank my fellow Board members for their good cooperation during these years, constructive contributions and engaged work. I would also like to thank Group Management and all employees for their drive and hard work in this tough and challenging market, and would like to thank all shareholders for the confidence they have shown.

Reflecting on my time as the Chairman of the Board, it has indeed been a dynamic and challenging period, both in the world and for Electrolux Group. We have experienced a pandemic shutting down the world, increased geopolitical tensions and wars, and material macroeconomic uncertainties, leading to unbalances in the supply chains, high inflation and an environment with rising interest rates. Electrolux Group has experienced both profitable growth and rapidly declining consumer demand and price pressure.

Electrolux Group has executed the SEK 8bn re-engineering investments, initiated in 2018, focused on modularization and automation of the production facilities. These previous investments, initiated divestments of non-core assets and the now increased on-going Group-wide cost reduction and North America turnaround program enable us to significantly leverage our global scale by deploying Group-wide technologies and product architecture and thus, providing a foundation for the Group's increased strategic focus on its core brands, to decrease the overall costs level and the possibility to regain its profitability and increase its margins. The Group was also one of the first companies to meet its global science-based climate target 2022 – three years ahead of plan. I am confident that these initiatives combined will make it possible for Electrolux Group to compete successfully in an ever-changing and challenging global market.

Staffan Bohman
Chairman of the Board

Governance in AB Electrolux

AB Electrolux strives to maintain strict norms and efficient governance processes to ensure that all operations create long-term value for the shareholders and other stakeholders. This involves the maintenance of an efficient organizational structure, systems for internal control and risk management and transparent internal and external reporting.

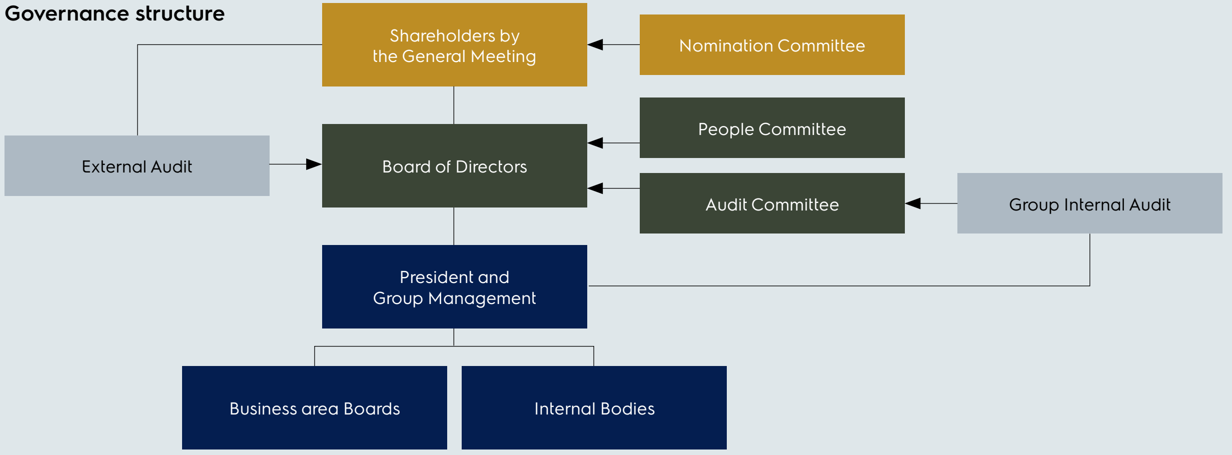
Electrolux Group comprises 132 companies with sales in approximately 120 markets. The parent company of the Group is AB Electrolux, a public Swedish limited liability company with its shares listed on Nasdaq Stockholm.

The governance of AB Electrolux is based on the Swedish Companies Act, the Annual Accounts Act, Nasdaq Nordic Main Market Rulebook for Issuers of Shares, the EU Market Abuse Regulation and the Swedish Code of Corporate Governance (the "Code"), as well as other relevant Swedish and foreign laws and regulations and internal governing documents. The Code and a description of the Swedish corporate governance model is available on the website of the Swedish Corporate Governance Board, www.corporategovernanceboard.se

This corporate governance report has been drawn up in accordance with the Annual Accounts Act and the Code. AB Electrolux had no deviations from the Code in 2023. There has been no infringement by AB Electrolux of applicable stock exchange rules and no breach of good practice on the securities market reported by the disciplinary committee of Nasdaq Stockholm or the Swedish Securities Council in 2023.

AB Electrolux's formal governance structure is presented to the right.

Governance structure



Major external regulations
- Swedish Accounts Act
- Annual Reports Act
- Nasdaqs rulebook for issuers
- EU Market Abuse Regulation
- The Swedish Code of Corporate Governance
- Rules and recommendations from the Stock Market Self-Regulation Committee

Major internal regulations
- Articles of Association
- Board of Directors' working procedures
- Policies for information, finance, credit, accounting manual, etc.
- Processes for internal control and risk management
- Code of Conduct, Anti-Corruption Policy and Workplace Policy

Electrolux Group is a leading global appliance company that has shaped living for the better for more than 100 years. We reinvent taste, care and wellbeing experiences for millions of people around the world, always striving to be at the forefront of sustainability in society through our solutions and operations. Under our brands, including Electrolux, AEG and Frigidaire, we sell household products in approximately 120 markets every year. In 2023, Electrolux Group had net sales of SEK 134bn and employed approximately 45,000 people around the world. For more information go to the Group's website, www.electroluxgroup.com.

AB Electrolux (publ) is registered under number 556009-4178 with the Swedish Companies Registration Office. The registered office of the Board of Directors is in Stockholm, Sweden.

The address of the Group headquarter is S:t Göransgatan 143, SE-105 45 Stockholm, Sweden.

Highlights 2023

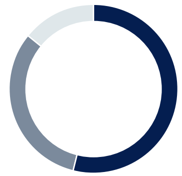
- Re-election of Staffan Bohman as Chairman of the Board at the Annual General Meeting 2023.
- No distribution of dividend for the fiscal year 2022.
- Staffan Bohman announces that he will not be available for re-election at the Annual General Meeting 2024 and the Nomination Committee proposes Torbjörn Lööf as new Chairman of the Board.
- Re-organization and simplification of the Group structure leveraging the Group's global scale with fewer layers, resulting in increased focus and reduced costs.

Shares and shareholders
AB Electrolux shares are listed on Nasdaq Stockholm. At year-end 2023, AB Electrolux had 75,049 shareholders according to Monitor by Modular Finance AB. Of the total share capital, 54% was owned by Swedish institutions and mutual funds, 32% by foreign investors and 14% by Swedish private investors, see the chart to the right. Investor AB is the largest shareholder, holding 17.9% of the share capital and 30.4% of the voting rights. The ten largest shareholders, excluding the company's treasury shares, accounted for 44.9% of the share capital and 53.1% of the voting rights in the company.

Voting rights
The share capital of AB Electrolux consists of Class A shares and Class B shares. One Class A share entitles the holder to one vote and one Class B share to one-tenth of a vote. Owners of Class A shares can request to convert their Class A shares into Class B shares. Conversion reduces the total number of votes in the company. As of December 31, 2023, the total number of registered shares in the company amounted to 283,077,393 shares, of which 8,191,804 were Class A shares and, 274,885,589 were Class B shares. The total number of votes in the company was 35,680,362.9. Class B shares represented 77.0% of the voting rights and 97.1% of the share capital.

Dividend policy
AB Electrolux target is for the dividend to correspond to approximately 50% of the annual income.
The Annual General Meeting ("AGM") in March 2023 decided to adopt the Board's proposal that no dividend should be distributed for the fiscal year 2022 and that AB Electrolux funds would be carried forward in the new accounts.

Ownership structure



Source: Monitor by Modular Finance AB. Compiled and processed data from various sources, including Euroclear, Morningstar and the Swedish Financial Supervisory Authority (Sw. Finansinspektionen) as per December 31, 2023.

The foreign ownership was 32% at year-end 2023 and 25% at year-end 2022.
Foreign investors are not always recorded in the share register. Foreign banks and other custodians may be registered for one or several customers' shares, and the actual owners are then usually not displayed in the register.
The information on ownership structure is updated quarterly on the Group's website. For additional information regarding the shares and ownership structure, see page 41.

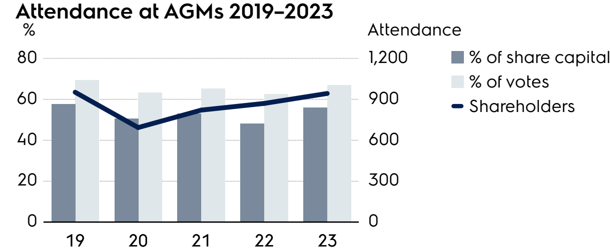
General Meeting of shareholders
The decision-making rights of shareholders in AB Electrolux are exercised at shareholders' meetings. The AGM of AB Electrolux is held in Stockholm, Sweden, during the first half of the year.
Extraordinary shareholders' meetings may be held at the discretion of the Board or, if requested, by the auditors or by shareholders holding at least 10% of all shares in AB Electrolux.
Participation in decision-making requires the shareholder's participation in the meeting, either personally or by proxy. In addition, the shareholder must be registered in the share register by a stipulated date prior to the meeting and must provide notice of participation in the manner prescribed in the notice.
Individual shareholders requesting that a specific issue be included in the agenda of a shareholders' meeting can request in writing the AB Electrolux Board to do so, using a specific email address published on the Group's website. The last date for making such a request for the respective meeting will be published on the Group's website.
Decisions at the meeting are usually taken on the basis of a simple majority. However, as regards certain matters, the Swedish Companies Act stipulates that proposals must be approved by a larger number of the votes cast and the shares represented at the meeting.

The AGM resolves upon:
- The adoption of the Annual Report.
- Discharge from liability of the Board and President and CEO.
- Dividend.
- Election of Board members, Chairman of the Board and, if applicable, auditors.
- Fees to Board members and auditors.
- Guidelines for remuneration to senior executives.
- The Remuneration Report.
- Other important matters.

Annual General Meeting 2023
The AGM 2023 was held at Münchenbryggeriet in Stockholm on March 29, 2023. The shareholders had the option to either vote by physical participation at the meeting venue or to vote in advance through postal voting. The AGM was webcasted and an excerpt from the AGM including the CEO's reflections from the past year and the future strategy was made available on the Group's website.

Decisions at the Annual General Meeting 2023:
- Discharge from liability of the Board members and the President and CEO.
- Re-election of all Board members.
- Re-election of Staffan Bohman as Chairman of the Board.
- Re-election of PricewaterhouseCoopers AB as auditor.
- Fees to the Board members and auditor.
- No distribution of dividend for the fiscal year 2022.
- Authorization to acquire own shares and to transfer own shares on account of company acquisitions and the share program for 2021.
- Implementation of a performance based, long-term share program for 2023 and transfer of own shares to the participants.

Attendance at AGMs 2019–2023



Shareholders present through postal voting at the AGM 2023 represented 12.8% of the share capital present and 13.0% of the votes present.

AGM 2024

The next AGM will be held on Wednesday, March 27, 2024 in Stockholm. For additional information about the AGM 2024, see page 122 and the notice convening the AGM.

Nomination Committee

The election and remuneration of the Board of Directors and auditors are prepared by the Nomination Committee in accordance with the Code. The AGM 2011 adopted an instruction for the Nomination Committee which applies until a new instruction is adopted by the AGM.

The current instruction for the Nomination Committee includes a process for the appointment of a Nomination Committee comprised of six members. The members should be one representative of each of the four largest shareholders in terms of voting rights that wish to participate in the Nomination Committee, together with the Chairman of AB Electrolux's Board and one additional Board member. The composition of the Nomination Committee shall be based on shareholder statistics from Euroclear Sweden AB as of the last banking day in August in the year prior to the AGM and on other reliable shareholder information, which is provided to the company at such time. The names of the shareholders and their representatives in the Nomination Committee shall be announced as soon as they have been appointed. If the shareholder structure changes during the nomination process, the composition of the Nomination Committee may be adjusted accordingly.

The Audit Committee assists the Nomination Committee in preparing proposal for election of auditors, and the Nomination Committee's proposal to the AGM on the election of auditors shall include the Audit Committee's recommendation.

The Nomination Committee's complete proposals are announced in the notice to the AGM. Shareholders may submit proposals for nominees to the Nomination Committee, using a specific email address published on the Group's website.

The Nomination Committee's tasks include preparing proposal for the next AGM regarding:
- Chairman of the AGM.
- Board members.
- Chairman of the Board.
- Fees to Board members.
- Remuneration for committee work.
- Amendments of instructions for the Nomination Committee, if deemed necessary.
- Auditors and auditors' fees, when applicable.

Nomination Committee for the AGM 2023

The Nomination Committee for the AGM 2023 was comprised of six members. Johan Forssell of Investor AB led the Nomination Committee's work.

In the nomination work for the AGM 2023, the Nomination Committee assessed the composition and size of the current Board as well as the Electrolux Group's operations. Areas of particular interest were the company's strategies and goals and the demands on the Board that are expected based on the Group's positioning for the future. The Nomination Committee applied rule 4.1 of the Code as diversity policy in its nomination work. The Nomination Committee considered the composition and size of the Board appropriate to meet the Group's needs and that there is a breadth and variety as regards age, nationality, educational background, gender, experience, competence and term of office are represented among the Board members.

The Nomination Committee proposed re-election of all Board members. The Nomination Committee also proposed re-election of Staffan Bohman as Chairman of the Board. Following the AGM 2023, three out of seven (approximately 43%) Board members elected at the shareholders' meeting are women (in this calculation, the President and CEO has not been included in the total number of Board members), which is no change from previous year.

The Nomination Committee also proposed, in accordance with the recommendation by the Audit Committee, re-election of PricewaterhouseCoopers AB as the company's auditor for the period until the end of the AGM 2024.

A report regarding the work of the Nomination Committee was included in the Nomination Committee's explanatory statement that was published before the AGM 2023. Further information regarding the Nomination Committee and its work can be found on the Group's website.

Nomination Committee for the AGM 2024

The Nomination Committee for the AGM 2024 was constituted based on the ownership structure as of August 31, 2023, and was announced by a press release on September 14, 2023.

The Nomination Committee's members are:
- Johan Forssell, Investor AB, Chairman
- Marianne Nilsson, Swedbank Robur Fonder
- Carina Silberg, Alecta
- Anders Hansson, AMF Tjänstepension och Fonder
- Staffan Bohman, Chairman of AB Electrolux
- Fredrik Persson, Board member of AB Electrolux

The Board of Directors

The Board of Directors has the overall responsibility for the Group's organization and administration.

Composition of the Board

According to the Articles of Association, the Board of Directors of AB Electrolux shall consist of not less than five and not more than fifteen members with not more than ten deputy members. The Board is comprised of eight members elected by the AGM 2023, without deputies, and three members with deputies who are appointed by the Swedish employee organizations in accordance with Swedish labor law. The Nomination Committee has proposed to the AGM 2024 to expand the Board to nine members elected by the AGM.

The AGM elects the Chairman of the Board. Directly after the AGM, the Board holds a meeting for formal constitution at which the members of the committees of the Board are appointed, among other things. The Chairman of the Board Staffan Bohman has declined re-election for the AGM 2024.

All current members of the Board elected by the AGM, except for the President and CEO, are non-executive members. Two of the eight Board members elected by the AGM are not Swedish citizens.

For additional information regarding the Board members, see pages 26-27.

Independence

The Board complies with the Code's requirements for independence. The result of the assessment of each Board member's independence is presented in the table on page 27.

All Board members except for Petra Hedengran and Jonas Samuelson have been considered independent in relation to the company and its management as well as to major shareholders. Petra Hedengran has been considered independent in relation to the company and its management, but not in relation to major shareholders of AB Electrolux. Jonas Samuelson has been considered independent in relation to major shareholders of AB Electrolux but not, in his capacity as President and CEO, in relation to the company and its management. Jonas Samuelson has no major shareholdings, and he is not a part-owner in companies having significant business relations with Electrolux Group. Jonas Samuelson is the only member of Group Management who is a Board member.

The Board's tasks

One of the main tasks of the Board is to manage the Group's operations in such a manner as to assure the shareholders that their interests in terms of a long-term profitable growth and value creation are being met in the best possible manner. The Board's work is governed by rules and regulations including the Swedish Companies Act, the Articles of Association, the Code and the working procedures established by the Board. The Articles of Association of AB Electrolux are available on the Group's website.

Working procedures and Board meetings

The Board determines its working procedures each year. The working procedures describe the Chairman of the Board's specific role and tasks, as well as the responsibilities delegated to the committees appointed by the Board. In accordance with the working procedures and the Code, the Chairman of the Board shall among other things:

- Organize and distribute the Board's work and ensure that the board receives sufficient information and documentation to enable it to conduct its work.
- Ensure that the Board discharges its duties and has relevant knowledge of the company.
- Secure the efficient functioning of the Board.
- Ensure that the Board's decisions are implemented efficiently.
- Ensure that the Board evaluates its work annually.

The working procedures for the Board also include detailed instructions to the President and CEO and other corporate functions regarding matters requiring the Board's approval. Among other things, these instructions specify the maximum amounts that various decision-making functions within the Group are authorized to approve as regards credit limits, investments and other capital expenditure. The Board decides on all investments exceeding SEK 100m and receives reports on all investments exceeding SEK 25m.

The working procedures stipulate that the meeting for the formal constitution of the Board shall be held directly after the AGM. Decisions at this statutory meeting include the appointment of members of the committees of the Board and authorization to sign on behalf of AB Electrolux. In addition to the statutory Board meeting, the Board normally holds seven other ordinary meetings during the year. Four of these meetings are to be held in conjunction with the publication of the Group's full-year report and interim reports. One or two meetings are to be held in connection with visits to Group operations, subject to travel restrictions or other concerns. Additional meetings are held when necessary.

The Board oversees and decides on Group-related matters such as:

- Main goals.
- Strategic orientation.
- Material matters related to financing, investments, acquisitions and divestments.
- Follow-ups and controls of operations, communication and organization, including evaluation of the Group's operational and sustainability management.
- Appointment, evaluation and dismissal of the President and CEO.
- Establishment of an effective system of internal control and risk management as well as a satisfactory process for monitoring the company's compliance with relevant laws and other regulations as well as internal policies.

The Board's work in 2023

During the year, the Board held ten meetings. The attendance of each Board member at these meetings is shown in the table on page 27.

All Board meetings during the year followed an agenda, which, together with the documentation for each item on the agenda, was sent to Board members in advance of the meetings. Electrolux Group's General Counsel serves as secretary at the Board meetings.

Each ordinary Board meeting includes a review of the Group's results and financial position, as well as the outlook for the forthcoming quarter, as presented by the President and CEO. In addition, investments and the establishment of new operations, as well as acquisitions and divestments, are handled. Normally, a member of Group Management also presents a current strategic issue at the board meeting. For an overview of the Board's ordinary work over the year, see the table below.

Key focus areas for the Board 2023

- Effects and impacts of external factors such as increased geopolitical tensions and wars, high general inflation and interest rate increases.
- Execution of the North America turnaround program and group wide cost reductions to restore margins and return to profitable growth.
- Strategic portfolio management and initiation of divestment of non-core assets.
- Global strategic focus on profitable growth through structural simplification and reduced complexity.

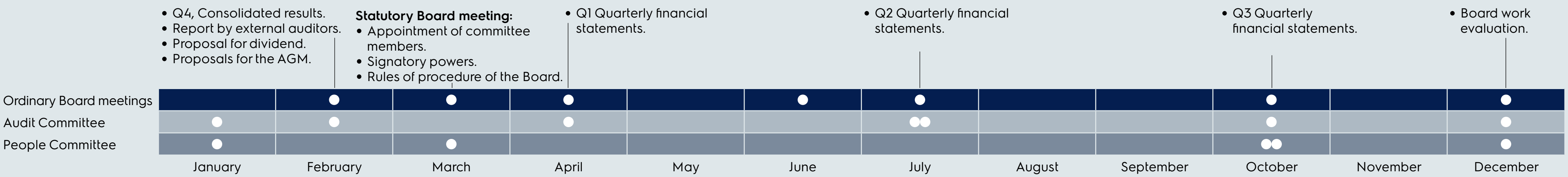
Ensuring quality in external reporting

The working procedures determined annually by the Board include detailed instructions on the type of financial reports and financial information which are to be submitted to the Board. In addition to the interim reports including the full-year report, and the annual report, the Board reviews and evaluates extensive financial information regarding the Group as a whole and the entities within the Group.

The Board also reviews, primarily through the Board's Audit Committee, the most important accounting principles applied by the Group in its financial reporting, as well as major changes in these principles. The tasks of the Audit Committee also include reviewing reports regarding internal control and financial reporting processes, as well as internal audit reports submitted by the Group's internal audit function, Group Internal Audit.

In accordance with the transitional provisions in the proposed legislation regarding increased requirements for sustainability reporting, the Board's responsibility for formalized routines that

Overview of various items on the Board's ordinary agenda and Committee meetings 2023



Each scheduled Board meeting included a review of the Group's results and financial position, as well as the outlook for the forthcoming quarter.

ensure processes and compliance with internal control for the external reporting will also include the sustainability reporting.

The Group's external auditor reports to the Board as necessary, but at least once a year. At least one of such reports is held without the presence of the President and CEO or any other member of Group Management. The external auditor also attends the meetings of the Audit Committee

Evaluation of Board work

The Board evaluates its work annually with regard to working procedures, the working climate and the focus areas of the Board work. The evaluation also focuses on access to and requirements of special competence in the Board. The evaluation is a tool for the development of the Board work and also serves as input for the Nomination Committee's nomination work. The evaluation of the Board is each year initiated and lead by the Chairman of the Board. The evaluation of the Chairman is led by one of the other members of the Board. Evaluation tools include questionnaires and discussions.

In 2023, Board members responded to written questionnaires. As part of the evaluation process, the Chairman also had individual discussions with Board members. The evaluations were discussed at a Board meeting and the result of the evaluations has been presented to the Nomination Committee.

Fees to Board members

Fees to Board members are determined by the AGM and paid to the Board members who are not employed by Electrolux Group. The AGM 2023 decided to increase the fees to the Chairman and the Board members, see the table to the right.

The Nomination Committee has recommended that Board members appointed by the AGM acquire AB Electrolux shares and that these are kept as long as they remain on the Board. A shareholding of a Board member should after five years correspond to the value of one gross annual fee, according to the recommendation from the Nomination Committee.

Only board members elected by the AGM who are employed by Electrolux Group are invited to participate in the AB Electrolux's long-term performance based share programs for senior managers and key employees.

For additional information on remuneration to Board members, see Note 27.

Remuneration to the Board of Directors 2021–2023 (applicable as from the respective AGM)

SEK	2023	2022	2021
Chairman of the Board	2,475,000	2,400,000	2,285,000
Board member	720,000	700,000	665,000
Chairman of the Audit Committee	310,000	300,000	290,000
Member of the Audit Committee	195,000	190,000	185,000
Chairman of the People Committee	180,000	175,000	170,000
Member of the People Committee	125,000	120,000	115,000
Member of ad hoc committees	60,000	60,000	-

Committees of the Board

The Board has established a People Committee and an Audit Committee. The major tasks of these committees are of preparatory and advisory nature, but the Board may delegate decision-making powers on specific issues to the committees. The matters considered at committee meetings are recorded in minutes of the meetings and reported at the following Board meeting. The minutes from the Audit Committee are also made available to the auditors. The members and chairmen of the committees are appointed at the statutory Board meeting following the AGM.

The Board has also determined that issues may be referred to ad hoc committees dealing with specific matters. In 2022, the Board established one ad hoc committee, the Share Buyback Committee, with the purpose of dealing with matters related to the share buyback programs. No ad hoc committee was established during 2023.

People Committee

One of the primary tasks of the People Committee is to prepare decisions on matters concerning principles for remuneration, remunerations and other terms of employment for the members of Group Management. The Committee also reviews the Board's report on remuneration pursuant to Chapter 8, Section 53 a of the Swedish Companies Act (the "Remuneration Report").

The People Committee consists of Board members Petra Hedengran (Chairman), Staffan Bohman and Karin Overbeck. At least two meetings are convened annually. Additional meetings are held as needed.

In 2023, the People Committee held five meetings. The attendance of each Committee member at these meetings is shown in the table on page 27. Significant matters addressed include evaluation, review and resolution on changes in the remuneration to members of Group Management, follow-up and evaluation of previously approved long-term incentive programs and remuneration guidelines for senior executives, review of the Remuneration Report for 2023 and review and preparation of long-term incentive program for 2024. The Head of People & Communications participated in the meetings and was responsible for meeting preparations.

The People Committee's tasks include for example:

- To prepare and evaluate application of remuneration guidelines for Group Management and changes of remuneration to Group Management.
- To prepare and evaluate targets and principles for variable compensation.
- To prepare terms for pensions, notices of termination and severance pay as well as other benefits for Group Management.
- To prepare and evaluate AB Electrolux long-term incentive programs.
- To review the Remuneration Report.
- To oversee and make recommendations regarding the development, recruitment, and succession planning as well as evaluate the performance of the President and CEO and the other members of Group Management.
- To oversee the overall organizational structure and advise Group Management regarding people plans and development of the company culture.

Audit Committee

The main task of the Audit Committee is to oversee the processes of AB Electrolux's financial reporting and internal control in order to secure the quality of the Group's external reporting. The Audit Committee is also tasked with supporting the Nomination Committee with proposals when electing external auditors. In accordance with the transitional provisions in the proposed legislation regarding increased requirements for sustainability reporting, the Audit Committee's duties will also include monitoring processes and internal control for sustainability reporting, including, among other things, submitting recommendations and proposals to ensure the reliability of sustainability reporting and informing the Board of Directors of the results of the review of the sustainability report.

The Audit Committee consists of Board members Ulla Litzén (Chairman), Staffan Bohman, Petra Hedengran and Fredrik Persson. The external auditor report to the Audit Committee at each ordinary meeting. At least three meetings are held annually. Additional meetings are held as needed.

In 2023, the Audit Committee held seven meetings. The attendance of each Committee member at these meetings is shown in the table on page 27. Managers of Electrolux Group have also had regular contacts with the Committee Chairman between meetings regarding specific issues. The Group's Chief Financial Officer, and from time to time other senior management members, have participated in the Audit Committee meetings.

The Audit Committee's tasks include for example:

- To review the financial reporting.
- To monitor the effectiveness of the internal control, including risk management, for the financial reporting.
- To follow up the activities of the Group Internal Audit as regards to organization, recruiting, budgets, plans, results and audit reports.
- To review and approve certain credit limits.
- To keep informed of the external audit and the quality control performed by the Supervisory Board of Public Accountants and to evaluate the work of the external auditors.
- To inform the Board of the outcome of the external audit and explain how the audit contributed to the reliability of the financial reporting, as well as the role of the Committee in this process.
- To review, and when appropriate, pre-approve the external auditors' engagements in other tasks than audit services.
- To evaluate the objectivity and independence of the external auditors.
- To support the Nomination Committee with proposals when electing external auditors.

External auditors

The AGM 2023 re-elected PricewaterhouseCoopers AB (PwC) as AB Electrolux's external auditor for one year, until the AGM 2024. The election of PwC was preceded by recommendation by the Audit Committee. Authorized Public Accountant Peter Nyllinge is the auditor in charge of AB Electrolux.

PwC provides an audit opinion regarding AB Electrolux, the financial statements of the majority of the company's subsidiaries, the consolidated financial statements for the Electrolux Group and the administration of AB Electrolux. The auditor also conduct a review of the half year report for the second quarter. The audit is conducted in accordance with the Swedish Companies Act, Annual Accounts Act, International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden.

Audits of local statutory financial statements for legal entities outside of Sweden are performed as required by law or applicable regulations in the respective countries, including issuance of audit opinions for the legal entities.

SEKm	2023	2022	2021
PwC			
Audit fees	62	56	–
Audit related fees	1	0	–
Tax fees	0	1	–
All other fees	1	10	–
Total fees to PwC	64	67	–
Deloitte			
Audit fees	–	–	59
Audit-related fees	–	–	2
Tax fees	–	–	0
All other fees	–	–	0
Total fees to Deloitte	–	–	61
Audit fees to other audit firms	0	0	0
Total fees to auditors	**64**	**67**	**61**

Deloitte were the AB Electrolux external auditor for 2021. For details regarding fees paid to the auditors and their non-audit assignments in the Group, see Note 28.

Group Internal Audit

The internal audit function (Group Internal Audit) is responsible for independent, objective assurance, in order to systematically evaluate and propose improvements for more effective governance, internal control and risk management processes.

The process of internal control and risk management has been developed to provide reasonable assurance that the Group's goals are met in terms of efficient operations, compliance with relevant laws and regulations and reliable financial reporting.

Internal audit assignments are conducted according to a risk based plan developed annually and approved by the Audit Committee. The audit plan is derived from an independent risk assessment conducted by Group Internal Audit to identify and evaluate risks associated with the execution of the company strategy, operations, and business processes. The plan is designed to address the most significant risks identified within the Group and its business areas. The audits are executed using a methodology for evaluating the design and effectiveness of internal controls to ensure that risks are adequately addressed and processes are operated efficiently.

Opportunities for improving the efficiency in the governance and internal control and risk management processes identified in the internal audits are reported to responsible business area management for action. A summary of audit results is provided to the Audit Board and the Audit Committee, as is the status of management's implementation of agreed actions to address findings identified in the audits.

In accordance with the transitional provisions in the proposed legislation regarding increased requirements for sustainability reporting, Group Internal Audit will also ensure internal control processes and compliance for sustainability reporting.

For additional information on internal control, see pages 30-31.

Electrolux Group – Financial targets

Targeted growth and optimization of the product portfolio to the most profitable product categories and products with distinct consumer benefits, will strengthen the presence of Electrolux Group in the product categories and channels where the Group is most competitive. Electrolux Group's objective is to grow with consistent profitability, see the financial targets below.

Financial targets over a business cycle

The primary financial priority is achieving our financial targets of an operating margin of at least 6% and a return on net assets of over 20%, over a business cycle. Once established, our objective is sales growth of at least 4% annually, over a business cycle. The goal for capital turnover is at least four times over a business cycle.

- Operating margin of at least 6%.
- Return on net assets >20%.
- Sales growth of at least 4% annually.
- Capital turnover-rate of at least 4.

A sustainable business

To be a leader in sustainability is a prerequisite for realizing the Electrolux Group's strategy for long-term profitable growth. In 2023, Electrolux Group's most resource-efficient products represented 29% of products sold and 38% of gross profit.

Electrolux Group takes a consistent approach to sustainability in all of the countries where the Group operates. Understanding and engaging in challenges such as climate change, creating ethical and safe workplaces, and adopting a responsible approach to sourcing and reorganizations are important for realizing the business strategy.

Electrolux Group has a Code of Conduct, which sets out the framework of how Electrolux Group shall conduct its operations in an ethical and sustainable way. The Code of Conduct, which has been approved by the Board of Directors, serves as an introduction to the Group policies and directives, and its purpose is to increase the clarity on what the company's principles mean for the employees. There are regular trainings and communications of the Code of Conduct and Group policies and directives. In 2023 online trainings in the workplace policy and the antitrust policy were rolled out to office based employees. At year end the completion rates for the workplace training were 80% for line managers and 84% for employees respectively, and 75% for the antitrust training.

The Ethics Program encompasses a global whistle-blowing system – Ethics Helpline – through which suspected misconduct can be reported in local languages. Reports may be submitted anonymously if legally permitted. The largest categories of reports in 2023 related to workplace conduct, verbal abuse and other types of disrespectful behavior.

Since 2016, Electrolux Group works on human rights in line with the UN Guiding Principles on Business and Human Rights. During 2023 the work was focused on preparing the Group for new and upcoming legislation, such as increased sustainability reporting (CSRD), the German Supply Chain Due Diligence Act (LkSG) and the Directive on Corporate Sustainability Due Diligence (CSDD). In 2023 the local impact assessment of the operations in China was completed and a local impact assessment of the operations in Germany was initiated.

Electrolux Group's sustainability performance strengthens relations with investors and AB Electrolux is recognized as a leader in the household durables industry. In 2023, AB Electrolux was included in the Dow Jones Sustainability Index (DJSI) World and Europe indexes.

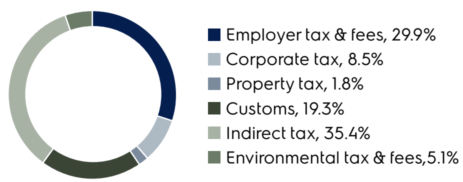
Electrolux Group as a tax payer

One important aspect of Electrolux Group's purpose – Shape living for the better – is to act as a good corporate citizen and taxpayer wherever the Group operates. Electrolux Group plays an important role in contributing to public finances in all jurisdictions where the Group operates. The Group has approximately 45,000 employees with sales in approximately 120 markets.

Of Electrolux Group's total tax contribution, as defined in the below chart, corporate tax represented approximately 8.5% in 2023. Corporate income taxes are only a portion of the Group's total contribution to public finances in the Group's markets. In addition to corporate income taxes, the Group pays indirect taxes, customs duties, property taxes, employee related taxes, environmental charges and a number of other direct or indirect contributions to governments. Electrolux Group's total contribution to public finances for 2023 amounted to approximately SEK 10.8bn whereof approximately half related to emerging markets.

Electrolux Group's most transparent contribution to public finances around the world is corporate income taxes, see Note 10. Corporate income taxes amounted to SEK 0.9bn in 2023, representing a global effective tax rate of the Group of -2.27%.

Electrolux Group total taxes 2023



Management and Group structure

Electrolux Group aims at implementing strict norms and efficient processes to ensure that all operations create long-term value for shareholders and other stakeholders. This involves the maintenance of an efficient organizational structure, systems for internal control and enterprise risk management, and transparent internal and external reporting.

Following re-organization of the Group into a simplified structure, the organization consist of two global product lines, three regional business areas, and four global functions, all reporting to the President and CEO. The new product line structure became effective as of November 1, 2023, and the new business area structure as of January 1, 2024. There are also a number of internal bodies which are forums that are preparatory and decision-making in their respective areas, see chart on page 25. Each body includes representatives from concerned functions.

The President and CEO and Group Management

In recent year, important decisions have been made to simplify the organization and leverage Electrolux Group's global scale with fewer layers, resulting in increased focus and reduced costs.

Group Management currently includes the President and CEO, heads of the global product lines Taste and Care, heads of the global functions Operations; Technology & Sustainability; Finance, Legal & IT; and People & Communications, and heads of the three regional business areas Europe, Asia-Pacific, Middle East and Africa; North America; and Latin America.

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

A diversified management team

The Electrolux Group Management represents seven nationalities and all has extensive experience from various management positions within Electrolux Group and many have previous experience of predominantly multinational consumer goods companies. Following re-organization as of November 1, 2023, three out of ten (30%) members of Group Management are women.

Group Management with its extensive expertise, diverse cultural backgrounds and experiences from various markets in the world, forms an excellent platform for pursuing profitable growth in accordance with the company's strategy and goals as well as for the demands that the Group's future direction and continued challenges are expected to place on Group Management.

Changes in Group Management

As part of the re-organization of Electrolux Group effective as of November 1, 2023, the following changes were made in Group Management.

Anna Ohlsson-Leijon, existing member of Group Management, was appointed Group Executive Vice President and head of the combined business area Europe, Asia-Pacific, Middle East and Africa. Dan Arler was appointed head of product line Taste, Ian Banes was appointed head of product line Care and Elena Breda was appointed head of global function Technology & Sustainability. Therese Friberg, existing member of Group Management, was appointed head of the combined global function Finance, Legal & IT. Carsten Franke remains as head of global function Operations and Lars Worsøe Petersen remains as head of global function People & Communications. Ola Nilsson left his position as head of the organization area Consumer Experience & Product Lines.

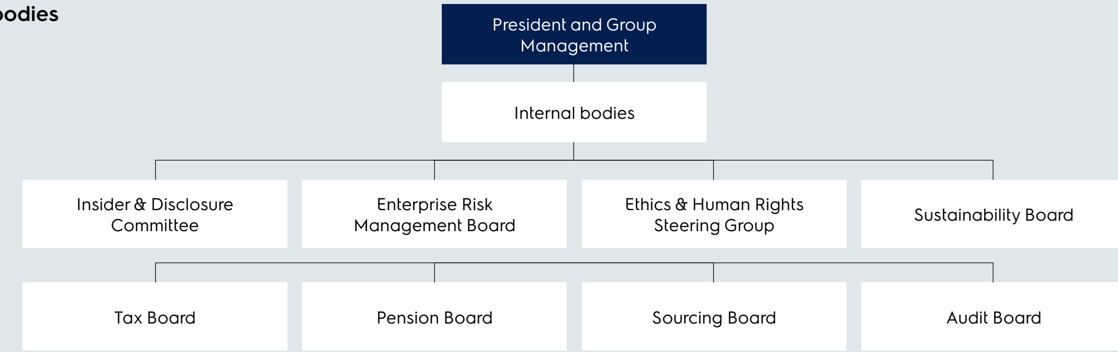
As of January 1, 2024, the new business area structure was effective and the business areas Europe and Asia-Pacific, Middle East and Africa formed one regional business area under the leadership of Anna Ohlsson-Leijon. Chris Braam left his position as head of business area Europe and Adam Cich left his position as head of business area Asia-Pacific, Middle East and Africa, but both remains in other roles in the new organization for business area Europe, Asia-Pacific, Middle East and Africa. The other two regional business areas, North America under the leadership of Ricardo Cons and Latin America under the leadership of Leandro Jasiocha, remain.

For details regarding members of Group Management, see pages 28-29.

Key focus areas for the President and CEO and Group Management during 2023

- Responding to the dynamic environment caused by continued imbalances in the global supply chain, increased geopolitical tensions, and high inflation.
- Group-wide cost reduction and execution of the North America turnaround program.
- Strategic divestments of non-core assets.
- Continued focus on developing sustainable consumer experiences under sharpened brands and maintaining a competitive product and brand offering in light of the challenges that consumers' reduced purchasing power poses to demand.
- Strengthening consumer relations after product purchase, including aftermarket business.
- Continued implementation of the new sustainability framework, launched in 2020, and preparation for upcoming extended sustainability reporting requirements (CSRD).

Internal bodies



Remuneration to Group Management

Remuneration guidelines for senior Management are resolved upon by the AGM, based on proposal from the Board of Directors. Remuneration to the President and CEO is then resolved upon by the Board, based on proposal from the People Committee. Changes in the remuneration to other members of Group Management is resolved upon by the People Committee, based on proposals from the President and CEO, and reported to the Board.

Electrolux Group shall strive to offer total remuneration that is fair and competitive in relation to the country of employment or region of each Group Management member. The remuneration terms shall emphasize 'pay for performance', and vary with the performance of the individual and the Group.

The current remuneration guidelines have been evaluated by the People Committee during the year and will be submitted to the AGM 2024 for approval, in all material aspects corresponding with the current guidelines adopted by the AGM 2020.

Remuneration may comprise of:

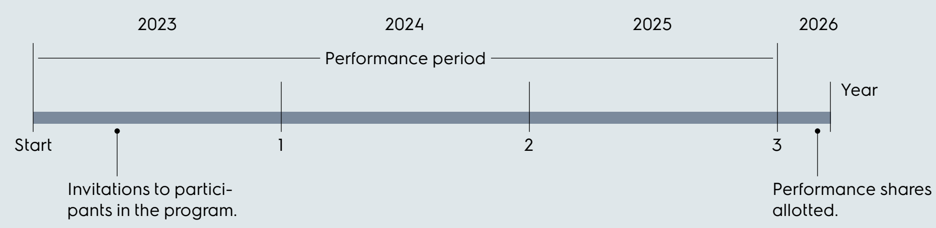
- Fixed compensation.
- Variable compensation.
- Other benefits such as pension and insurance.

Following the 'pay for performance' principle, variable compensation shall represent a significant portion of the total compensation for Group Management. Variable compensation shall always be measured against predefined targets and have a maximum level above which no pay-out shall be made. The targets shall principally relate to financial performance.

Each year, the Board of Directors evaluates whether a long-term incentive program shall be proposed to the AGM. The AGM 2023 decided on a long-term performance based share program for up to 900 senior managers and key employees in Electrolux Group (LTI 2023).

For additional information on remuneration, guidelines for remuneration, long-term incentive programs and pension benefits, see Note 27.

Timeline for the long-term incentive program for senior management 2023



The calculation of the number of performance shares, if any, is connected to two performance targets for the Group established by the Board; (i) cumulative earnings per share, and (ii) CO_2 reduction. Allotment of performance shares, if any, to the participants will be made in 2026.

Board of Directors and Auditors

Staffan Bohman

Chairman

Born 1949. Sweden. B.Sc. in Economics and Business Administration. Elected 2018. Member of the Audit Committee and the People Committee.

Other assignments: Chairman of the Board of the Research Institute of Industrial Economics. Board Member of Åke Wiberg Foundation. Member of the Royal Swedish Academy of Engineering Sciences (IVA).

Previous positions: President and CEO of Sapa and DeLaval, Chairman of the German-Swedish Chamber of Commerce, as well as Board member of, inter alia, Atlas Copco AB, Scania AB, Inter-IKEA Holding NV and Rezidor Hotel Group AB.

Holdings in AB Electrolux: 200,000 B-shares. 120,279 call options, issued by Investor AB entitling the right to purchase AB Electrolux B-shares.

Jonas Samuelson

President and CEO

Born 1968. Sweden. M.Sc. in Economics and Business Administration. Elected 2016.

Other assignments: Board member of Axel Johnson AB and Volvo Cars AB.

Previous positions: Various senior positions within Electrolux Group including CFO of AB Electrolux, COO Global Operations Major Appliances and Head of Major Appliances EMEA. Chief Financial Officer and Executive Vice President of Munters AB. Various senior positions within General Motors, mainly in the U.S., and Saab Automobile AB.

Holdings in AB Electrolux: 94,795 B-shares.

Petra Hedengran

Born 1964. Sweden. M. of Laws. Elected 2014. Chairman of the People Committee and member of the Audit Committee.

Other assignments: General Counsel and member of Group Management of Investor AB. Board member of Alecta and the Association for Generally Accepted Principles in the Securities Market (Sw. Föreningen för god sed på värdepappersmarknaden).

Previous positions: Attorney and partner at Advokatfirman Lindahl. Various positions within the ABB Financial Services including General Counsel of ABB Financial Services, Nordic Region. Law Clerk with the Stockholm District Court. Associate at Gunnar Lindhs Advokatbyrå.

Holdings in AB Electrolux: 15,900 B-shares.

Henrik Henriksson

Born 1970. Sweden. B.Sc. in Business Administration. Elected 2020.

Other assignments: President and CEO of H2 Green Steel AB. Board member of Creades AB, SAAB AB and the Confederation of Swedish Enterprise (Sw. Svenskt Näringsliv).

Previous positions: Various senior positions within Scania including President and CEO of Scania AB. Board member of Hexagon AB.

Holdings in AB Electrolux: 425 B-shares.

Ulla Litzén

Born 1956. Sweden. B.Sc. in Economics and M.B.A. Elected 2016. Chairman of the Audit Committee.

Other assignments: Board member of Epiroc AB, Ratos AB, and Stockholm School of Economics Association.

Previous positions: President of W Capital Management AB, wholly-owned by the Wallenberg Foundations. Various leading positions within the Investor Group including Managing Director and member of Group Management of Investor AB. Board member of Stockholm School of Economics.

Holdings in AB Electrolux: 12,000 B-shares.

Karin Overbeck

Born 1966. Germany. Master's degree in Economics, Marketing and Finance. Elected 2020. Member of the People Committee.

Other assignments: CEO of Freudenberg Home and Cleaning Solutions GmbH. Member of Executive Council, Freudenberg Group. Vice President and member of the Board of the German Brands Association.

Previous positions: Various senior positions within the KAO Corporation as well as in L'Oréal, Tchibo and Unilever.

Holdings in AB Electrolux: 3,135 B-shares.

Fredrik Persson

Born 1968. Sweden. M.Sc. in Economics. Elected 2012. Member of the Audit Committee.

Other assignments: Chairman of the Board of JM AB, the Confederation of European Business (BusinessEurope) and Ellevio AB. Board member of Holmen AB, Hufvudstaden AB, ICA Gruppen AB and A.Ahlström Oy.

Previous positions: Various leading positions within Axel Johnson AB including President and CEO. Head of Research of Aros Securities AB. Various positions within ABB Financial Services AB.

Holdings in AB Electrolux: 5,000 B-shares.

David Porter

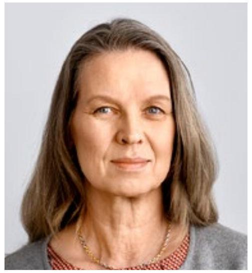
Born 1965. USA. Bachelor's degree, Finance. Elected 2016.

Previous positions: Head of Microsoft Stores, Corporate Vice President, Microsoft Corp. Chairman of Serta Simmons Bedding LLC. Head of Worldwide Product Distribution at DreamWorks Animation SKG. Various positions within WalMart Stores, Inc.

Holdings in AB Electrolux: 3,315 B-shares.

Holdings in AB Electrolux are stated as of December 31, 2023 and includes holdings of related natural and legal persons, when applicable.

Employee representatives



Viveca Brinkenfeldt Lever
Born 1960. Representative of the Federation of the Salaried Employees in Industry and Services. Elected 2018.
Board meeting attendance: 10/10
Holdings in AB Electrolux: 0 shares.

Peter Ferm
Born 1965. Representative of the Federation of Salaried Employees in Industry and Services. Elected 2018.
Board meeting attendance: 9/10
Holdings in AB Electrolux: 100 B-shares.

Wilson Quispe
Born 1978. Representative of the Federation of Salaried Employees in Industry and Services. Elected 2022.
Board meeting attendance: 8/10
Holdings in AB Electrolux: 4,900 B-shares.

Employee representatives, deputy members

Ulrik Danestad
Born 1969. Representative of the Federation of Salaried Employees in Industry and Services. Elected 2020.
Holdings in AB Electrolux: 20 B-shares.

Secretary of the Board

Ulrika Elfving
Born 1973. M. of Laws. General Counsel of Electrolux Group.
Secretary of the AB Electrolux Board since 2022.
Holdings in AB Electrolux: 3,042 B-shares.

Committees of the Board of Directors

People Committee
Petra Hedengran (Chairman), Staffan Bohman and Karin Overbeck.

Audit Committee
Ulla Litzén (Chairman), Staffan Bohman, Petra Hedengran and Fredrik Persson.

Auditors

PricewaterhouseCoopers AB.

Peter Nyllinge
Born 1966. Authorized Public Accountant.
Other audit assignments: Getinge AB, SAAB AB and Sandvik AB.
Holdings in AB Electrolux: 0 shares.

The board's remuneration during 2023, meeting attendance and independence

	Total remuneration 2023, '000 SEK	Board meeting attendance	People Committee attendance	Audit Committee attendance	Independence[1]
Staffan Bohman	2,774	10/10	5/5	7/7	
Petra Hedengran	1,088	10/10	5/5	7/7	No
Henrik Henriksson	715	9/10			
Ulla Litzén	1,038	9/10		7/7	
Karin Overbeck	839	10/10	5/5		
Fredrik Persson	924	10/10		7/7	
David Porter	715	9/10			
Jonas Samuelson	–	10/10			No

[1] For further information about the independence assessment, see page 20.

Holdings in AB Electrolux are stated as of December 31, 2023 and includes holdings of related natural and legal persons, when applicable.

Group Management

Jonas Samuelson
President and CEO

Born 1968. Sweden. M.Sc. in Economics and Business Administration. In Group Management and employed since 2008.

Other assignments: Board member of Axel Johnson AB and Volvo Cars AB.

Previous positions: Various senior positions within Electrolux Group including CFO of AB Electrolux, COO Global Operations Major Appliances and Head of Major Appliances EMEA. CFO and Executive Vice President of Munters AB. Various senior positions within General Motors, mainly in the U.S., and Saab Automobile AB.

Holdings in AB Electrolux: 94,795 B-shares.

Dan Arler
Head of Product Line Taste

Born 1969. Netherlands. B.Sc. in Management. In Group Management since 2023 and employed 2002-2020 and since 2023.

Previous positions: Senior positions within Electrolux Group including CEO of business area Asia-Pacific, Middle East and Africa, CEO of business area Europe, Middle East and Africa, and Senior Vice President of the Kitchen product line within business area Europe, Middle East and Africa.

Holdings in AB Electrolux: 18,448 B-shares.

Ian Banes
Head of Product Line Care

Born 1968. United Kingdom. Masters Degree in Manufacturing Engineering. In Group Management since 2023 and employed since 2002.

Previous positions: Senior positions within Electrolux Group including Senior Vice President of the Fabric Care product line within business area Europe, Senior Vice President CX product line Care, Vice President of the Home Comfort product line within business area Europe, General Manager of the business in several countries, and Head of Manufacturing Operations in China. Positions prior to Electrolux Group include various roles at John Crane.

Holdings in AB Electrolux: 15,966 B-shares.

Elena Breda
Chief Technology and Sustainability Officer

Born 1973. Italy. Masters Degree in Electronics Engineering and Ph.D. in Biomedical Engineering. In Group Management since 2023 and employed since 2002.

Previous positions: Senior positions within Electrolux Group including Global Senior Vice President CX product line Food Preservation, Senior Vice President of Sales for Home Care & Small Domestic Appliances Europe, Vice President of Food Preservation and Home Comfort Asia-Pacific, and other positions in the Care product line within business area Europe.

Holdings in AB Electrolux: 8,623 B-shares.

Ricardo Cons
CEO and Head of business area North America

Born 1967. Brazil. Bachelor in Business Administration, Finance and Marketing, MBA in Team Management. In Group Management since 2016 and employed 1997–2011 and since 2016.

Previous positions: Head of business area Latin America. Management positions at Franke in Latin America. Various senior positions at Electrolux Group Brazil, including President Small Appliances Latin America, Sales and Marketing Director Major Appliances. Management positions in Volvo Brazil.

Holdings in AB Electrolux: 23,741 B-shares.

Holdings in AB Electrolux are stated as of December 31, 2023 and includes holdings of related natural and legal persons, when applicable.

Carsten Franke

Head of Operations

Born 1965. Germany. Engineer's degree (Dipl.-Ing) in Mechanical Engineering. In Group Management since 2020 and employed since 2005.

Previous positions: Various senior positions within business area Europe including Chief Operations Officer, Vice President Supply Chain, Vice President Industrial Operations and Vice President Electrolux Lean Manufacturing System. Positions prior to Electrolux Group include management roles at Knorr-Bremse AG and Maschinenfabrik Reinhausen

Holdings in AB Electrolux: 14,370 B-shares.

Therese Friberg

Chief Financial Officer, Head of Finance, Legal & IT

Born 1975. Sweden. B.Sc. in Business Administration. In Group Management since 2018 and employed since 1999.

Other assignments: Board member of AB SKF.

Previous positions: Senior positions within Electrolux Group including CFO of Major Appliances EMEA, Pricing Manager of Major Appliances EMEA and Head of Group Business Control.

Holdings in AB Electrolux: 22,541 B-shares.

Leandro Jasiocha

CEO and Head of business area Latin America

Born 1976. Brazil. Master in Business Administration, M.Sc. in International Supply Chain/Purchasing. In Group Management since 2023 and employed 1995-2000, 2002-2016 and since 2018.

Previous positions: Various senior positions within Electrolux Group including Vice President Consumer Journey Latin America and Vice President Product Lines Latin America. Positions prior to Electrolux Group include management positions at Hyva Global B.V.

Holdings in AB Electrolux: 6,817 B-shares.

Anna Ohlsson-Leijon

Executive Vice President , CEO and Head of business area Europe, Asia-Pacific, Middle East and Africa, and Head of Group Consumer Direct Interaction and product line Wellbeing

Born 1968. Sweden. B.Sc. in Economics and Business Administration. In Group Management since 2016 and employed since 2001.

Other assignments: Board member of Atlas Copco AB and Schneider Electric SE.

Previous positions: Senior positions within Electrolux Group including Chief Commercial Officer of AB Electrolux, CEO of business area Europe, CFO of AB Electrolux, CFO of Major Appliances EMEA and Head of Electrolux Corporate Control & Services. CFO of Kimoda. Various positions within PricewaterhouseCoopers.

Holdings in AB Electrolux: 28,850 B-shares.

Lars Worsøe Petersen

Chief Human Resources Officer & Communication

Born 1958. Denmark. M.Sc. in Economics and Business Administration. In Group Management since 2011 and employed 1994–2005 and since 2011.

Previous positions: CHRO, Senior Vice President at Husqvarna AB, 2005–2011. Various senior positions within Electrolux Group including Head of Human Resources for Major Appliances North America and Head of Electrolux Holding A/S in Denmark.

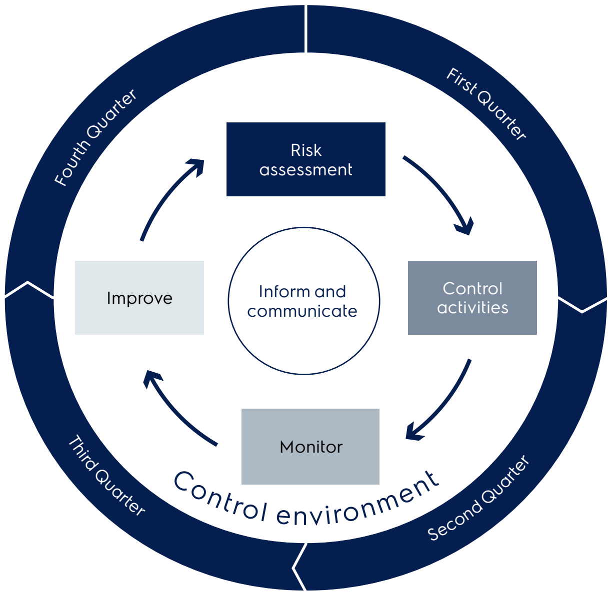
Holdings in AB Electrolux: 34,456 B-shares.

Holdings in AB Electrolux are stated as of December 31, 2023 and includes holdings of related natural and legal persons, when applicable.

Internal control over financial reporting

The Electrolux Control System ("ECS") has been developed to ensure accurate and reliable financial reporting and preparation of financial statements in accordance with applicable laws and regulations, generally accepted accounting principles and other requirements for listed companies. The ECS adds value through clarified roles and responsibilities, improved process efficiency, increased risk awareness and improved decision support.

ECS is based on the Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. The five components of this framework are control environment, risk assessment, control activities, monitor and improve, and inform and communicate.



Control environment

The foundation for ECS is the control environment, which determines the individual and collective behavior within the Group. It is defined by policies and directives, manuals and codes, and enforced by the organizational structure of Electrolux Group with clear responsibility and authority based on collective values.

The AB Electrolux Board has overall responsibility for establishing an effective system of internal control. Responsibility for maintaining effective internal controls is delegated to the President and CEO. The governance structure of the Group is described on page 18. Specifically for financial reporting, the Board has established an Audit Committee, which assists in overseeing relevant policies and important accounting principles applied by the Group.

The limits of responsibilities and authorities are given in directives for delegation of authority, manuals, policies and procedures, and codes, including the Code of Conduct, the Workplace Policy, and the Anti-corruption Policy, as well as in policies for information, finance, and in the accounting manual. Together with laws and external regulations, these internal guidelines form the control environment and all Electrolux Group employees are held accountable for compliance.

All entities within Electrolux Group must maintain adequate internal controls. As a minimum requirement, control activities should address key risks identified within the Group. Group Management has the ultimate responsibility for internal controls within their areas of responsibility. Group Management is described on pages 28-29.

The ECS Program Management Office (PMO), a department within the Group Internal Audit function, has developed the methodology and is responsible for maintaining the ECS. To ensure timely completion of these activities, specific roles aligned with the company structure, with clear responsibilities regarding internal control, have been assigned within the Group.

Control environment – Examples

Code of Conduct
Minimum standards in the areas of environment, health and safety, labor standards and human rights. The Code of Conduct is mandatory for Electrolux Group's units.

Group Finance Policy
Details the general framework for how financial operations shall be organized and managed within the Group. The policy contains directives and other mandatory standards issued by the Group Finance organization.

Credit Directive
Rules for customer assessment and credit risk that clarify responsibilities and are the framework for credit decisions.

Delegation of Authority Directive
Details the approval rights, with monetary, volume or other appropriate limits, e.g., approval of credit limits and credit notes.

Accounting Manual
Accounting principles and reporting instructions for the Group's reporting entities are contained in the Accounting Manual. The Accounting Manual is mandatory for all reporting units.

Risk assessment
Risk assessment includes identifying risks of not fulfilling the fundamental criteria, i.e., completeness, accuracy, valuation and reporting for significant accounts in the financial reporting for the Group as well as risk of loss or misappropriation of assets.

At the beginning of each calendar year, ECS PMO performs a global risk assessment to determine the reporting units, data centers and processes in scope for ECS activities. Within the Electrolux Group, a number of different processes generating transactions that end up in significant accounts in the financial reporting have been identified. All larger reporting units perform the ECS activities.

The ECS has been rolled out to almost all of the smaller units within the Group. The scope for smaller units is limited in terms of monitoring as management is not formally required to test the controls.

Enterprise risk assessment — Example accounts receivable

Closing Routine — Risks assessed

Manage IT — Risks assessed

Order to Cash — Risks assessed

Control activities
Control activities mitigate the risks identified and ensure accurate and reliable financial reporting as well as process efficiency.

Control activities include both general and detailed controls aimed at preventing, detecting and correcting errors and irregularities. In ECS, the following types of controls are implemented, documented and tested:

- Manual and application controls — to secure that key risks related to financial reporting within processes are controlled.
- IT general controls — to secure the IT environment for key applications.
- Entity-wide controls — to secure and enhance the control environment.

Control activities — Example

Process	Risk assessed	Control activity
Closing Routine	Risk of incorrect financial reporting.	Reconciliation between general ledger and accounts receivable sub-ledger is performed, documented and approved.
Manage IT	Risk of unauthorized/ incorrect changes in the IT environment.	All changes in the IT environment are authorized, tested, verified and finally approved.
Order to Cash	Risk of not receiving payment from customers in due time.	Customers' payments are monitored and outstanding payments are followed up.
Order to Cash	Risk of incurring bad debt.	Application automatically blocks sales orders/deliveries when the credit limit is exceeded.

Monitor and Improve
Monitor and test of control activities is performed periodically to ensure that risks are properly mitigated.

The effectiveness of control activities is monitored continuously at four levels: Group, business area, reporting unit, and process. Monitoring involves both formal and informal procedures applied by management, process owners and control operators, including reviews of results in comparison with budgets and plans, analytical procedures, and key-performance indicators.

Within ECS, management is responsible for testing key controls. Management testers who are independent of the control operator perform these activities. Group Internal Audit maintains test plans and performs independent testing of selected controls. Controls that have failed must be remediated, which means establishing and implementing actions to correct weaknesses.

The Audit Committee reviews reports regarding internal control and processes for financial reporting. Group Internal Audit proactively proposes improvements to the control environment. The Head of Group Internal Audit reports: to the President and CEO and the Audit Committee for assurance activities, and reports to the Chief Financial Officer for other activities.

Inform and communicate
Inform and communicate within the Electrolux Group regarding risks and controls contributes to ensuring that the right business decisions are made.

Guidelines for financial reporting are communicated to employees, e.g., by ensuring that all manuals, policies and codes are published and accessible through the Group-wide intranet as well as information related to ECS.

To inform and communicate is a central element of the ECS and is performed continuously during the year. Management, process owners and control operators in general are responsible for informing and communicating the results within ECS.

The status of ECS activities is followed up continuously through status meetings between ECS PMO and coordinators in the business areas. Information about the status of ECS is provided periodically to business area and Group Management, the Audit Board and the Audit Committee.

Financial reporting and information

Electrolux Group routines and systems for information and communication aim at providing the market with relevant, reliable, correct and up-to-date information concerning the development of the Group and its financial position. Specifically for purposes of considering the materiality of information, including financial reporting, relating to Electrolux Group and ensuring timely communication to the market, an Insider & Disclosure Committee has been formed.

AB Electrolux has an information policy and an insider policy meeting the requirements for a listed company.

Financial information is issued regularly in the form of:

- Full-year reports, half-year reports and interim reports.
- The Annual Report.
- Press releases on all matters which could have a significant effect on the share price.
- Presentations and telephone conferences for financial analysts, investors and media representatives on the day of publication of full-year and quarterly results.

Stockholm, February 19, 2024

AB Electrolux (publ)
The Board of Directors

Auditor's report on the Corporate Governance Statement

To the general meeting of the shareholders in AB Electrolux (publ), corporate identity number 556009-4178

Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the year 2023 on pages 17-32 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, February 21, 2024

PricewaterhouseCoopers AB

Peter Nyllinge
Authorized Public Accountant
Partner in Charge

Helena Kaiser de Carolis
Authorized Public Accountant

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

Report by the Board of Directors

- Net sales amounted to SEK 134,451m (134,880). Excluding currency translation effects, sales declined by 4.3%.
- Operating income amounted to SEK –2,988m (-215), corresponding to a margin of –2.2% (-0.2). Excluding non-recurring items of SEK –3,401m (–1,046), operating income amounted to SEK 414m (831), corresponding to a margin of 0.3% (0.6).
- Income for the period amounted to SEK –5,227m (–1,320), corresponding to SEK –19.36 (-4.81) per share.
- Operating cash flow after investments amounted to SEK 3,064m (-6,118).
- The Board of Directors proposes that no payment of dividend will be made for 2023.

Key data

SEKm	2023	2022	Change, %
Net sales	134,451	134,880	-0
Sales growth, %[1]	–4.3	–3.6	
Organic growth, %	–4.0	–2.8	
Divestments, %	-0.3	–0.8	
Changes in exchange rates, %	4.0	10.9	
Operating income[2]	-2,988	–215	n.m.
Operating margin, %	-2.2	-0.2	
Income after financial items	–5,111	–1,672	n.m.
Income for the period	–5,227	–1,320	n.m.
Earnings per share, SEK[3]	–19.36	–4.81	n.m.
Operating cash flow after investments	3,064	–6,118	
Return on net assets, %	–6.9	–0.6	
Capital turnover-rate, times/year	3.1	3.7	
Average number of employees	45,452	50,769	
Net debt/EBITDA	3.9	3.8	
Equity per share, SEK	41.75	60.92	
Dividend per share, SEK	–[4]	–	
Return on equity, %	-33.7	-7.0	

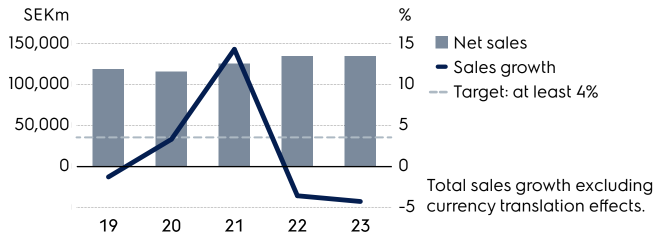
[1] Change in net sales adjusted for currency translation effects.
[2] Operating income for 2023 included non-recurring item of SEK -3,401m (-1,046). Excluding these items, operating income for 2023 amounted to SEK 414m (831), corresponding to a margin of 0.3% (0.6), see Note 7.
[3] Basic, based on an average of 270.0 (274.7) million shares for the full year, excluding shares held by Electrolux.
[4] Proposed by the Board of Directors.
Note: n.m. (not meaningful) is used when the calculated number is considered not relevant.

Net sales and income

- Net sales decreased by 0.3%. Organic sales decreased by 4.0% and divestments had a negative impact of 0.3%. This was largely offset by a positive currency translation effect of 4.0%.
- Operating income amounted to SEK -2,988m (-215), corresponding to a margin of -2.2% (-0.2).
- Excluding non-recurring items of SEK -3,401m (-1,046), operating income amounted to SEK 414m (831), corresponding to a margin of 0.3% (0.6).
- The decrease in operating income excluding non-recurring items was primarily driven by lower volumes following the weaker market demand, and intensified price pressure in North America.
- Currency headwinds as well as inflation in labor cost and energy cost impacted earnings negatively.
- Price was slightly positive, mainly as a result of price increases implemented in high inflation countries, while promotional activity significantly increased year-over-year.
- A strong product offering generated a favorable mix, despite the general market shift to lower price points.
- The Group-wide cost reduction and North America turnaround program resulted in a positive year-over-year effect of approximately SEK 5.5bn.
- Income for the period amounted to SEK -5,227m (-1,320), corresponding to SEK -19.36 (-4.81) per share.

Net sales
Net sales in 2023 amounted to SEK 134,451m (134,880), a decrease of 0.3%. Currency translation had a positive impact of 4.0%, while organic sales decreased by 4.0% and divestments had a negative impact of 0.3%. The organic sales decline was primarily due to the weak market environment with lower consumer purchasing power leading to significantly lower volumes for the Group. Price was slightly positive, mainly as a result of price increases implemented in high inflation countries, while promotional activity increased significantly year-over-year, in particular during the second half of 2023. Despite the general market shift to lower price points, mix was positive, supported by the attractive product offering. Aftermarket sales increased slightly.

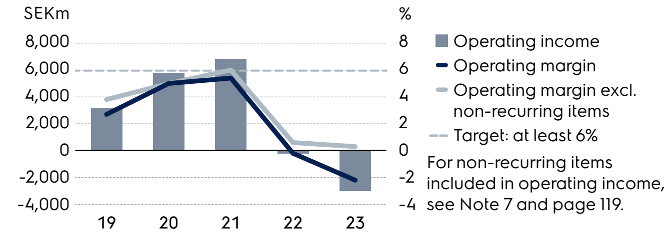
Sales growth



Operating income
Operating income for 2023 amounted to SEK -2,988m (-215), corresponding to a margin of -2.2% (-0.2). Operating income included non-recurring items of SEK -3,401m mainly relating to the closure and divestment of the Nyíregyháza factory in Hungary, a provision for a French antitrust case, restructuring charges for the expanded Group-wide cost reduction and North America turnaround program and divestment of the factory in Memphis, Tennessee, U.S. For more information, see Note 7. Excluding non-recurring items, operating income amounted to SEK 414m (831), corresponding to a margin of 0.3% (0.6).

Earnings were negatively impacted by lower sales volumes following the weaker market demand and intensified price pressure in North America. Currency headwinds as well as inflation in labor cost and energy cost also impacted earnings negatively. Mix was favorable, supported by the attractive product offering and focus on high-value categories. The Group-wide cost reduction and North America turnaround program, initiated towards the end of 2022, resulted in a positive year-over-year effect of approximately SEK 5.5bn from cost efficiency and reduced investment in innovation and marketing combined. Cost reductions were however not sufficient to restore earnings in business area North America given the current market environment. A significant step-up in cost reduction efforts for the Group was announced in October 2023, including further sharpening of the strategic focus and simplification of the organizational structure. *For more information on the performance of each business area, see page 35-37.*

Operating margin



Financial targets are over a business cycle. For comparable reasons the figures in the graphs above are exclusive of the discontinued business area Professional Products.

Financial net
Net financial items amounted to SEK -2,123m (-1,457). The change was mainly a result of higher interest rates and debt levels.

Income after financial items
Income after financial items amounted to SEK -5,111m (-1,672), corresponding to -3.8% (-1.2) of net sales.

Taxes
Total taxes for 2023 amounted to SEK -116m (352), corresponding to a tax rate of -2.3% (21.0).

Income for the period and earnings per share
Income for the period amounted to SEK -5,227m (-1,320), corresponding to SEK -19.36 (-4.81) in earnings per share before dilution. Income for the period was negatively impacted by a write down related to U.S. tax credits of SEK 1,176m.

Operations by business area

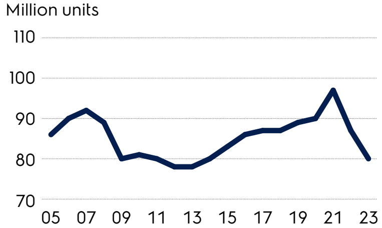
- Market-driven volume drop in Europe.
- Substantial savings from North America turnaround program. High price pressure resulting in deteriorating price.
- Good organic contribution in Latin America offset substantial currency headwinds.
- Lower volumes in Asia-Pacific, Middle East and Africa due to weaker consumer demand.

Market demand overview

The consumer demand in most of Electrolux Group's main markets in 2023 was negatively impacted by high general inflation, rising interest rates, and geopolitical tensions. Reduced purchasing power led to more consumers shifting to lower price points. Promotional activity increased year-over-year due to lower consumer demand, the resolution of supply chain constraints, and large input cost discrepancies between Europe and North America on one hand and certain parts of Asia on the other.

Market demand for core appliances in Europe, excluding Russia, decreased by 9% in 2023, where Eastern Europe and Western Europe both declined by 9%. Lower residential construction and remodeling activity particularly impacted demand in the built-in kitchen category. In the U.S., market demand for core appliances remained in line with 2022 in volume, driven by high price pressure. In Latin America, overall consumer demand is estimated to have decreased, driven by Brazil and Chile. In Argentina, consumer demand is estimated to have increased as a result of the highly inflationary environment that pushed consumer spending higher. In Asia-Pacific, Middle East and Africa, consumer demand for appliances is estimated to have decreased notably in 2023, especially in Southeast Asia and Australia, compared to solid demand in 2022.

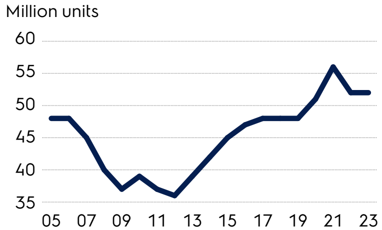
Industry shipments for core appliances in Europe



A total of approximately 80 million core appliances were sold in Europe in 2023.

Source: Electrolux estimates. As from 2018, market volumes in Eastern Europe have been revised, considering additional sources. Estimates exclude Russia.

Industry shipments for core appliances in the U.S.



A total of approximately 52 million core appliances were sold in the U.S. in 2023.

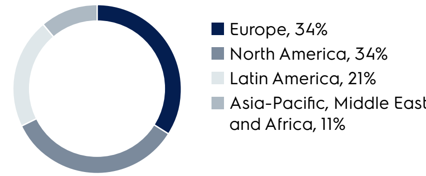
Source: AHAM. Core appliances includes AHAM 6 (washers, dryers, dishwashers, refrigerators, freezers, ranges and ovens) and cooktops.

For other markets there are no comprehensive market statistics.

Business areas

Electrolux Group's operations are organized into four regional business areas: Europe, North America, Latin America and Asia-Pacific, Middle East and Africa. As of January 1, 2024, a new business area structure was effective and the business areas Europe and Asia-Pacific, Middle East and Africa formed one regional business area. The Group's operations include products for consumers comprising major appliances, e.g. refrigerators, freezers, cookers, dryers, washing machines, dishwashers, room air-conditioners and microwave ovens. Floor-care products, heat pumps, small domestic appliances as well as consumables, accessories and service are other important areas for Electrolux.

Share of sales by business area



Financial overview by business area

SEKm	2023	2022	Change, %
Net sales	134,451	134,880	-0
Operating income			
Europe	-1,602	683	n.m.
North America	-2,341	-2,394	2
Latin America	1,624	1,058	53
Asia-Pacific, Middle East and Africa	460	1,308	-65
Group common costs, etc.	-1,129	-870	-30
Total Group	**-2,988**	**-215**	**n.m.**
Operating margin, %	-2.2	-0.2	
Operating margin excl. non-recurring items, %[1]	0.3	0.6	

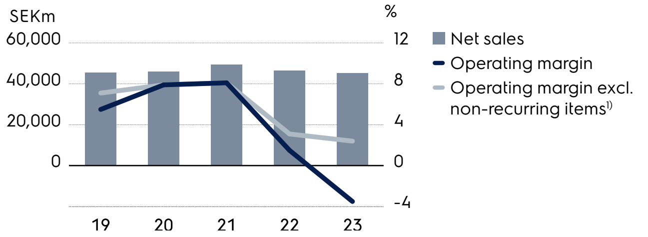
[1] For more information on non-recurring items, see Note 7.
Note: n.m. (not meaningful) is used when the calculated number is considered not relevant.

Europe

Market demand in Europe, excluding Russia, decreased by 9% in 2023. Eastern Europe and Western Europe both declined by 9%. The business area reported an organic sales decline of 7.8% in 2023, driven by lower volumes across product categories mainly as a result of declining consumer demand. Built-in kitchen products, a key segment for the business area, were particularly impacted. Price was positive, mainly as a result of list price increases implemented during 2022, partly offset by increased promotional activities. Mix was favorable.

Operating income and margin decreased year-over-year, predominantly due to lower volumes. Price offset the negative earnings impact from external factors, driven by energy and labor cost inflation. The Group-wide cost reduction program, initiated towards the end of 2022, contributed positively to earnings. Non-recurring items of SEK -2,705m (-774) were included in the operating income, mainly relating to the closure and divestment of the Nyíregyháza factory in Hungary, a provision for a French antitrust case, and a restructuring charge for the expanded Group-wide cost reduction program, see Note 7.

Europe, Net sales and operating margin



Europe, Key figures

SEKm	2023	2022
Net sales	45,349	46,573
Organic growth, %	-7.8	-8.6
Acquisitions, %	–	0.1
Divestments, %	-1.0	-2.2
Operating income	-1,602	683
Operating margin, %	-3.5	1.5
Operating margin excl. non-recurring items, %[1]	2.4	3.1
Net assets	3,783	5,768
Return on net assets, %	-23.2	15.1
Capital expenditure	2,491	3,310
Average number of employees	16,393	18,250

[1] For information on non-recurring items, see Note 7 and page 119.

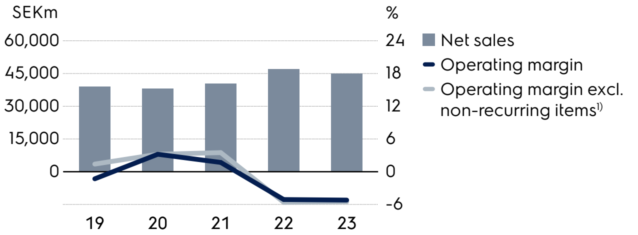
North America

Market demand for core appliances in the U.S. in terms of units and market demand for all major appliances, including microwave ovens and home-comfort products remained in line with 2022 in volume, driven by high price pressure.

The business area reported an organic sales decline of 8.4%. High price pressure in the market resulted primarily in a deteriorating price but also contributed to lower volumes as the business area had a selective promotional approach. During the year, the cooking manufacturing in Springfield was transferred from the legacy factory to the new one, which impacted product availability.

Operating income was negative. This was mainly a result of the organic sales decline, primarily driven by price pressure but also due to lower volumes. The strategy focusing on growth in targeted high-value categories resulted in a positive mix, enabled by the investments in new innovative modular product architectures. The North America turnaround program, initiated towards the end of 2022, generated substantial savings during 2023. This was however not sufficient to restore earnings given the current market environment. In addition, the closure of the legacy factory in Springfield resulted in temporarily higher costs. The impact on earnings from external factors was negative, driven by currency. Non-recurring items of SEK 148m (241) were included in the operating income relating to a restructuring charge for the expanded Group-wide cost reduction and North America turnaround program and divestment of the factory in Memphis, Tennessee, U.S. see Note 7.

North America, Net sales and operating margin



North America, Key figures

SEKm	2023	2022
Net sales	45,072	47,021
Organic growth, %	-8.4	-0.9
Operating income	-2,341	-2,394
Operating margin, %	-5.2	-5.1
Operating margin excl. non-recurring items, %[1]	-5.5	-5.6
Net assets	11,593	11,854
Return on net assets, %	-18.2	-20.5
Capital expenditure	1,292	1,738
Average number of employees	10,887	12,995

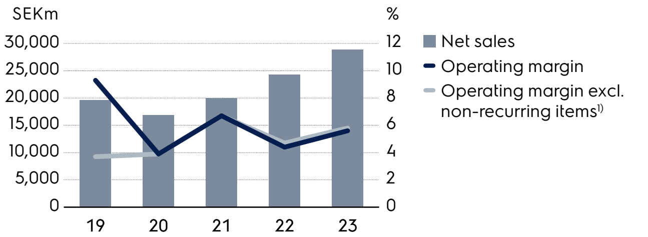
[1] For information on non-recurring items, see Note 7 and page 119.

Latin America

Overall consumer demand for core appliances in Latin America in 2023 is estimated to have declined. In Chile and Brazil, demand is estimated to have decreased, while demand is estimated to have increased in Argentina. The business area reported an organic sales growth of 15.2% in 2023, mainly driven by higher volumes in Brazil. Currency related price adjustment in Argentina impacted sales positivley, while high promotional activity had a negative impact in other markets. Well-received product launches contributed to a favorable mix and aftermarket sales developed strongly.

Operating income and margin increased year-over-year. The increase was driven by the strong volume growth. Proactive price management in Argentina mitigated the significant currency headwind, mainly related to the depreciation of the Argentinan peso, most notably following the sharp devaluation in December. The Group-wide cost reduction program, initiated towards the end of 2022, contributed positively to earnings. Investments in brand building activities and consumer direct capabilities increased. A non-recurring item of SEK -51m (-80) was included in the operating income, relating to a restructuring charge for the expanded Group-wide cost reduction program, see Note 7.

Latin America, Net sales and operating margin



Latin America, Key figures

SEKm	2023	2022
Net sales	28,920	24,303
Organic growth, %	15.2	4.2
Operating income	1,624	1,058
Operating margin, %	5.6	4.4
Operating margin excl. non-recurring items, %[1]	5.8	4.7
Net assets	7,841	8,724
Return on net assets, %	18.6	13.1
Capital expenditure	699	979
Average number of employees	8,459	9,571

[1] For information on non-recurring items, see Note 7 and page 119.

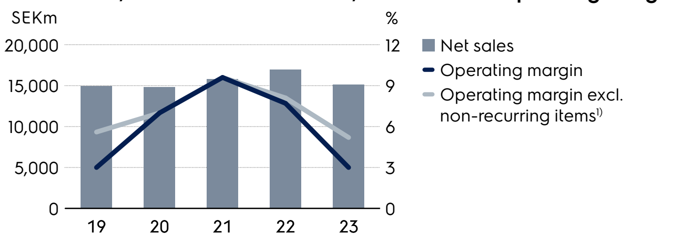
Asia-Pacific, Middle East and Africa

Consumer demand for appliances is estimated to have decreased notably in the region in 2023, especially in Southeast Asia and Australia, compared to solid demand in 2022.

The business area reported an organic sales decline of 8.4%. This was driven by lower volumes, mainly due to weaker consumer demand. Price increases implemented in high-inflation countries generated a favorable price development, although partly offset by increased promotions in other markets.

Operating income and margin decreased year-over-year, due to lower volumes while currency headwinds were offset by price. Mix was slightly negative. The Group-wide cost reduction program, initiated towards the end of 2022, contributed positively to earnings. A non-recurring item of SEK -323m (-66) was included in the operating income, relating to a restructuring charge for the expanded Group-wide cost reduction program, see Note 7.

Asia-Pacific, Middle East and Africa, Net sales and operating margin



Asia-Pacific, Middle East and Africa, Key figures

SEKm	2023	2022
Net sales	15,109	16,984
Organic growth, %	-8.4	-0.5
Operating income	460	1,308
Operating margin, %	3.0	7.7
Operating margin excl. non-recurring items, %[1]	5.2	8.1
Net assets	5,471	6,370
Return on net assets, %	7.2	21.9
Capital expenditure	651	850
Average number of employees	7,704	8,040

[1] For information on non-recurring items, see Note 7 and page 119.

Other facts

Changes in Group Management during 2023

As part of the re-organization of Electrolux Group effective as of November 1, 2023, the following changes were made in Group Management.

Anna Ohlsson-Leijon, existing member of Group Management, was appointed Group Executive Vice President and head of the combined business area Europe, Asia-Pacific, Middle East and Africa. Dan Arler was appointed head of product line Taste, Ian Banes was appointed head of product line Care and Elena Breda was appointed head of global function Technology & Sustainability. Therese Friberg, existing member of Group Management, was appointed head of the combined global function Finance, Legal & IT. Carsten Franke remains as head of global function Operations and Lars Worsøe Petersen remains as head of global function People & Communications. Ola Nilsson left his position as head of the organizational area Consumer Experience & Product Lines.

As of January 1, 2024, the new business area structure was effective and the business areas Europe and Asia-Pacific, Middle East and Africa formed one regional business area under the leadership of Anna Ohlsson-Leijon. Chris Braam left his position as head of business area Europe and Adam Cich left his position as head of business area Asia-Pacific, Middle East and Africa, but both remain in other roles in the new organization for Business area Europe, Asia-Pacific, Middle East and Africa. The other two regional business areas, North America under the leadership of Ricardo Cons and Latin America under the leadership of Leandro Jasiocha, remain.

Statutory sustainability report

For sustainability related information, please see Statutory sustainability report on page 49-50 and 58-68. The Statutory sustainability report has been prepared in accordance with disclosure requirements set out in the Swedish Annual Accounts Act, chapter 6, paragraph 11.

Asbestos litigation in the U.S.

Litigation and claims related to asbestos are pending against the Group in the U.S. Almost all of the cases refer to externally supplied components used in industrial products manufactured by discontinued operations prior to the early 1970s. The cases involve plaintiffs who have made substantially identical allegations against other defendants who are not part of the Electrolux Group.

As of December 31, 2023, the Group had a total of 3,625 (3,365) cases pending, representing approximately 3,630 (approximately 3,371) plaintiffs. During 2023, 1,161 new cases with approximately 1,161 plaintiffs were filed and 901 pending cases with approximately 902 plaintiffs were resolved.

The Group continues to operate under a 2007 agreement with certain insurance carriers who have agreed to reimburse the Group for a portion of its costs relating to certain asbestos lawsuits. The agreement is subject to termination upon 60 days notice and if terminated, the parties would be restored to their rights and obligations under the affected insurance policies.

It is expected that additional lawsuits will be filed against Electrolux. It is not possible to predict the number of future lawsuits.

In addition, the outcome of asbestos lawsuits is difficult to predict and Electrolux cannot provide any assurances that the resolution of these types of lawsuits will not have a material adverse effect on its business or on results of operations in the future.

For information on certain additional legal proceedings, see Note 25 Contingent liabilities.

Financial position

- Financial net debt position amounted to SEK 20,871m (19,828).
- Net debt/EBITDA ratio was 3.9 (3.8).
- Equity/assets ratio was 10.8% (15.0).
- Return on net assets was –6.9% (-0.6).

Working capital and net assets
Working capital as of December 31, 2023, amounted to SEK –16,925m (–13,731), corresponding to -13.2% (–9.9) of annualized net sales. Operating working capital amounted to SEK 5,809m (7,504), corresponding to 4.5% (5.4) of annualized net sales.

Average net assets were SEK 43,401m (36,684), corresponding to 32.3% (27.2) of annualized net sales.

Return on net assets was -6.9% (-0.6).

Liquid funds
Liquid funds as of December 31, 2023, amounted to SEK 15,669m (17,800), excluding back-up credit facilities. As per December 31, 2023, Electrolux Group had an unused committed back-up multi-currency sustainability linked revolving credit facility of EUR 1,000m, approximately SEK 11,100m, maturing in 2028, two unused revolving credit facilities, each amounting to SEK 3,000m, maturing in 2025.

Working capital and net assets

SEKm	Dec. 31, 2023	% of net sales[1]	Dec. 31, 2022	% of net sales[1]
Inventories	19,965	15.6	24,374	17.7
Trade receivables	22,247	17.4	21,487	15.6
Accounts payable	-36,402	-28.5	-38,357	-27.8
Operating working capital	**5,809**	**4.5**	**7,504**	**5.4**
Provisions	-10,730		-8,693	
Prepaid and accrued income and expenses	-11,302		-12,567	
Taxes and other assets and liabilities	-702		24	
Working capital	**-16,925**	**-13.2**	**-13,731**	**-9.9**
Property, plant and equipment, owned	28,730		29,876	
Property, plant and equipment, right-of-use	4,337		3,906	
Goodwill	6,579		7,081	
Other non-current assets	7,086		6,224	
Deferred tax assets and deferred tax liabilities	7,694		6,940	
Net assets	**37,500**	**29.4**	**40,297**	**29.2**
Annualized net sales[2]	127,750		138,040	
Average net assets	43,401	32.3	36,684	27.2
Annualized net sales[3]	134,451		134,880	
Return on net assets, %	-6.9		-0.6	

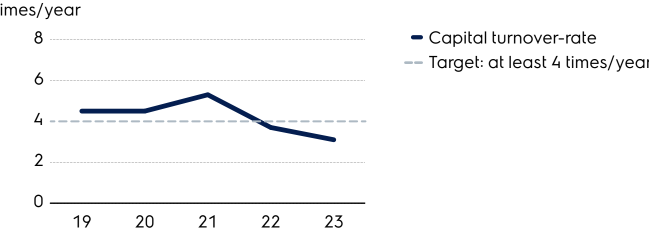
[1] Annualized, see page 121 for definition.
[2] Calculated at end of period exchange rates.
[3] Calculated at average exchange rates.

Liquidity profile

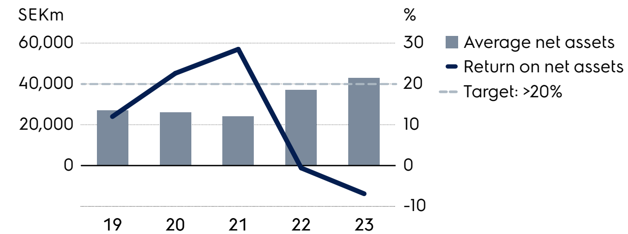
SEKm	Dec. 31, 2023	Dec. 31, 2022
Liquid funds	15,669	17,800
% of annualized net sales[1]	25.6	24.9
Net liquidity	7, 744	8,724
Fixed interest term, days	7	13
Effective annual yield, %	3.0	0.8

[1] Liquid funds in relation to net sales, see page 121 for definition.
For additional information on the liquidity profile, see Note 18.

Capital turnover-rate
Times/year



Return on net assets



Financial targets are over a business cycle. For comparable reasons the figures in the graphs above are exclusive of the discontinued business area Professional Products.

Net debt

As of December 31, 2023, Electrolux had a financial net debt position (excluding lease liabilities and post-employment provisions) of SEK 20,871m, compared to the financial net debt position of SEK 19,828m as of December 31, 2022. Net provisions for post-employment benefits were SEK 670m (-245) and lease liabilities amounted to SEK 4,685m (4,264) as of December 31, 2023. In total, net debt amounted to SEK 26,226m, an increase by SEK 2,378m compared to SEK 23,848m per December 31, 2022.

Long-term borrowings and long-term borrowings with maturities within 12 months amounted to a total of SEK 33,276m as of December 31, 2023 with an average maturity of 3.5 years, compared to SEK 31,343m and 4.0 years at the end of 2022. During 2024, long-term borrowings amounting to approximately SEK 4.5bn will mature.

The Group's target for long-term borrowings includes an average time to maturity of at least two years, an even spread of maturities and an average interest-fixing period between 0 and 3 years. A maximum of SEK 8,000m of the long-term borrowings is allowed to mature in a 6-month period. The maximum amount of long-term borrowings maturing in any given 6-months period was SEK 7,548m at the end of 2023. At year-end, the average interest-fixing period for long-term borrowings was 2.3 years (2.3).

At year-end, the average interest rate for the Group's total interest-bearing borrowings was 4.4% (3.4).

Net debt and equity ratios

The net debt/EBITDA ratio was 3.9 (3.8) and the net debt/equity ratio was 2.33 (1.45). The equity/assets ratio was 10.8% (15.0).

Equity and return on equity

Total equity as of December 31, 2023, amounted to SEK 11,274m (16,449), which corresponds to SEK 41.75 (60.92) per share. Return on equity was -33.7% (-7.0).

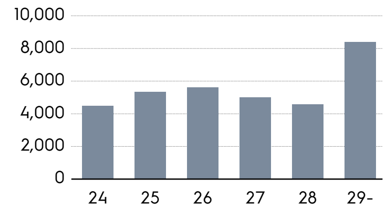
Net debt

SEKm	Dec. 31, 2023	Dec. 31, 2022
Short-term loans	2,864	5,732
Short-term part of long-term loans	4,476	2,605
Trade receivables with recourse	48	40
Short-term borrowings	**7,388**	**8,377**
Financial derivative liabilities	253	445
Accrued interest expenses and prepaid interest income	285	254
Total short-term borrowings	**7,925**	**9,076**
Long-term borrowings	**28,800**	**28,738**
Total borrowings[1]	**36,725**	**37,813**
Long-term financial receivables	185	185
Cash and cash equivalents	15,331	17,559
Short-term investments	167	168
Financial derivative assets	155	51
Prepaid interest expenses and accrued interest income	17	21
Liquid funds	**15,669**	**17,800**
Financial net debt	**20,871**	**19,828**
Lease liabilities	4,685	4,264
Net provisions for post-employment benefits	670	-245
Net debt	**26,226**	**23,848**
Net debt/EBITDA	3.9	3.8
Net debt/equity ratio	2.33	1.45
Total equity	**11,274**	**16,449**
Equity per share, SEK	41.75	60.92
Return on equity, %	-33.7	-7.0
Equity/assets ratio, %	10.8	15.0

[1] Whereof interest-bearing liabilities amounting to SEK 36,140m as of December 31, 2023 and SEK 37,075m as of December 31, 2022.

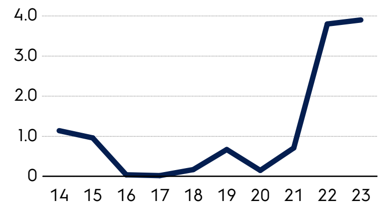
Long-term borrowings, by maturity

SEKm



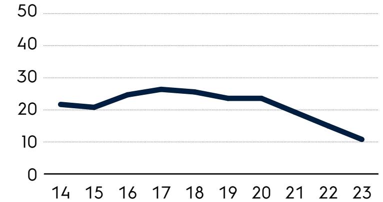
In 2024, long-term borrowings in the amount of approximately SEK 4.5bn will mature. For information on borrowings, see Note 2 and 18.

Net debt/EBITDA ratio



Equity/assets ratio

%



Rating

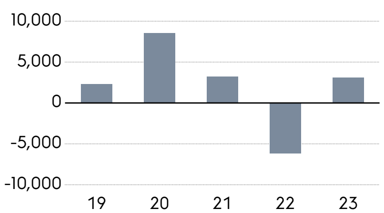
Electrolux has an investment-grade rating from S&P Global Ratings, BBB with a stable outlook.

	Long-term debt	Outlook	Short-term debt	Short-term debt, Nordic
S&P Global Ratings	BBB	Stable	A–2	K–2

Cash flow

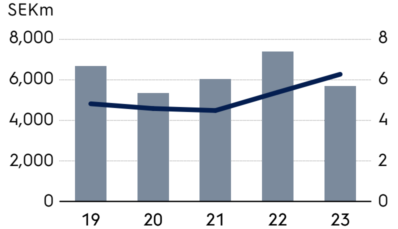
- Operating cash flow after investments amounted to SEK 3,064m (-6,118).
- Capital expenditure amounted to SEK 5,699m (7,389).
- R&D expenditure amounted to 3.4% (3.4) of net sales.

Operating cash flow after investments



Operating cash flow after investments in 2023 amounted to SEK 3,064m (-6,118).

Capital expenditure



Capital expenditure in 2023 including product development and software amounted to SEK 5,699m (7,389).

For comparable reasons the figures in the graphs above are exclusive of the discontinued business area Professional Products.

Operating cash flow after investments
Operating cash flow after investments in 2023 amounted to SEK 3,064m (-6,118). The year-over-year improvement reflects a reduction in inventories after the increase caused by supply chain imbalances and logistic constraints in 2022. In addition, a lower level of investments impacted cash flow positively.

Cash flow

SEKm	2023	2022
Operating income adjusted for non-cash items[1]	6,825	6,845
Change in operating assets and liabilities	597	-6,367
Operating cash flow	**7,422**	**478**
Investments in tangible and intangible assets	-5,699	-7,389
Changes in other investments	1,341	793
Operating cash flow after investments	**3,064**	**-6,118**
Acquisitions and divestments of operations	—	-366
Operating cash flow after structural changes	**3,064**	**-6,484**
Financial items paid, net[2]	-2,039	-1,238
Taxes paid	-1,380	-1,514
Cash flow from operations and investments	**-355**	**-9,236**
Payment of lease liabilities	-1,111	-960
Dividend	—	-2,521
Repurchase of shares	—	-2,138
Share-based payments	17	-217
Total cash flow, excluding changes in loans and short-term investments	**-1,449**	**-15,073**

[1] Operating income adjusted for depreciation and amortization and other non-cash items.
[2] Interests and similar items received SEK 392m (71), interests and similar items paid SEK -2,349m (-1,206) and other financial items paid SEK -82m (-103).

Capital expenditure
Capital expenditure in property, plant and equipment in 2023 amounted to SEK 4,069m (5,649). The investments were mainly related to new products and architectures, manufacturing efficiency and re-engineering, including automation and modularization. Including investments in product development and software, capital expenditure amounted to SEK 5,699m (7,389), corresponding to 4.2% (5.5) of net sales.

Capital expenditure by business area

SEKm	2023	2022
Europe	2,491	3,310
% of net sales	5.5	7.1
North America	1,292	1,738
% of net sales	2.9	3.7
Latin America	699	979
% of net sales	2.4	4.0
Asia-Pacific, Middle East and Africa	651	850
% of net sales	4.3	5.0
Other	566	512
Total	**5,699**	**7,389**
% of net sales	4.2	5.5

R&D expenditure
The expenditure for research and development in 2023 including capitalization of SEK 602m (740), amounted to SEK 4,514m (4,640) corresponding to 3.4% (3.4) of net sales.

Share information and ownership

Share price performance[1]
The Electrolux shares are listed on the exchange Nasdaq Stockholm, Sweden. The Electrolux B share decreased by 25% in 2023, underperforming the broader Swedish market index, OMX Stockholm, which increased by 15% during the same period. The opening price for the Electrolux B share in 2023 was SEK 141.86. The highest closing price was SEK 173.70 on May 3, while the lowest closing price was SEK 90.00 on October 27. The closing price for the B share at year-end 2023 was SEK 108.10.

Total shareholder return during the year was -25%. Over the past ten years, the average total return on an investment in Electrolux B shares has been 1.8% annually. The corresponding performance for the OMX Stockholm Return Index was 11.3%.

Share capital and ownership structure
As of December 31, 2023, the share capital of AB Electrolux amounted to approximately SEK 1,545m, corresponding to 283,077,393 shares. The share capital of Electrolux consists of Class A shares and Class B shares. An A share entitles the holder to one vote and a B share to one-tenth of a vote. All shares entitle the holder to the same proportion of assets and earnings and carry equal rights in terms of dividends. In accordance with the Swedish Companies Act, the Articles of Association of Electrolux also provide for specific rights of priority for holders of different types of shares, in the event that the company issues new shares or certain other instruments.

According to AB Electrolux Articles of Association, owners of Class A shares have the right to have such shares converted to Class B shares. The purpose of the conversion clause is to give holders of Class A shares an opportunity to achieve improved liquidity in their shareholdings. Conversion reduces the total number of votes in the company. 544 A shares were converted to B shares in 2023.

The total number of registered shares in the company amounts to 283,077,393 shares, of which 8,191,804 are Class A shares and 274,885,589 are Class B shares, and the total number of votes amounts to 35,680,363. The dual share class system is common in Sweden. The share structure and the rights attached to the different classes of shares are determined in the articles of association, which can be amended only by a special resolution of the shareholders and are combined with minority protection rights set out in the Swedish Companies Act.

[1] The historical development of the Electrolux share price has been adjusted to take into account the distribution of Electrolux Professional AB to Electrolux shareholders on March 23, 2020. The share price is also adjusted for all types of corporate actions, including splits and redemptions, with the exception of dividends.

Ownership structure

Source: Monitor by Modular Finance AB. Compiled and processed data from various sources, including Euroclear, Morningstar and the Swedish Financial Supervisory Authority (Finansinspektionen) as of December 31, 2023.

Major shareholders

	Share capital, %	Voting rights, %
Investor AB	17.9	30.4
Silchester International Investors	6.3	5.0
Swedbank Robur Funds	5.9	4.7
Alecta Occupational Pension	3.1	3.7
Vanguard	2.9	2.3
Norges Bank	2.1	1.6
Black Rock, Inc.	1.9	1.5
Folksam	1.7	1.4
Lannebo Funds	1.6	1.3
Carnegie Funds	1.5	1.2
Total, ten largest shareholders	**44.9**	**53.1**

Source: Monitor by Modular Finance AB. Compiled and processed data from various sources, including Euroclear, Morningstar and the Swedish Financial Supervisory Authority (Finansinspektionen) as of December 31, 2023.

According to Monitor by Modular Finance AB, there were 75,049 shareholders in AB Electrolux as of December 31, 2023. Investor AB is the largest shareholder, owning 17.9% of the share capital and 30.4% of the voting rights. Information on the shareholder structure is updated quarterly at www.electroluxgroup.com.

Distribution of shareholdings

Shareholding	Ownership, %	Number of shareholders	As % of shareholders
1–1,000	4.6	68,091	90.7
1,001–10,000	6.0	6,403	8.5
10,001–20,000	1.3	246	0.3
20,001–	88.2	309	0.4
Total	**100**	**75,049**	**100**

Source: Monitor by Modular Finance AB. Compiled and processed data from various sources, including Euroclear, Morningstar and the Swedish Financial Supervisory Authority (Finansinspektionen) as of December 31, 2023.

Articles of Association
AB Electrolux Articles of Association stipulate that the Annual General Meeting (AGM) shall always resolve on the appointment of the members of the Board of Directors. Apart from that, the articles do not include any provisions for appointing or dismissing members of the Board of Directors or for changing the articles.

A shareholder participating in the General Meeting is entitled to vote for the full number of shares which he or she owns or represents. Outstanding shares in the company may be freely transferred, without restrictions under law or the company's Articles of Association. Electrolux is not aware of any agreements between shareholders, which limit the right to transfer shares. The full Articles of Association can be downloaded at www.electroluxgroup.com.

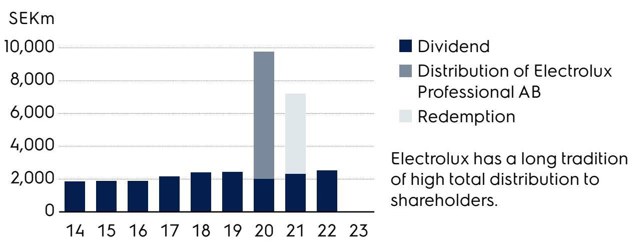
Effect of significant changes in ownership structure on long-term financing
The Group's long-term financing is subject to conditions, which stipulate that lenders may request advance repayment in the event of significant changes in the ownership of the company. Such significant change could result from a public bid to acquire Electrolux shares.

Distribution of funds to shareholders

Dividend 2022
The Annual General Meeting in March 2023 decided to adopt the Board's proposal that no dividend should be distributed for the fiscal year 2022 and that AB Electrolux funds would be carried forward in the new accounts.

Proposed dividend
According to the company's dividend policy, Electrolux target is for the dividend to correspond to approximately 50% of the annual income. As the annual income for 2023 was negative, the Board of Directors proposes that no dividend shall be distributed for the fiscal year 2023.

Total distribution to shareholders



Electrolux has a long tradition of high total distribution to shareholders.

Number of shares[1]

	A shares	B shares	Shares, total	Shares held by Electrolux	Shares held by other shareholders
Number of shares as of January 1, 2023	8,192,348	274,885,045	283,077,393	13,049,115	270,028,278
Change during the year	–544	544	-	-	-
Total number of shares as of December 31, 2023	8,191,804	274,885,589	283,077,393	13,049,115	270,028,278
As % of total number of shares				4.6%	

[1] For more information on number of shares, see Note 20.

Employees

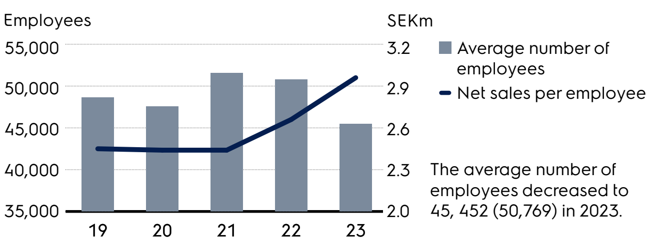
Electrolux Group's corporate culture
Teamship is the Electrolux way of working. It is about setting aligned goals that allow clear choices and continuous improvement. It is about knowing how to collaborate. It is about transparency and a learning organization. Finally, it is about engagement and passion about creating outstanding consumer experiences.

Wherever Electrolux operates in the world, the company applies the same high ethical standards and principles of conduct.

Electrolux has a global ethics program, encompassing both ethics training and a whistleblowing system – the Electrolux Ethics Helpline. Through the Electrolux Ethics Helpline, employees can report suspected misconduct in local languages. Reports may be submitted anonymously if legally permitted.

Code of Conduct
The Group has a Code of Conduct that defines high employment standards for all Electrolux employees in all countries and business areas. It incorporates issues such as child and forced labor, health and safety, workers' rights and environmental compliance. Key policies in this context include the Workplace Policy, the Anti-Corruption Policy and the Environmental Policy.

Number of employees
The average number of employees of Electrolux decreased in 2023 to 45,452 (50,769), of whom 1,699 (1,720) were in Sweden. Salaries and remuneration in 2023 amounted to SEK 20,104m (19,644), of which SEK 1,461m (1,561) refers to Sweden.



The average number of employees decreased to 45, 452 (50,769) in 2023.

For comparable reasons the figures in the graph are exclusive of the discontinued business area Professional Products.

Remuneration guidelines for Group Management
The following guidelines were approved by the Annual General Meeting 2020 and apply until the Annual General Meeting 2024 unless any changes are proposed.

The guidelines apply to the remuneration and other terms of employment for the President and CEO, other members of the Group Management of Electrolux ('Group Management') and, if applicable, remuneration to board members for work in addition to the board assignment. The Group Management currently comprises ten executives.

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

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

Note 27 of the Annual Report includes a detailed description of existing remuneration arrangements for Group Management, including fixed and variable compensation, long-term incentive programs and other benefits.

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

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

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

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

Variable compensation
Variable compensation consists of both short-term and long-term incentives. Long-term incentives consist of long-term share-related incentive programs ('LTI programs'). Such programs are resolved upon by the General Meeting and are therefore excluded from these guidelines. Each year, the Board of Directors will evaluate whether or not an LTI program shall be proposed to the General Meeting. LTI programs shall be distinctly linked to the business strategy and shall always be designed with the aim to further enhance the common interest of participating employees and Electrolux shareholders of a good long-term development for Electrolux. *For more information regarding these programs, including the criteria which the outcome depend on, please see the Remuneration report at www.electroluxgroup/en/remuneration-report/*

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

Variable compensation shall mainly relate to financial performance targets. Non-financial targets may also be used in order to strengthen the focus on delivering on the Company's business strategy and long-term interests, including its sustainability. The targets shall be specific, clear, measurable and time bound and be determined by the Board of Directors.

Short Term Incentive (STI)
Members of the Group Management shall participate in an STI plan under which they may receive variable compensation. The objectives in the STI plan shall mainly be financial and the measurement period shall be one year. The objectives shall mainly be set based on financial performance of the Group and, for the business area heads, of the business area for which the Group Management member is responsible, such as profit, financial efficiency and sales. Financial objectives will comprise at least 80% of the weighting. Non-financial objectives may be related to sustainability, customer satisfaction, quality or company culture.

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

The maximum STI entitlements shall be dependent on job position and may amount to a maximum of 100% of ABS. Reflecting current market conditions, the STI entitlement for Group Management members employed in the U.S. may amount to a maximum of 150% of ABS.

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

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

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

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

Notice of termination and severance pay
The notice period shall be twelve months if Electrolux takes the initiative to terminate the employment and six months if the Group Management member takes the initiative to terminate the employment.

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

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

In addition to the above, compensation for any non-compete undertaking may be awarded. Such compensation shall be based on the ABS at the time of notice of termination of the employment, unless otherwise stipulated by mandatory collective agreement provisions, and be awarded over the period for which the non-compete clause applies, which should not exceed twelve months after termination of the employment. The compensation shall be reduced by an amount corresponding to any income that the person receives from other sources of income, either from employment or from other business activities.

Salary and employment conditions for employees
In the preparation of the Board of Directors' proposal for these remuneration guidelines, salary and employment conditions for employees of the Company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the People Committee's and the Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

Consultancy fees
If a member of the Board of Directors (including through a wholly-owned subsidiary) should carry out services to Electrolux in addition to the board assignment, specific fees for this can be paid out (consultancy fees), provided that such services contribute to the implementation of Electrolux business strategy and the safeguarding of Electrolux long-term interests, including its sustainability. Such consultancy fee may for each member of the Board of Directors not exceed the annual remuneration for the board assignment. The fee shall be in line with market practice.

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

Events after year-end

January 11. Electrolux Group announces its second science-based climate target.
Electrolux Group announces that it has set a new science-based climate target to reduce greenhouse gas emissions in products and operations in support of the Paris climate agreement The new target comes after the Group achieved its previous science-based target three years ahead of plan.

The new target aims to reduce the company's direct and indirect emissions resulting from its own operations (scope 1 and 2) by 85% and to reduce the Group's absolute scope 3 emissions (use of sold products, materials, transport of products and business travel) by 42% between 2021 and 2030.

January 12. Electrolux Group announced loss for the fourth quarter 2023 driven by North America
Electrolux Group announced that operating income in the fourth quarter of 2023, excluding non-recurring items of SEK -2.5bn (-1.4), was estimated to be approximately SEK -0.7bn (-0.6).

January 25. Geert Follens, Daniel Nodhäll and Michael Rauterkus proposed as new Board members of AB Electrolux
The Nomination Committee of AB Electrolux proposes election of Geert Follens, Daniel Nodhäll and Michael Rauterkus as new members of the Board of Directors at the Annual General Meeting of AB Electrolux on March 27, 2024. The Nomination Committee further proposes re-election of Petra Hedengran, Ulla Litzén, Karin Overbeck, David Porter, and Jonas Samuelson, as Board members.

As previously communicated, Torbjörn Lööf is proposed to be elected as the new Chairman of the Board of Directors since Staffan Bohman, the current Chairman of the Board of Directors, has announced that he will not be available for re-election. Board members Henrik Henriksson and Fredrik Persson have also declined re-election.

February 6. CDP awards Electrolux Group "A" for climate leadership
Electrolux Group has once again been recognized for its leadership in corporate transparency and performance on climate change by global environment non-profit CDP, achieving an "A" score. Electrolux Group is one of a small number of companies that achieved an "A" – out of more than 21,000 companies scored. This is the seventh time Electrolux Group has achieved an A score for the CDP Climate.

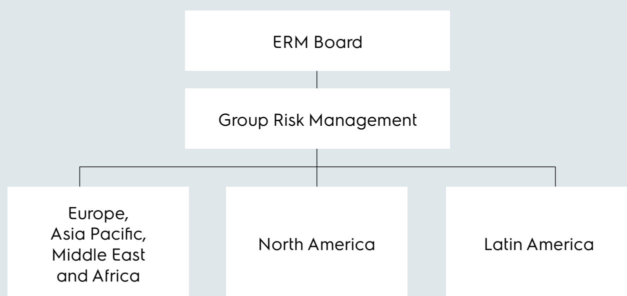
For more information, visit www.electroluxgroup.com

Risk management

Overview and governance

Enterprise Risk Management (ERM) at Electrolux Group enhances organizational resilience by proactively identifying, assessing, and mitigating risks. In this way the Group safeguards long-term value and fosters sustainable success and the capacity to reach financial targets and strategic objectives. Electrolux Group is exposed to risks that can impact its operations, financial stability and reputation, hence ERM plays a critical role for navigating in a global market.

The ERM governance at Electrolux Group encompasses the examination and continual surveillance of various risk categories, adhering to the "three lines"[1)] model. It covers all Business Areas, Operations, Product Lines and Functions within the Group. The Group employs a decentralized global risk management approach, where each function is responsible for managing its own risks. The Electrolux Board of Directors is ultimately responsible for the governance of risk management. Electrolux Group has established internal bodies that regularly oversee and address risk exposure. This includes the Enterprise Risk Management Board (ERM Board), the Ethics & Human Rights Steering Group, the Audit Board, and the Tax Board. Sustainability risk are managed in the Sustainability Board.



The ERM Board has been strengthened since the beginning of 2023 by including all members of the Group Management team in the ERM Board.

1) The "three lines" model defines roles for operational management, risk functions, and internal audit to ensure efficient risk oversight in an organization.

The ERM Board was established primarily to oversee and facilitate that the Electrolux Group's ERM activities are conducted in a holistic and proactive manner to support the achievement of Electrolux Group's strategic ambitions. The overall purpose is to support and strengthen the development of integrated risk assessment processes. This ensures that timely and periodic assessments of risks shall be assured and enables the management to monitor the identified relevant risks within the Business or Group Functions.

Risk Transfer, Insurance Protection and Loss Prevention
Electrolux Group is proactively using different methods of risk transfer. This includes tailored insurance programs that are continuously evaluated, and actions to reduce insurable risks. The Group owns two Captives to ensure customized insurance solutions and costs efficiencies. Risk transfer is also done by the optimization of contracts and hedging via the capital markets.

Electrolux Group's Loss Prevention strategy is a backbone of its global risk reduction activities. Electrolux Group is running a risk management program, called Blue Risk, to implement loss prevention solutions. This program minimizes the probability of major loss (fire, natural catastrophe, machinery breakdown, etc.) that could cause significant business interruption. To manage such events Electrolux Group has a Business Continuity Management (BCM) program to recover and maintain critical activities that affect business operations. The interlinkage of ERM work, Loss Prevention and Business Continuity Management creates resilience and safeguards the interests of Electrolux Group, its key stakeholders, reputation, brand and value-creating activities.

Electrolux Group Risk Universe

Strategic risks and opportunities

Strategic risks
- Innovation
- Digital transformation
- Disruptive Technologies
- Sustainable development
- M&A
- Strategic directions
- Continuous improvement

Emerging risks

External risks
- Geopolitical
- Competition
- Customers
- Raw Material Impact
- Natural Hazards
- Regulations

Manageable business risks

Internal risks
- Supply Chain
- Production
- Human Resources
- Quality
- Cyber
- Anti-Bribery
- Litigation
- Compliance
- Ethics & Human Rights
- Anti-Trust
- Fraud
- Sustainability
- Manufacturing processes
- Liquidity
- Credit
- Refinancing
- Interests
- Pension
- Capital structure
- Capital markets
- Currency

ERM Framework

The ERM framework incorporates processes designed to identify, mitigate, communicate and report risks, with a specific emphasis on key risks that can significantly impact the business, including considerations of environmental, social, and governance matters. Electrolux Group employs a risk mapping process as a management tool for systematically collecting and integrating risk information into decision-making and governance processes. These risk mappings are integral to Electrolux Group's ERM, emphasizing that effective risk management is crucial for decision-making and value creation.

At the core of the risk mapping process is the identification and evaluation of existing and emerging risks. Risks are categorized within the Electrolux Group Risk Universe (see illustration on the previous page), encompassing strategic, external, and internal risk categories. Strategic risks pose a threat to the execution of the Group's strategy and are influenced by external factors, e.g. industry shifts, macroeconomic developments or political instabilities. External risks include natural disasters, geopolitical risks, market risks, or regulations that can negatively impact the Group's performance. Sustainability risks, cyber security risks, supply chain risks and talent retention risks are examples of primary internal operational risks.

Electrolux Group also actively monitors emerging risks stemming from macro-level changes e.g. examples are global warming, shifts in consumer behavior, or the introduction of Artificial Intelligence (AI) that leads to increased cyber risk exposure. These emerging risks may also originate from more localized factors, such as industry prospects and trends.

Electrolux Group's risk appetite is determined by assessing the impact a risk has on the Group strategy if it materializes. Key risks are linked to action plans aimed at closing risk management gaps, and to continuously monitor tracks on how risks evolve after implementing risk-mitigation measures. Risk ownership is assigned to business executives or individuals formally appointed to handle specific risks. This approach fosters a risk culture that encourages engagement and accountability within the organization.

Key risks for the Group

Electrolux Group's identified strategic, external and internal key risks are described below. Financial risks are presented in more detail in Note 2, Financial risk management. Climate-related risks are discussed in more detail in the section on Climate Risk Disclosures.

Major shifts in the industry

As society increasingly embraces digitalization, consumer behavior undergoes transformations, causing significant structural shifts across various industries, notably in consumer goods. The pace of these changes has accelerated following the impact of the coronavirus pandemic. Electrolux Group recognizes numerous opportunities arising from these developments but is also proactively addressing potential risks as lack of business agility or an inability to foresee external developments. The Group monitors the evolving competitive landscape, keeping a close eye on new market players, evolving business models, shifts in alliances, and heightened competition. Electrolux Group's ability to invest in growth and innovation, including new segments, is crucial for its strategy. Not executing on the Group's strategic priorities in a timely manner may affect the delivery of outstanding consumer experience and profitable growth.

Digital transformation / Internet of Things (IoT)

In addition to the digital transformation in Operational Excellence, Electrolux Group is also undertaking a digital transformation in IoT. Premium segments of the market worldwide are increasingly relying on connected products for better appliance performance, experience and more product features. Electrolux Group is now changing how it develops connected products for improved, more scalable and valuable experiences by creating electronics and software platforms that span across product categories to enable this. This will require state-of-the-art ways of working and more digital talent, which is in high demand across industries and geographies. Key risks in realizing the platform ambition is talent attraction, retention, and the ability to upskill existing talent. Electrolux Group manages this risk by seeking highly experienced IoT talent that strategically drive execution and will closely monitor progress on launching teams into digital projects.

IT and cyber risks

The digital transformation of the global economy, and of Electrolux Group specifically, leads to great opportunities. As Electrolux Group leverages more technology to take advantage of the opportunities, it also creates new risks and greater exposure. For example the new ways of working digitally, accelerated by the pandemic and used by many Electrolux Group employees, customers and suppliers, have increased the cyber risks. Cyber security control failures have become an emerging risk that is closely monitored. The Group continuously prepares for cyber attacks by assessing its cyber risk profile, remediating where needed and proactively managing its cyber defenses. Specific trainings are continuously being performed to improve awareness, knowledge and skills. IT failures, for example in key applications or hardware, may also have significant impacts on delivery, production, sales and other critical systems and functions.

Geopolitical and security risks

Electrolux Group has adopted a systematic approach to political risk management. With war in Europe, conflict in the Middle East and growing tensions in Asia-Pacific, geopolitical uncertainties are impeding global economic progress and fostering considerable instability. In Europe, the war in Ukraine is ongoing. Hamas' terrorist attack on Israel and Israel's response, risks spilling-over into a broader regional conflict. In the Taiwan Strait and South China Sea there is increasing military activity. Combined, these risks have created a challenging business environment, in which Electrolux Group must navigate. The Group monitors geopolitical events that may negatively impact its operations, employees and customers. In Ukraine, where Electrolux Group continues to operate, the risks are regularly re-evaluated to ensure the security and safety of its employees and their families. Electrolux Group aims to minimize potential disruption to manufacturing, sourcing and supply chain, through an integrated risk-management program. Geopolitical factors are expected to continue to influence global energy prices, foreign exchange rates and dampen consumer sentiment in the near-term. Electrolux Group undertakes business continuity planning to minimize potential disruption, enable quicker recovery and create a competitive advantage.

Regulatory risks

Electrolux Group must adhere to a wide spectrum of regulations, laws and industry standards. As the regulatory landscape continues to evolve, it becomes crucial to proactively monitor and address risks associated with legal and product compliance, antitrust concerns, trade regulations, supply chain due diligence, contractual obligations, safeguarding intellectual property and patents, preserving confidential information, ensuring personal data protection, and handling insider information, among others. Failure to comply with these regulations could result in penalties, fines, increased operational expenses, revocation of permits, or even the cessation of certain product manufacturing. To mitigate these risks, Electrolux Group employs in-house legal experts and governmental affairs specialists across its business sectors to oversee regulatory changes and handle compliance matters. Ongoing employee training plays a vital role in ensuring adherence to these laws, regulations and standards.

Market risks

Consumer behavior has been highly impacted by several abnormal economic circumstances over the past few years, ranging from pandemic distortions, war outbreaks and high inflation levels. Worsening purchasing power and deteriorating economic growth have dampened consumer spending, impacting Electrolux Group's sales, especially in Europe and North America. If economic conditions continues to worsen and/or a financial crisis is triggered, Electrolux Group's sales could be further impacted.

To mitigate these risks, Electrolux Group closely follows market and sales developments that could impact consumer behavior. Electrolux Group also focuses on an agile manufacturing set-up to mitigate and adapt to changes in demand. In times of strong market demand, it is also essential that Electrolux Group can benefit from its global scale by delivering new innovative products and outstanding consumer experiences with a high speed to market.

Electrolux Group's markets are also subject to price competition. This is particularly evident in the low-cost segments and in product categories with significant overcapacity. In markets with high inflation combined with currency rate fluctuations, Electrolux Group has greater opportunities to carry out price increases to offset potential negative effects.

Raw material and logistics impact

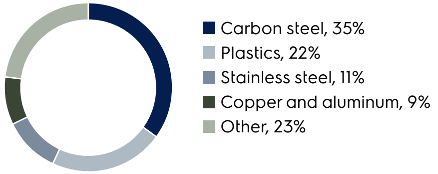
Fluctuations in commodity prices impact the Group's input costs and, therefore, its profitability. Materials account for a large share of the Group's costs. Electrolux Group purchased raw materials and components for approximately SEK 53 bn, of which approximately SEK 24 bn referred to raw materials, in 2023. Logistics accounted for approximately 10% of net sales in 2023. In order to mitigate increases in prices for raw material, components and logistics, Electrolux Group strives to raise the prices of its products, improve cost efficiency and negotiate more favorable purchasing contracts for commodities such as steel and chemicals.

Sensitivity analysis year-end 2023

Risk	Change +/–	Pre-tax earnings impact –/+, SEKm
Raw materials[1]		
Carbon steel	10%	900
Stainless steel	10%	300
Plastics	10%	500
Currency[2] and interest rates		
USD to EUR	10%	390
USD to CAD	10%	420
EUR to GBP	10%	280
EUR to CHF	10%	310
USD to BRL	10%	280
USD to AUD	10%	130
THB to AUD	10%	100
MXN to USD	10%	170
USD to CLP	10%	110
PLN to EUR	10%	120
Translation exposure to SEK[3]	10%	-94
Interest rate	1 percentage point	30

[1] Changes in raw materials refer to Electrolux Group prices and contracts, which may differ from market prices.
[2] Transactional exposure. Translation effects not included.
[3] Assuming the Swedish krona appreciates/depreciates against all other currencies.

Raw materials exposure 2023



Supply Chain risks

Electrolux Group is heavily dependent on deliveries of raw material and components to its factories and a functioning global logistics system that can deliver products from the supply and manufacturing systems to its customers and consumers. In 2023, no notable disruption of the Group's global supply chain or suppliers' challenges to manufacture to its needs was experienced. A few, temporary supply challenges arose due to severe river/canal droughts (especially in Brazil and Panama), intensified US border controls at the Mexico/Texas borderline, and production issues at suppliers' factories. Nonetheless, the principal supply chain risks remain. These risks include: potential cost impact and disturbances related to geopolitical tensions and crises, weather and climate related logistics challenges, pandemic related business shutdowns, and potential supply shortages for key materials and components. The needs for electronics and special materials is also a risk. Shortages may cause manufacturing and delivery disruptions which may impact customers significantly as well as increase costs associated with layoffs, manufacturing adaptation, etc. Electrolux Group builds and adapts its business continuity plans to address these key risks and also promotes continuous collaboration with selected large suppliers to monitor their major risks.

Ethics related compliance risks

Electrolux Group faces a wide array of ethical and sustainability considerations, including human rights, privacy, employment conditions, and corruption. Non-compliance with anti-corruption law may result in substantial fines or various sanctions. Furthermore, breaches of human rights and ethical norms have the potential to adversely affect the Group's brands and corporate reputation. In response to these risks, Electrolux Group has implemented thorough internal governance procedures and policies, along with employee training initiatives.

Key people and talent

Having the right people is essential for an organization's success. A risk in this regard refers to challenges such as key talent leaving, skill shortages or failure to develop and retain crucial talent, especially in times of financial constraints and re-organizations. It is essential to attract and retain competences for the future. The Group has strategies in place like succession planning, talent development programs and a strong organizational culture to mitigate these risks and to ensure continuity.

Electrolux Group strives to be recognized as an employer of choice, a desired workplace and the first choice for talent.

By creating an outstanding experience throughout the talent journey, both internal pride and external awareness is built. The Group is committed to be a responsible employer, providing a sustainable, efficient, diverse, and healthy working environment with fair terms of employment for the workforce.

Sustainability risks

Electrolux Group has well-defined sustainability objectives in its For the Better 2030 sustainability framework. The Group's ability to meet these objectives and accurately and transparently report on its progress presents risks from operational, financial, legal and other types of risk. There is growing concern for sustainability topics and an increasing interest from legislators to regulate companies' responsibilities for sustainability topics in their supply chains, which adds legal exposure and may ultimately negatively affect the ability to sell products. Electrolux Group therefore closely monitors these risks.

Environment risks

The main environmental risks are related to regulatory and consumer requirements. Not meeting requirements could result in fines or limitations in production permits, reduced sales or product withdrawal. Electrolux Group has processes in place to mitigate these risks, including ISO management systems, internal audits, a Responsible Sourcing program, and target setting in product development plans.

Climate-related risks

Tackling climate change by reducing greenhouse gas emissions is one of the most urgent challenges facing society. According to the latest Intergovernmental Panel on Climate Change (IPCC) Report (Climate Change 2023: Synthesis Report), human activity is already changing the climate in unprecedented ways. The report calls for strong and sustained action to limit climate change.

As product energy use is responsible for approximately 85% of Electrolux Group's climate impact, product efficiency is where the Group can make its greatest contribution to tackling climate change. Electrolux Group is reducing carbon dioxide emissions from its manufacturing facilities, product transport, and the energy consumed during the use of its sold products.

To increase the internal focus on actions to reduce climate change, a performance target linked to the Group's science-based target, within the long-term share-related incentive programs for senior managers, was introduced in 2021.

The ERM includes climate-related risks in line with the Climate Risk Disclosure. *Read more on pages 53-57.*

Electrolux Group has a thorough risk mapping and decision-making process that manages all risks related to its business. The two different climate scenarios outlined in the Climate Risk Disclosure result in a variety of risks and opportunities for Electrolux Group throughout its value chain as described below.

Primary rapid transition risks

Increased costs related to designing resource-efficient products – Electrolux Group has product development roadmaps with the objective to meet energy labelling standards, such as the EU new labelling standards and stricter minimum energy performance standards (MEPS), which were implemented in 2023.

Carbon taxes – The Group is well prepared to meet the risks of higher carbon taxes by driving resource and energy efficiency throughout the value chain. Carbon taxes, such as the EU "carbon border adjustment mechanism", on finished goods could also increase import duties.

Other transition risks, mainly related to the increased reporting requirements as well as the potential change of consumer behavior have been identified. These scenarios are already integrated into the Group ERM risks.

Primary acute and chronic physical risks

Group operations – Electrolux Group has a well-established loss prevention program called Blue Risk. The program has not found that Group factories have significant risks related to greater acute and chronic physical risks due to more frequent and severe weather systems and changing climate conditions. However, more detailed modelling to better identify the long-term effects will be conducted, based on reputable external sources. Adequate insurances are in place to mitigate this risk.

Group suppliers – Significant risks exist among Electrolux Group suppliers. Increased frequency of extreme weather events such as floods, hurricanes or temperature rises could cause disruption. The Group has a large amount of flexibility in its supply chain, which will enable it to adapt to the changing conditions to meet market needs as more resilient suppliers are likely to survive and thrive. Insurance is purchased to mitigate the risk.

Transport systems – The global logistical systems Electrolux Group relies on for the movement of its raw materials, components and finished goods are thought to be resilient to acute and chronic physical risks as alternative logistical arrangements are likely found. More investigation is required to mitigate the risk.

Social risks

Electrolux Group's reputation is built on trust, which means that all actions and decisions must be governed by principles of ethics, integrity, and respect for people and care for the environment – no matter where the Group operates in the world. The key human rights risk areas include freedom of association, discrimination and working conditions. Other risk areas are labor rights at suppliers and corruption.

The Electrolux Group Code of Conduct includes the Group's Human Rights policy statement, firmly stating that human rights shall be respected. All employees are required to complete the Code of Conduct e-learning as part of onboarding and recurring campaigns.

Electrolux Group monitors performance and manages risks through internal and external audits, annual audits for manufacturing units, local human rights assessments, education, the Ethics Helpline, management-labor dialogue, as well as health and safety committees. Risks in the supply chain are addressed through audits, training efforts and surveys as part of the Responsible Sourcing program and the Conflict Minerals program.

The Group conducts human rights impact assessments at both Group and local level, in line with the UN Guiding Principles on Business and Human Rights. Five issues constitute the Group's salient human rights issues. The framework for the assessments has been aligned to ERM. It focuses on identifying the risk of harming people, as a direct or indirect result of Electrolux Group operations.

Corruption poses a threat to sustainable economic and social development around the world. Corruption could also have severe negative impact for the Group by obstructing business growth, increasing costs and imposing serious legal and reputational risks. As it operates all around the world, including countries in emerging markets, Electrolux Group is exposed to risks related to corruption and bribery. These risks may arise in several phases of the value chain, such as in purchasing and sales. Electrolux Group has zero tolerance for corruption and works continuously to raise awareness among employees in order to minimize the risk for corruption. Measures against corruption are included in the Group's Anti-Corruption Policy, which all employees are required to follow. This policy provides guidance to employees on how to do the right thing and explains which actions constitute unlawful and inappropriate behavior.

Employees can report ethical misconduct through a whistleblower system. In 2023, 550 (478[1]) reports were received, out of which 15 (12) reports in the area of business integrity were investigated.

Impacts throughout the value chain

Finally, a value chain perspective helps Electrolux Group identify how it can best manage its impacts and create maximal value. This approach makes it easier to identify opportunities, minimize or enhance impacts, and understand boundaries. It helps the company to understand how its actions and impacts are interrelated. It identifies the degree of influence throughout the value chain, and the value created for the Group and the society. The following table identifies the key sustainability risks and impacts throughout the value chain, and how they are managed.

[1] As of 2023, cases received but found to be outside the scope of the helpline are no longer included.

	Risks	How impacts are managed	Ability to influence	Generating value
1. Product development Close collaboration between Design, Marketing and Product development enables new products to offer best-in-class consumer experiences. The ambition is to develop solutions with leading environmental performance. Timely innovation is key to meeting forthcoming legal requirements and market demands. The focus is on energy, water and material efficiency, as well as chemical use in appliances.	• Not meeting regulatory or market requirements. • Not meeting consumer expectations. • Not adapting to a low-carbon economy.	• Continuously improve product efficiency. • Increase use of recycled materials. • Eliminate harmful materials. • Integrate future requirements into product development plans. • Participate in the UN's United for Efficiency program.	High	Products with leading environmental performance deliver consumer value in line with the business strategy, while reducing negative impact on the environment.
2. Suppliers Electrolux Group relies on thousands of first-tier suppliers, many in emerging markets. The focus is on safeguarding standards and developing supplier capacity to improve their sustainability performance. The Group also requires all its suppliers to comply with the Supplier Workplace Standard and the Workplace Directive. These requirements are the same as Electrolux Group internal policies.	• Connections to social, ethical and human rights violations. • Severe weather conditions caused by climate change could negatively affect supply. • Business interruptions due to unethical business practices in the supply chain.	• Apply a risk-based approach to identify suppliers in scope. • Assess the climate impact of key suppliers. • Conduct auditing to safeguard standards. • Hold training and drive improvement programs.	Medium	Enforcing Electrolux Group standards supports human rights and raises environmental, labor and economic standards, particularly in emerging markets. This also builds trust and a resilient supply chain, while reducing business and reputational risks.

	Risks	How impacts are managed	Ability to influence	Generating value
3. Electrolux Group operations Electrolux Group has 34 factories world-wide and sales in approximately 120 markets and approximately 45,000 employees. The main focus areas are to reduce the environmental footprint, maintain high ethical standards and working conditions, and have a positive impact in local communities.	• Disruptions due to emissions and discharges as a result of incidents. • Disruptions caused by severe weather as a result of climate change. • Impact due to social, ethical and human rights violations. • Corruption related to weak governance.	• Implement and maintain systems for environment, resource efficiency, and health and safety. • Governance systems and training to enforce sustainability policies. • Assess the climate impact on operations. • Conduct human rights impact assessments. Support local community programs.	High	Electrolux Group creates community benefit by providing jobs, knowledge transfer and economic opportunities. Positive employee relationships promote competence development, employee wellbeing and job satisfaction. Local community engagement creates good stakeholder relations, improves employee pride and enhances brand reputation.
4. Transport Addressing transportation is part of a life-cycle approach to the Group's overall impacts. Electrolux Group emits more carbon dioxide transporting its goods than it emits through the total energy used in its operations. The Group uses its purchasing power to influence the logistics industry by developing more sustainable transport solutions in collaboration with logistics partners.	• Emissions from transportation. • Labor conditions in logistics companies. • Disruptions in supply chain can impact climate footprint due to shifts in mode of transportation. • Disruptions caused by severe weather as a result of climate change.	• Implement collaborative solutions to mitigate logistics-related impacts. • Promote efficient modes of transport.	Medium	Helping to create a more sustainable transport industry strengthens the Group's brand reputation. Transport is included in the Electrolux Group carbon target. It also supports suppliers in their work to improve their environmental and labor standards.
5. Sales Electrolux Group sells in approximately 120 markets every year, primarily through retailers. Energy and performance labeling, and sustainability communication raise product efficiency awareness among consumers.	• Failure to effectively inform consumers on product use. • Not meeting consumer expectations on product efficiency. • Limited opportunity to influence decision-making at the point-of-purchase. • Failure to meet customer expectations in areas such as anti-corruption and labor standards.	• Continuously improve product performance and efficiency. • Improve pre- and point of purchase communication. • Secure third party endorsement of products (such as best-in-test recognitions). • Communicate on themes such as food storage, reducing food waste, caring for clothes and textiles. • Conduct Group-wide trainings on anti-corruption. • Assessments and audits of Electrolux Group and suppliers' factories.	Medium	Promoting transparency and the Group's sustainable product offering contributes to retailer sustainability goals, strengthens brands and builds consumer loyalty. As sales of the Group's products with leading environmental performance demonstrate, an efficient product offering is a profitable strategy.

	Risks	How impacts are managed	Ability to influence	Generating value
6. Consumer use As the main environmental impacts of Electrolux Group products occur when they are used, product energy and water efficiency is a top priority. Greater use of connected products in the future will help optimize product use.	• Not meeting expectations on product performance. • Consumers not using products in an optimal way. • Product safety. • Data privacy for users of connected products.	• Continuously improve product performance and efficiency. • Prepare for increased data privacy regulation. • Follow the product safety governance and procedures. • Increase development and sales of connected products.	Medium	Appliances deliver social benefits that many take for granted – such as food preservation, hygiene standards, freeing up time from household chores, and facilitating equal opportunities – factors that are particularly significant in emerging markets. Providing efficient products, raising consumer awareness and increasing appliance connectivity can help counter rising global carbon dioxide emissions, while reducing food waste and the wear of clothes.
7. End-of-life Legislation on appliance recycling is being introduced in an increasing number of markets. On average, materials account for approximately 7% of a product's life-cycle impact, and Electrolux Group market research indicates that it is a top priority for consumers. In Europe, the region with the most comprehensive producer responsibility legislation, 80% of the materials from collected end-of-life large appliances must be recovered.	• Not meeting expectations beyond legislation. • Waste of resources due to a lack of recycling. • Illegal trade of discarded products and recycled materials.	• Establish a more circular business by using recycled materials. • Eliminate harmful materials to enable higher quality recycled materials and decrease environmental impact. • Promote proper recycling as part of producer responsibility.	Low	Building resource-efficient and closed-loop systems help reduce environmental impact and overall resource consumption. Innovative designs that allow material reuse save money and energy, and increase consumer trust in the Electrolux Group brand.

Climate risk disclosures

Governance	Strategy	Risk management	Metrics and targets
Disclose the Electrolux Group's governance around climate-related risks and opportunities.	Disclose the actual and potential impacts of climate-related risks and opportunities on the business's strategy and financial planning where such information is material.	Disclose how the Group identifies, assesses, and manages climate-related risks.	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

This report is based on the Task Force on Climate-related Financial Disclosure (TCFD) recommendations. Assessments, findings and conclusions in this Climate risk disclosure report replace earlier ones. The purpose of the report is to assess how climate change could affect Electrolux Group in the long term, and the role the Group plays in mitigating climate change. In accordance with the TCFD recommendations, this report is based on two potential future climate scenarios and how these could impact climate-related risks and opportunities in the future. The main event in 2023 that had an impact on this report was the 28th UN Climate Change Conference of the Parties (COP28). The final COP28 pact called on countries to transition away from fossil fuels specifically for energy systems. This includes limiting emissions and a new commitment to triple renewables and energy efficiency by 2030. While there are uncertainties on the timeframe for transitioning away from fossil fuels in the pact, these actions can encourage societies to decarbonize, which would also help to realize Electrolux Group's scope 3 climate target.

The scenarios used for the assessment in this report have been selected to represent two possible future development paths, where each scenario is characterized by different societal impacts. For each scenario, long-term perspectives of 10 and 30 years have been used to assess climate-related risks and possibilities based on what the Group considers to be best available knowledge. The climate report describes the Group's continuous assessment of climate-related risks and opportunities based on stakeholder expectations, scientific findings, regulatory requirements and frameworks for company reporting. Electrolux Group is committed to annually publish a climate report based on the TCFD recommendations and the company plans to further develop its reporting going forward, as climate science and more extensive analyses evolve. This report is structured around the four TCFD elements describing how organizations operate: governance, strategy, risk management, and metrics and targets. All these elements are connected to climate-related risks and opportunities.

Governance

During 2023, the Electrolux Group's climate change strategy was managed by Group Sustainability (GS) in close cooperation with other Group functions and the business areas. From November 2023, GS became part of the new Technology, Digital and Sustainability (TDS) Group function. The scope of the function is to build consumer-led, differentiated experiences at competitive price points via a platform approach to smartness/connectivity and sustainability, as a core pillar of the Electrolux Group strategy. TDS is also responsible for driving synergies and efficiencies through product development excellence and cross product line scale. With this change, the Head of GS role was merged into a function head role with the new title Chief Technology and Sustainability Officer, reporting to the Electrolux Group CEO and being part of Group Management. Each business area and function will own the execution of the sustainability strategy. TDS will coordinate and ensure that objectives are clearly communicated, and follow up on deliveries through regular meetings and strong governance with all functions involved.

The Chief Technology and Sustainability Officer has an annual meeting with the Electrolux Group Board to report sustainability progress and develop the strategic direction for sustainability work.

The Electrolux Sustainability Board, chaired by the CEO, is a Group forum to raise sustainability topics and review the implementation of the different sustainability programs. Other members of the Sustainability Board are Group Management members and the General Counsel. The CEO reports climate-related progress to the Electrolux Group Board, which oversees the overall strategy.

Enterprise Risk Management (ERM) is the Group's Framework for risk management. ERM is led by ERM Board, which since 2023 includes all members of the Group Management team. ERM manages, in compliance with the Loss Prevention Standard, among others risks related to direct climate impacts and covers both identified and emerging risks, with a time-horizon of around three years. Both physical and transitional climate risks are included in ERM and the outcome is reported to the Sustainability Board and the ERM Board.

Strategy

Climate change is a core element of the Electrolux Group sustainability framework, which includes Climate Goals, various climate-related activities and work with its stakeholders.

For the Better 2030

The Group's sustainability framework — For the Better 2030 — consists of Better Company, Better Solutions and Better Living. It covers all the lifecycle stages of the products – from raw materials and manufacturing to product use and how Electrolux Group can contribute to more sustainable living for consumers around the world.

For the Better 2030 includes the work with climate change and its Climate Goals through the new and expanded science-based climate target (see the illustration). Climate-related topics in the sustainability strategy include the Goal "Drive resource-efficient operations" (scope 1 and 2 emissions) and the Goal "Lead in energy- and resource-efficient solutions" (scope 3 emissions). Scope 1 and 3 are also addressed through the Goal to "Eliminate harmful materials", by phasing out hydrofluorocarbons (HFCs).

See the Electrolux Group Annual Report 2023, Statutory Sustainability Report, on page 58.

Electrolux Group new and expanded science-based climate target

The Group's long-term ambition is to ensure that its entire value chain achieves net-zero emissions by 2050. This supports the United Nations Global Compact — Business Ambition for 1.5°C, which Electrolux Group President and CEO Jonas Samuelson has signed.

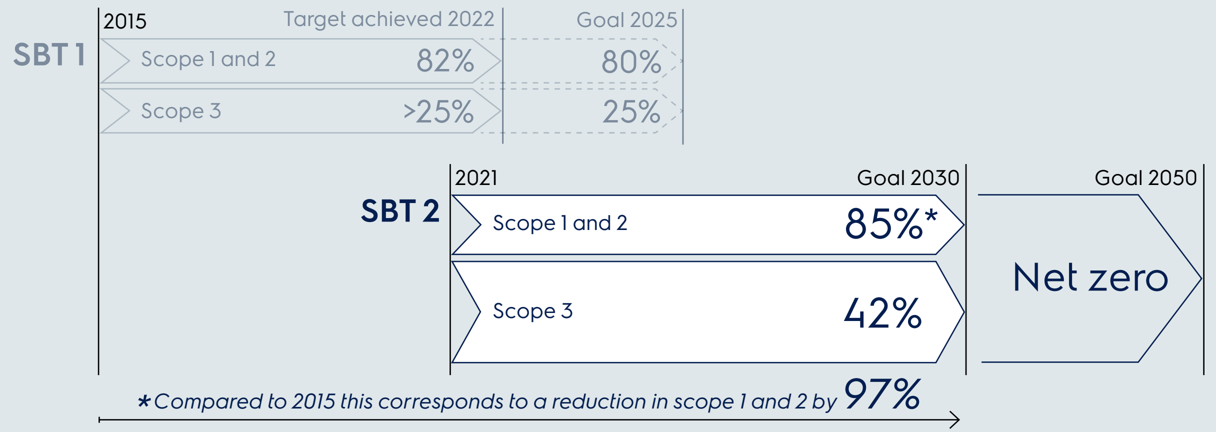
Having achieved its 2025 science-based climate target to reduce absolute emissions in operations by 80% (scope 1 and 2) and reduce emissions in the use phase of sold products by 25% (scope 3) with baseline 2015, three years ahead of plan, Electrolux Group got its second science-based target approved in 2023. The new target aims to reduce the emissions from its operations (scope 1 and 2) by 85% and scope 3 emissions by 42%, broardering the scope of absolute scope 3 emissions, which now include the use of sold products, materials, transport of products and business travel, between 2021 and 2030. In addition, the Group aims at achieving zero emissions in operations by 2033.

Initiatives contributing toward the strategy

Electrolux Group has a variety of initiatives that are fundamental for driving its climate objectives forward. These include financial mechanisms and partner collaborations.

Electrolux Group has set a new and expanded Science Based Target (SBT 2)

Carbon emission reduction targets



SBT 1 (Base year 2015)
Scope 1, direct emissions, scope 2, indirect emissions, energy
Scope 3, other indirect emissions, including categories:
- Use of sold products

SBT 2 (Base year 2021)
Scope 1, direct emissions, scope 2, indirect emissions, energy
Scope 3, other indirect emissions, including categories:
- Purchased goods and services (new)
- Upstream transportation and distribution (new)
- Business travel (new)
- Use of sold products

About TCFD

The international Task Force on Climate-related Financial Disclosure (TCFD) was formed in 2015 by the Financial Stability Board and tasked with correcting the shortage of information regarding companies' work with, and management of, climate change. In 2017, the TCFD released climate-related financial disclosure recommendations designed to help companies promote more informed investment, credit and underwriting decisions and enable stakeholders to better understand the financial system's exposure to climate-related risks.

Electrolux Group's Green Financing Framework

The Green Financing Framework which is used to finance or refinance projects that support the Electrolux Group sustainability framework — For the Better 2030. Examples of investments include investments in R&D to improve the energy or water efficiency of appliances, improving the efficiency of manufacturing processes, developing recycled materials and increasing the use of energy from renewable sources at Electrolux Group factories.

Long-term Incentive program

To increase the internal focus on actions to reduce climate change, a performance target linked to the Group's science-based climate target, within the long-term share-related incentive programs for senior managers, was implemented in 2023, in addition to the programs in 2022, 2021 and 2020.

Examples of Electrolux Group's climate-related collaborations

United for Efficiency (U4E)

– Electrolux Group participates in the United Nations led initiative United for Efficiency to support developing countries and emerging economies in setting up effective product performance and labelling systems to help facilitate a complete market transformation to energy-efficient cooling appliances. Currently, only 70% of the use phase emissions from products sold by the Group are covered by product efficiency standards.

The Cool Coalition

– The Cool Coalition, where Electrolux Group participate, was initiated by UNEP with the objective to improve the energy efficiency and to reduce the environmental impact of cooling appliances.

Logistics

In 2023, the Group continued dialogue with the logistics industry to share best practice in transport management. Electrolux Group is a member of the U.S. Environmental Protection Agency-led SmartWay and the Smart Freight Centre initiative with commitments to decrease road and sea transport-related emissions respectively.

The Electrolux Group's climate scenarios

The Group mainly uses two different climate scenarios based on data from the International Panel on Climate Change (IPCC) and the International Energy Agency (IEA) to assess the resilience of its business. This includes potential medium- and long-term climate-related risks and opportunities throughout the appliance industry value chain.

According to the TCFD Recommendations, companies should base their climate-related risks and opportunities on two different climate scenarios. In alignment with these recommendations, the two scenarios Electrolux Group uses have different levels of projected emission reductions over the time horizons of 10 years and 30 years[1]. They are referred to as the Rapid Transition Scenario and the Changing Climate Scenario.

Major scenario impacts on the Electrolux Group value chain

The Rapid Transition and Changing Climate scenarios would both have material impact on the entire value chain. However, their major impacts on the value chain would differ slightly (see the illustration).

[1] Electrolux Group has based its climate scenarios and impacts on two different Representative Concentration Pathways (RCPs) developed by the IPCC (IPCC, 2014: Climate Change 2014: Synthesis Report). An RCP describes a greenhouse gas (GHG) concentration trajectory resulting in different climate futures, and ultimately results in different risks and opportunities for The Group based on this forecast. The Electrolux Group report for 2023 has been updated based on the IPCC report "AR6 Climate Change 2021: The Physical Science Basis", presented in August 2021.

The Rapid Transition Scenario

This scenario would involve rapidly declining emissions in the coming decades, mainly driven by legislation and taxes, resulting in a global average temperature rise of between 0.3°C to 1.7°C by 2100. This pathway would require transitional changes to achieve the UN Paris Climate Agreement, including a decline in emissions from 2020.

Key climate implications
- A mean global warming increase by 1.5 to 1.7 °C between 2046 and 2065.
- A mean sea level increase of 0.09 m to 0.19 m between 2046 and 2065.

Implications for the appliance industry
- Stringent product energy legislation – will impact product development and sales.
- Carbon taxes – will impact suppliers, operations and sales.
- Digitalization and smart demand-side management – will impact product development and sales.

The climate implications in this scenario are based on the IPCC Scenario RCP 2.6 and the IEA SDS Scenario[1].

The Changing Climate Scenario

This scenario would involve slowly declining emissions resulting in a temperature increase of between 2.1°C to 3.5°C by 2100. This "intermediate" pathway would follow the current emission path to peak in 2040 with long-term physical risks as a result of climate change.

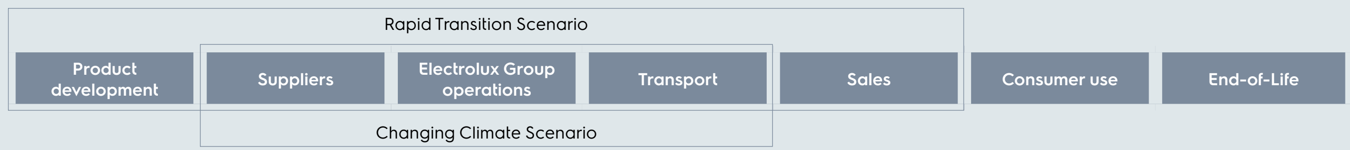
Key climate implications
- A mean global warming increase of approximately 1.5 °C in 2030 and 2.0°C in 2050.
- A mean sea level increase of between 0.09 m in 2030 and 0.20 m in 2050.

Implications for the appliance industry
- Greater acute physical risks due to more frequent and/or more severe weather systems, such as hurricanes and floods – will impact suppliers, operations and transport in the appliance industry.
- Greater chronic physical risks from changing climate conditions, such as droughts – will impact suppliers, operations and transport in the appliance industry.

The climate implications in this scenario are based on the IPCC Scenario RCP 4.5 and the IEA STEPS Scenario[2].

[1] See the Reporting Principles on page 57 for more technical detail on the Rapid Transition Scenario.
[2] See the Reporting Principles on page 57 for more technical detail on the Changing Climate Scenario.

Major impacts from the two scenarios along the value chain



Climate risk management

Electrolux Group has a thorough risk mapping and decision-making process that manages all risks for the Group. The two different climate scenarios result in a variety of risks and opportunities throughout the value chain.

Enterprise Risk Management
The Electrolux Group Enterprise Risk Management (ERM) framework enhances organizational resilience by proactively identifying, assessing and mitigating risks that may significantly impact the business. The Group follows a risk mapping model for the collection and incorporation of risk information into decision making and governance processes. The ERM includes climate-related risks in line with the section Climate Risk Disclosure. Climate-related risks usually have a longer time-horizon than other ERM risks. *Read more in the Risk section on page 46*.

The Rapid Transition Scenario
As a sustainability leader in its industry, Electrolux Group is well-positioned to meet the demands for stringent product energy legislation, carbon taxes and digitalization in the near future – to continue to create long-term shareholder value. As approximately 85% of an appliance's climate footprint is in its use phase, Electrolux Group can play a role in meeting the need for energy efficient appliances that help mitigate the impact of climate change.

Primary rapid transition risks
- *Increased costs related to designing resource-efficient products* – Electrolux Group has product development roadmaps with the objective to meet forthcoming energy labelling standards, such as the new EU labelling standards and stricter minimum energy performance standards (MEPS) that was fully implemented in 2023.
- *Carbon taxes* – The Group is well prepared to meet the risks of higher carbon tax, in driving resource and energy efficiency throughout the value chain. Carbon taxes on finished goods could also increase carbon import duties, such as the EU Carbon Border Adjustment Mechanism.

Opportunities
- *Industrial shift to renewable energy* – The Group is aiming for and well on its way to zero emissions in operations by 2033 (scope 1 and 2 emissions). Based on the projections in a study by Bloomberg New Energy Finance[1], Electrolux Group will not be negatively affected in its operations by the shift from fossil-based to renewable electricity. An industry shift to renewable energy could therefore provide a competitive advantage.
- *Product efficiency* – More stringent product legislation and higher energy prices could drive the demand for energy efficient Electrolux Group products in the market. The International Monetary Fund (IMF)[2] has concluded that a carbon tax of USD 75 per metric ton of carbon dioxide would increase the average electricity price across G20 countries by 43%.
- *A growing market* – The growing middle class[3], in particular in Asia and Africa, will continue to expand the market for household appliances.
- *Electrification* – The IEA estimates that there is potential for 2.6 billion people to switch from wood burning stoves to using clean cooking appliances (from a carbon emissions perspective).[4] Electrolux Group can help meet this demand for clean and efficient appliances.

The Changing Climate Scenario
In this scenario, it is important to adapt to a changing climate in terms of more severe weather systems and greater chronic physical risks from changing climate conditions. Electrolux Group has started to include "The Changing Climate Scenario" in its loss prevention program, Blue Risk, to improve the resilience of its own operations, supply chain and transport systems, and plans to make more detailed assessments in the coming years. Action on this insight will enable Electrolux Group to continue to create long-term shareholder value.

Primary acute and chronic physical risks
- *Electrolux Group operations* – Recent internal assessments have not concluded that the Group factories have significant risks related to greater acute and chronic physical risks due to more severe weather systems and changing climate conditions. However, more detailed analyses will be conducted based on reputable external sources, such as the IPCC.
- *Acute physical risks* – IPCC predicts that the scenario will result in greater acute physical risks, such as more frequent hurricanes.
- *Chronic physical risks* – IPCC does not predict a significant increase in chronic physical risks due to this scenario in the next 30 years, although uncertainty is high.
- *Electrolux Group suppliers* – Significant risks exist among suppliers, although flexibility in the Group's supply chain, which can adapt to the changing conditions to meet market needs as more resilient suppliers are likely to survive and thrive.
- *Transport systems* – The global logistics system Electrolux Group relies on for the movement of its raw materials, components and finished goods are thought to be resilient to acute and chronic physical risks as alternative logistical arrangements can be found. However, more investigation is required.

Opportunities
- *A growing market* – The growing middle class, in particular in Asia and Africa, will continue to expand the market for household appliances.
- *Consumer demand* – The need for air conditioning is expected to grow in a warmer world, particularly in Asia and Africa with a growing middle class. Electrolux Group can meet this growing market demand.
- *Electrification* – The IEA estimates that there is potential for 2.6 billion people to switch from wood burning stoves to using clean cooking appliances (from a carbon emissions perspective).[4] Electrolux Group can help meet this demand for clean and efficient appliances.

Future development
The Group will continue to develop its climate scenario analyses and assess the potential impacts on its operations. Future development includes to:
- Enhance climate risk understanding for specific factory locations.
- Further develop the Group's climate transition plan.

[1] According to a third-party study discussed in International Monetary Fund (2019). Fiscal Monitor, How to Mitigate Climate Change page 21.
[2] According to a third-party study discussed in International Monetary Fund (2019). Fiscal Monitor, How to Mitigate Climate Change page 9.
[3] The World's Growing Middle Class (2020–2030), https://elements.visualcapitalist.com/the-worlds-growing-middle-class-2020-2030/
[4] IEA, Sustainable recovery: buildings, https://www.iea.org/reports/sustainable-recovery/buildings

Metrics and Targets

Electrolux Group has comprehensive reporting systems that include various metrics and targets to assess and manage relevant climate-related risks and opportunities. *Read more in the For the Better 2030 section on page 59.*

The Group annually responds to the CDP Climate questionnaire and the CDP Water questionnaire. Electrolux Group also reports in accordance with the GRI Standards.

The following climate related KPIs are reported in the separate Sustainability Report:

- Energy consumption within the Group
- Direct and Indirect carbon dioxide emissions, including fugitive emissions
- Greenhouse gas emissions intensity in metric tons carbon dioxide per million SEK
- Reduction of GHG emissions
- Emissions of ozone-depleting substances
- Science-based climate target results (scope 1, 2, and 3)
- Electrolux Group CDP report (www.cdp.net)

Details on the overall climate performance are found on page 58 in the Annual Report and detailed performance is reported in the standalone Electrolux Group Sustainability Report 2023.

Climate-related risks and impacts of the Rapid Transition and the Changing Climate scenarios

Scenario	The Rapid Transition Scenario		The Changing Climate Scenario	
Risk Area	Product energy legislation	Carbon dioxide price/tax	Physical Risk – acute	Physical Risk – chronic
Potential impact on Electrolux Group	Transformation investments	Increase in price for raw materials	Interruptions in manufacturing and supply chain	Relocation of manufacturing
Financial impact area	Costs, Sales, Reputation	Costs, Sales	Costs, Sales	Costs

■ Risk (0–3 years) ■ Emerging Risk (3–10years) ■ Long-term Risk (10– years)

Reporting principles

This section provides some additional technical detail behind the scenarios and the report's assumptions.

Electrolux Group has based its climate scenarios and impacts on two different Representative Concentration Pathways (RCPs) developed by the IPCC (IPCC, 2014: Climate Change 2014: Synthesis Report). An RCP describes a greenhouse gas (GHG) concentration trajectory resulting in different climate futures, and ultimately results in different risks and opportunities for Electrolux Group based on this forecast. This report has been updated with the latest predictions regarding temperature and sea level rise from the AR6.

The Rapid Transition Scenario

The Rapid Transition Scenario is based on RCP 2.6, which would involve rapidly declining emissions in the coming decades, resulting in a global average temperature rise of approximately between 1.3–2.4 °C by 2100. For this scenario, the International Energy Agency (IEA)[1] concludes that overall CO_2 emissions need to peak around 2020 and enter a steep decline thereafter to achieve a 75% reduction by 2050. The building sector, including appliances, will see a similar drop, mainly through energy efficiency, renewable energy technologies and a shift to low-carbon electricity. This means reducing carbon emissions by an average of 6% per year to one-eighth of current levels by 2050. At the same time, demand for electricity in the building sector is expected to increase as a result of a growing consumer base, as well as a rising demand for equipment such as air conditioners and the replacement of gas and wood-burning stoves with electric appliances. The IEA concludes:

- Significant policy efforts are needed for cooling equipment and appliances to accelerate technological progress in energy efficiency in these end uses, particularly with substantial growth in appliance and air conditioner (AC) ownership expected in the coming decade.
- Digitalization and smart demand-side management will further reduce energy use.

A combination of stringent product energy legislation as well as carbon dioxide taxes would be required, which would impact on product development, supply base, operations and sales in the appliance industry. Higher carbon dioxide taxes are recommended by the IEA and in the EU Green Deal framework. Carbon prices are expected to have an impact on energy intensive industries such as power generation, transport, steel, aluminum and plastics producers. Finished goods could also be impacted through carbon import duties, such as the EU Carbon Border Adjustment Mechanism.

The World Bank has estimated that carbon prices of at least USD 40–80/tCO_2 by 2020 and USD 50–100/tCO_2 by 2030 are required to cost-effectively reduce emissions in line with the temperature goals of the Paris Agreement.[2] In a report from the International Monetary Fund (IMF), it was concluded that a carbon tax of USD 50 per metric ton in advanced countries (G20) would lead to an average electricity price increase of 33%, while a carbon tax of USD 75 per metric ton would lead to an increase in price of 43%.[3] Today, prices for renewable and fossil-based electricity are comparable, but prices are expected to decline for renewables by around 50% over the next 10 years, while fossil-based electricity will increase by 40% according to data from Bloomberg New Energy Finance. With a USD 75 per metric ton carbon tax, the price of natural gas, both for industry and households (mostly for heating and cooking) would rise significantly, by 70% on average.[3]

The Changing Climate Scenario

The Changing Climate Scenario is based on RCP 4.5, which would involve slowly declining emissions resulting in approximately between 2.1–3.5°C temperature increase by 2100. The IPCC has conducted risk assessments for each region, including the potential for risk reduction through adaptation and mitigation, as well as limits to adaptation. In the near term (2030 or in 10 years), projected levels of global mean temperature increase are not expected to diverge substantially between different emission scenarios. However, the IPCC predicts that by the mid-century (in 30 years), climate change will impact human health, with more frequent hot and fewer cold temperature extremes over most land areas. It is also very likely that heat waves will occur with a higher frequency and longer duration.

The average intensity of tropical cyclones, the proportion of Category 4 and 5 tropical cyclones and the associated average precipitation rates are projected to increase with a 2°C global temperature rise. Sea levels continue to rise at an increasing rate. Extreme sea level events that are historically rare (once per century in the recent past) are projected to occur frequently (at least once per year) in many locations by 2050.

The Changing Climate Scenario will increase acute physical risks due to more frequent and/or more severe weather systems, such as hurricanes and floods. It will also increase chronic physical risks from changing climate conditions, such as droughts and sea level rise. These physical impacts pose risks for disruption in the appliance industry, due to the global nature of its operations and supply chain – particularly in the manufacturing of materials and components that are situated in parts of the world that are more likely to be affected by physical risks.

World Energy Outlook

The World Energy Outlook (WEO), published annually by the IEA, includes critical analysis and descriptions of trends in energy demand and supply.[4] It explores possible scenarios, how they could develop and some of the main uncertainties to predict the consequences of different choices and what they mean for energy security, environmental protection and economic development.

The IEA defines two scenarios:

- *The Sustainable Development Scenario (SDS)* – a deep decarbonization scenario that considers how people should gain access to critical energy services while also meeting climate goals.
- *The Stated Policies Scenario (STEPS)* – reflecting current policies and plans.

The SDS Scenario is considered to reflect the Group's Rapid Transition Scenario, while the STEPS Scenario is more in line with the Changing Climate Scenario. The IEA report provides recommendations to policy makers regarding sectors and product categories in order to achieve the targets in the scenarios.

Disclosure limitations and future development

The following aspects have not been included in this Report:

- Growing consumer demand – driven by a growing middle class, increasing global incomes, electricity access rates and ownership of appliances and air conditioners.
- Price elasticity – consumer willingness to pay a higher price for more efficient appliances as a result of more stringent energy efficiency legislation.
- Mitigable risks – chronic physical risks will develop over time and could be mitigated by taking action well before they have materialized to reduce negative impact.
- Climate risk disclosures are currently not included in financial risk management processes.

Forward-looking statements

This report contains '"forward-looking" statements that reflect the company's current expectations. Although Electrolux Group believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations prove to be correct as they are subject to risks and uncertainties that could cause the actual results to differ materially due to a variety of factors. These factors include, but are not limited to, changes in consumer demand, changes in economic, market and competitive conditions, supply and production constraints, currency fluctuations, developments in product liability litigation, changes in the regulatory environment and other government actions. Forward-looking statements are only accurate as of when they were formulated, and other than as required by applicable law, the company undertakes no obligation to update any of them in light of new information or future events.

1) IEA (2018). Perspectives for the Energy Transition: The Role of Energy Efficiency.
2) The World Bank Group (2020), State and Trends of Carbon Pricing.
3) International Monetary Fund (2019). Fiscal Monitor, How to Mitigate Climate Change. p21
4) IEA, The Worl1d Energy Outlook (WEO) 2019

Statutory Sustainability Report

Electrolux Group is a global leader in household appliances and sustainability is an integral part of the business model. This section presents the Group's sustainability work and its progress in 2023.

Electrolux Group shapes living for the better by reinventing taste, care and wellbeing consumer experiences, making life more enjoyable and sustainable for millions of people around the world. As a leading global appliance company, Electrolux Group places the consumer at the heart of everything it does. Through the company's brands, including Electrolux, AEG and Frigidaire, products are sold in approximately 120 markets every year. In 2023, Electrolux Group had sales of SEK 134 bn and employed approximately 45,000 people around the world. For more information, visit www.electroluxgroup.com.

Business model and sustainable development

To achieve the purpose – Shape living for the better – and improve profitability and enable profitable growth, Electrolux Group uses a business model that focuses on creating outstanding branded lifetime consumer experiences in Taste, Care and Wellbeing. The objective is to create a steady stream of consumer-relevant innovations under well-established brands in key experience areas. By creating desirable solutions and great experiences that enrich peoples' daily lives and the health of the planet The Group wants to be a driving force in defining enjoyable and sustainable living. The focus is to invest in innovations that are most relevant for creating outstanding branded lifetime consumer experiences within great tasting food, the best care for clothes and to increase wellbeing in the home.

The Group has long recognized its impact on the environment and in society. Sustainability is a key part of its strategy, integrated in everything the Group does, as the company recognizes the growing importance of sustainability performance. This includes the impact of Electrolux Group business operations and products on the planet and in society.

Electrolux Group is continuously making progress on sustainability and is acknowledged as a sustainability leader in the household durables industry.

Global megatrends

Electrolux Group's long-term strategy is based on key industry trends that pose challenges for its business – as well as enormous opportunities.

Consumer power

Greater consumer awareness and access to information increasingly empower consumers. Consumers are increasingly choosing brands with a purpose that they feel matches their own values.

Implications for Electrolux Group:
- Greater consumer empowerment and awareness requires transparency and sustainable business practices.
- Ongoing need to improve the environmental performance of products to meet consumer demands.

Digitalization

Digitalization enhances consumer power, while enabling increasingly advanced products and direct contact with consumers as well as greater productivity and flexibility in industrial operations.

Implications for Electrolux Group:
- Digitalization will drive the next wave of operational efficiency, including closer integration with suppliers.
- Connectivity offers opportunities for circular business models that result in better resource efficiency.
- Internet of Things (IoT) enables a lifelong relationship between producers and consumers but requires high standards of data security and privacy.

Sustainability

Consumers and authorities are increasing the demands on manufacturers to develop and offer more sustainable products. This includes products and business models that are more resource efficient and circular.

Implications for Electrolux Group:
- Continued need to improve the environmental performance of products.
- Pressure to reduce water consumption in areas with water scarcity.
- Growing importance of circular solutions.
- Expectations to go beyond chemical legislation.

Global demographic trends

Population growth, the growing middle class, an aging population and urbanization — are increasing the demand for home appliances. By 2030, the global middle class is expected to increase by 1.3 billion people compared with 2023[1]. Globalization and the growth of generation Z are leading to an increased focus on inequality in the world.

Implications for Electrolux Group:
- Significant growth potential in emerging markets.
- Growing importance of older consumer groups and the increasing number of smaller households.
- Potential for new business models, e.g. shared ownership.
- Growing focus on the fair treatment of employees.

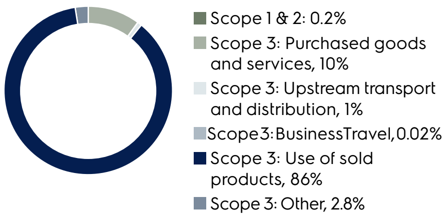
Resource and planetary boundaries

Humans are causing irreversible damage to the planet's fragile systems and there is an urgent need to reduce greenhouse gas emissions and adapt to a changing climate. Business must work within planetary boundaries by developing circular business models that promote resource efficiency.

Implications for Electrolux Group:
- Continued need to improve the environmental performance of products.
- Pressure to reduce water consumption in areas with water scarcity.
- Growing importance of the circular economy.
- Expectations to go beyond chemical legislation.

[1] European Commission - Supporting policy with scientific evidence. https://knowledge4policy.ec.europa.eu/growing-consumerism_en

Average Carbon dioxide impact during the lifetime of appliances[1]



The product life cycle perspective guides how to best reduce climate impacts. The greatest carbon emission impacts in the Electrolux Group value chain occur from energy consumption when products are used. See page 54 for more details on the company's Climate Goals.

1) The graph is based on the Group's total carbon dioxide impact in 2021 which was used for setting it's second Science Based climate Target.

Materiality

Material issues are topics that represent the most significant economic, environmental and social impacts for Electrolux Group.

The materiality process aims to identify and understand the topics that are important for stakeholders, as well as to the Group's business strategy. It is an important way of evaluating the ability to create and sustain value.

The Group draws on insights from global trends and drivers, market intelligence, product research, internal and external dialogue, expert opinion and consumer surveys, and other sources of information to develop an up-to-date understanding of the prevailing business context.

The material issues selected are expressed in the Group's sustainability framework – For the Better 2030 – with ten areas with defined 2030 sustainability goals, which are supported by key performance indicators.

For the Better 2030

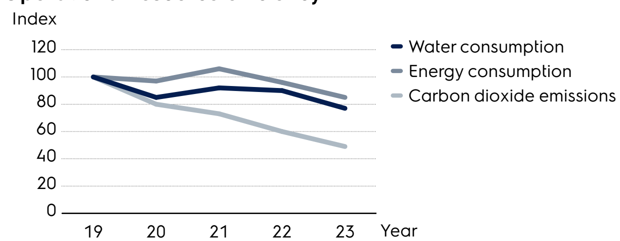
"For the Better 2030" is the Electrolux Group's sustainability framework, which drives the Group toward its ambitious sustainability Goals for 2030 and to become net zero across its value chain by 2050.

For the Better 2030

Better Company	Better Solutions	Better Living
Drive resource-efficient operations	Lead in energy and resource-efficient solutions	Make healthy and sustainable eating the preferred choice
Act ethically, lead in diversity and respect human rights	Offer circular products and business solutions	Make clothes last twice as long with half the environmental impact
Drive supply chain sustainability	Eliminate harmful materials	Make the home a healthier place to thrive in, with half the carbon footprint
Climate Goals		

The framework consists of nine Goals and the Electrolux Group Climate Goals as shown in the illustration above. These are the main focus areas as they optimize the company's contribution to society.

Operational resource efficiency



Better Company

Electrolux Group places the highest demands on environmental and social performance throughout the company as well as its suppliers, acknowledging the supply chain as an extension of its own aspirations.

Drive resource-efficient operations

Electrolux Group will continue to reduce its environmental footprint by shifting to renewable energy and optimizing energy use and other resources throughout its operations. The Group is in the final phase of the SEK 8 bn re-engineering investment program, which is focusing on the modularization and automation in select production facilities in Europe and the Americas. These investments will drive resource-efficient operations.

The new climate target aims to reduce scope 1 and 2 emissions by 85% by 2030 compared with 2021. With this new target, the Group would achieve a 97% carbon emissions reduction in scope 1 and 2 by 2030 compared with 2015.

In 2023, the Group's scope 1 and 2 greenhouse gas emissions from its operations were reduced by 33% compared to 2021, and 85% compared to 2015. Some 60% (59) of the total energy used in Electrolux Group operations came from renewable sources. In addition, the Group has its own on-site solar photovoltaic systems in seven countries.

Electrolux Group was recognized for its sustainability leadership with a score of "A "for Climate change by the global non-profit CDP in 2023.

Act ethically, lead in diversity and respect human rights

Electrolux Group strives to earn the trust of everyone impacted by its operations, demonstrating its commitment to ethics, diversity and human rights through its words and actions. This includes working to ensure the health and safety of employees and promoting societal benefit through community investment activities. The Group noted a Total Case Injury Rate (TCIR) of 0.34 (0.36) per 100 employees in 2023, which compares favorably to other companies in the industry. During the year, safety actions included the completion of pedestrian segregation from forklifts in assembly areas across all sites. A digital ergonomic evaluation tool was tested at multiples sites with the aim of enhancing ergonomic assessment capacity and speed. in 2023, 550 (478)[2] ethics cases were reported through the Ethics Helpline. 502 (453) of these cases led to further investigation whereas 48 (25) lacked sufficient detail to allow investigation. By the end of the year, 457 of the 502 cases were concluded and closed. There were 15 (12) cases of breaches of business integrity reported and investigated, including allegations related to corruption, fraud, theft, internal control and anti-trust.

2) As of 2023, cases received but found to be outside the scope of the helpline are no longer included here.

In the area of human rights during 2023, the Group focused on further developing its processes and action plans for human rights in its operations and supply chain to meet coming legislation.

Drive supply chain sustainability

Electrolux Group takes its sustainability leadership agenda into the supply chain by assuring that suppliers comply with the Group's high expectations, no matter where they are located. Suppliers are encouraged and supported to make the transition to more sustainable practices. The Group continued to work with suppliers in 2023 to improve their sustainability performance through its Responsible Sourcing Program and the auditing of their operations.

In 2023, 369 (306) supplier audits were conducted, including 142 (111) that were conducted virtually. A total of 115 (90) audits were made by third-party auditors. Electrolux Group also secured the commitment from its top 300 suppliers to disclose emissions and set targets through the CDP Supply Chain Program, which will play a key role in achieving the company's target for net-zero carbon emissions throughout its supply chain by 2050.

Better Solutions

Electrolux Group will continuously improve the energy and water performance of its appliances, raising the bar for product efficiency around the world.

Lead in energy and resource-efficient solutions

Tackling climate change by reducing greenhouse gas emissions is one of the most urgent global challenges facing society. As product energy use is responsible for approximately 85% of Electrolux Group's climate impact, product energy efficiency is where it can make the greatest contribution to tackling climate change. The Group continued to roll out new resource-efficient products in 2023 that enable consumers to live more sustainably in terms of energy and water efficiency. In 2023, the Group's most efficient products represented 29% of products sold but 38% of gross profit.

Offer circular products and business solutions

The aim is to contribute to the circular economy by integrating recycled materials into product platforms, promoting recyclability, using more sustainable packaging solutions, increasing the availability of spare parts to repair the Group's products, and developing circular business solutions. During 2023, the Group continued to incorporate more recycled materials into its products and develop its circular business models. Electrolux Group is in the process of re-calibrating its approach to circularity by reassessing its priorities in different parts of the business, promoting circularity training and awareness raising among employees, and partnering with suppliers and other innovative partners.

Eliminate harmful materials

Electrolux Group will protect people and the environment by managing chemicals carefully and continuing to replace those that cause concern. The Group continues to implement its common process for chemical management. New scientific findings and stakeholder requirements are used to update the Group's Restricted Materials List. The Group is working to expand the use of its Eco@web tool, which is a tool to register and monitor the substances in the components and parts used in its products. In 2023, Electrolux Group continued its work to avoid the use of harmful substances in its products.

Better Living

Electrolux Group uses its global reach and presence to drive and contribute to positive change by empowering consumers to make more sustainable choices, reaching beyond the company's own products and footprint.

Make healthy and sustainable eating the preferred choice

Electrolux Group will promote sustainable eating by helping consumers to reduce food waste, adopt more plant-based diets, minimize nutrition loss in cooking, and enhance healthy and sustainable eating experiences. Electrolux Group products can help consumers to eat healthier and more sustainably. This includes nudging consumers to try healthier and more sustainable diets and cooking techniques that help preserve nutrients, while reducing food waste. By adopting more plant-based diets and avoiding overeating, for example, consumers can improve their health while reducing the burden on the planet and global food system. The Group launched a new generation of hoods with motor technology that reduces energy consumption by up to 48%. The hoods use Autosense technology that automatically adjusts the extractor fan speed for optimized air quality in the home.

Make clothes last twice as long with half the environmental impact

The Group has the objective to make clothes last longer and reduce the environmental impact of garment care while caring for all fabrics. By providing new products, solutions, campaigns and partnerships, Electrolux Group can promote more sustainable garment care. The Group continued to deliver new solutions and raise consumer awareness to promote better garment care. Electrolux Group innovates to help consumers to adopt more sustainable laundry behavior. This includes enabling them to take better care of their clothes — to make them last longer while reducing environmental impact. In 2023, the Group also developed software to optimize the energy use in several laundry ranges to be better than the best energy class in Europe. This includes improved capabilities to adjust the cycle parameters based on the actual load, with tailored drum movements and the minimal use of resources. These machines are part of the Electrolux and AEG EcoLine range. The ColourCare system that treats the water to optimize the detergent even at low temperatures, helping retain color and shape for longer and reducing energy use by 30% compared with A energy class in Europe, is featured in several of the Group's washing machines sold in 2023.

Make the home a healthier place to thrive in, with half the carbon footprint

By leveraging adaptive technologies, new business models and inspiration for smarter consumer habits, Electrolux Group aims to spearhead solutions by 2030 that contribute to healthier homes with half the carbon footprint. By fast-tracking the rollout of these solutions in all markets, the Group will enable more people to sustainably benefit from comfortable temperatures as well as cleaner air, water and surfaces. In 2023, the Group focused on refining its wellbeing product development roadmaps to better reflect its sustainability priorities. This involved bringing together a broad cross-functional team to map all relevant sustainability attributes and use this to build a detailed checklist that will ensure sustainability is an integral part of all product development projects going forward.

In 2023, Electrolux UltimateHome 500 2-in-1 air purifier promoted good air quality and humidity. The product is made primarily from recycled plastics and in line with the Group's Design for Wellbeing strategy. It is molded in color to avoid the need to use surface paint on any of its color variants.

The Electrolux Ultimate 700 & AEG Ultimate 7000 cordless vacuum cleaners feature a removable and replaceable battery and an upgraded motor to improve product longevity. The product, which is the lightest ever Electrolux Group vacuum cleaner, is ergonomically balanced and easy to maneuver. The product uses 60-70% recycled plastic, depending on model and region.

The Ultimate 800 & 8000 series products offer a sealed filtration system to remove up to 99.9% of particles (between 0.3 µm–10 µm in size) from the home environment.

All the above products won Red Dot design awards in 2023.

Managing sustainability – Risks and opportunities

Aspect	Environment	Better Living	Anti-corruption
Policies	• Environmental Policy • Workplace Policy	• Workplace Policy • Supplier Workplace Standard • Workplace Directive	• Anti-Corruption Policy • Conflict of Interest Policy
Key areas	• Product design	• Child and forced labor	• Conflict of interest
	• Efficiency in operations	• Health and safety, working hours, compensation	• Bribes or other improper benefits
	• Influencing legislation	• Discrimination and harassment	• Business partners and customers
	• Environmental management systems	• Freedom of association, collective bargaining	• Political contributions

The full text of Electrolux Group policies is available at www.electroluxgroup.com/en/category/sustainability/codes-and-policies

Governance

The Group's sustainability framework – For the Better 2030 – is directly overseen by the Group Management and the business area management teams that have been engaged in the development of the priorities and objectives for the nine Goals and the Climate Goals.

The Electrolux Group Sustainability Board, led by the CEO, is tasked with assessing priorities, monitoring progress and evaluating risks. The Sustainability Board proposes actions and targets to Group Management and will be essential in achieving Electrolux Group sustainability targets.

Electrolux Group holds regular training and communication on the Code of Conduct and has introduced key Group Policies. All office-based staff must acknowledge the Code of Conduct by electronic signature.

Each Business Area and global Product Line is responsible for contributing to the fulfillment of the Group's sustainability targets under the ten Goals, and several of the performance indicators are broken down and monitored at business area level. Reference groups and steering groups with Group Management and senior management participation are in place for various programs, for example the Ethics & Human Rights Steering Group, Group Operations, External Affairs, and Chemicals.

A number of Group functions are accountable for identifying and managing non-financial risks in their area of responsibility. Risks are reported to Group Management and fed into the materiality process.

Key sustainability governance responsibilities

During 2023, the Electrolux Group's climate change strategy was managed by Group Sustainability (GS) in close cooperation with other Group functions and the business areas. As of November 1, 2023, GS became part of the new Technology, Digital and Sustainability (TDS) Group function. The scope of the function is to build consumer-led, differentiated experiences at competitive price points via a platform approach to smartness/connectivity and sustainability, as a core pillar of the Electrolux Group strategy. TDS is also responsible for driving synergies and efficiencies through product development excellence and cross product line scale. With this change, the Head of GS role was merged into a function head role with the new title Chief Technology and Sustainability Officer, who reports directly to the Electrolux Group CEO and is part of Group Management. Each business area and function will own the execution of the sustainability strategy, and TDS will coordinate and ensure that objectives are clearly communicated and will follow up on deliveries through regular meetings and strong governance with all functions involved.

The Chief Technology and Sustainability Officer has an annual meeting with the Electrolux Group Board to report sustainability progress and develop the company's strategic direction for sustainability work going forward.

The Electrolux Group Sustainability Board, chaired by the CEO, is a forum to raise sustainability topics and review the implementation of the different sustainability programs. Other members of the Sustainability Board are Group Management members and the General Counsel. The CEO reports climate-related progress to the Electrolux Group Board, which oversees the overall company strategy.

The Ethics Helpline (whistleblower function) and programs for ethics and human rights are overseen by the Ethics & Human Rights Steering Group.

Environment

From a product lifecycle perspective, Electrolux Group has a relatively large environmental impact – including energy consumption, and the use of materials and chemicals. Generally, the most significant impacts occur during a product's use phase, and the Group's strategy is to improve product environmental performance.

The Electrolux Group Environmental Policy outlines how the Group aims to improve environmental performance in production and product use, as well as how to design products for proper disposal. Requirements on the Group's operations and in the supply chain are described in the Workplace Directive. All Electrolux Group factories with more than 50 employees are required to be ISO 14001 and ISO 50001 certified.

Group requirements for suppliers are described in the Supplier Workplace Standard and the Workplace Directive. Compliance is mandatory when evaluating potential and existing suppliers. The Group's strategic suppliers of components and finished products must take energy efficiency measures, and report on energy and water. Some of these suppliers have also been included in the WWF Water Risk Filter assessment.

The Group's proactive approach aims to develop and promote sales of products with lower environmental impact. Readiness for more stringent product legislation, for example, can lead to increased sales. For many years, products with superior environmental performance have delivered higher profit margins.

Electrolux Group products are affected by legislation in areas including energy consumption, producer responsibility, and the management of hazardous substances. Some customers have requirements that go beyond legislation.

The main environmental risks are related to regulatory and customer requirements. Not meeting requirements could result in fines or limitations on production permits, reduced sales or product withdrawal. Electrolux Group has processes in place to mitigate these risks, including ISO management systems, internal audits, a Responsible Sourcing program, and targets in the product development plans. The Group's programs to reduce operational resource consumption and to introduce more recycled materials in products reduce costs.

Electrolux Group has a Green Financing Framework, which helps it to fund climate investments and other environmental initiatives. The proceeds are to be used to finance or refinance projects covered by the environmental areas of the Electrolux Group sustainability framework, For the Better 2030. This may include investments in R&D to improve the energy or water efficiency of appliances, the development of recycled materials or the increased use of solar energy at Electrolux Group's factories.

Read more about the Electrolux Group Green Bond Framework and Green Bond Impact Report: www.electroluxgroup.com/en/green-bond-framework-29317/

Social, labor and human rights

The reputation of Electrolux Group is built on trust, which means that all actions and decisions must be governed by principles of ethics, integrity, and respect for people and care for the environment – no matter where in the world the Group operates.

Consumer trust in companies and how they contribute to society influence purchasing decisions. Additionally, employees prefer to work for a company with values that match their own. Respecting human rights and being an ethical company goes beyond simply meeting legal requirements. It is about guiding employees to know what is right and wrong, and how to make decisions accordingly. The For the Better 2030 Goals mentioned above reflect the Group's commitment to build a strong culture for ethics and human rights.

The key human rights risks include freedom of association, discrimination and working conditions. Other risks are privacy of information, and corruption.

The Electrolux Group Code of Conduct contains the Group's Human Rights policy statement, firmly stating that human rights shall be respected. All employees are required to take the Code of Conduct e-learning as part of onboarding and recurring campaigns. The Group's human rights commitment is further detailed through a Human Rights Directive. The Workplace Policy, the Supplier Workplace Standard and the Workplace Directive contain mandatory requirements relating to labor rights, health, safety and environment within both Electrolux Group and its suppliers. Electrolux Group continues to drive a company culture based on ethics, integrity and respect by providing leadership that demonstrates and nurtures inclusion and accountability.

Electrolux Group monitors performance and manages risks through internal and external audits of manufacturing units, local human rights assessments, education, the Ethics Helpline, management labor dialogue, as well as health and safety committees. Risks in the supply chain are addressed through audits and training efforts as part of the Responsible Sourcing program and the Conflict Minerals program.

Human rights procedures engage many functions throughout the organization, from Human Resources to Purchasing and Group Operations. Accountability for the ethics program and the oversight of human rights lies with the Ethics & Human Rights Steering Group, which comprises of senior management representatives from Group functions.

Electrolux Group conducts human rights impact assessments at both Group and local level, in line with the UN Guiding Principles on Business and Human Rights. Five issues and three business processes constitute the Group's salient human rights issues. The methodology for the assessments focuses on identifying the risk of harming people, as a direct or indirect result of Electrolux Group operations.

Anti-corruption

Corruption poses a threat to sustainable economic and social development around the world. Corruption could also have severe negative impacts for the Group by obstructing business growth, increasing costs and imposing serious legal and reputational risks. With operations all over the world, including countries in emerging markets, Electrolux Group is exposed to risks related to corruption and bribery. These risks may arise in several stages of the value chain, such as in purchasing and sales.

Electrolux Group has zero tolerance for corruption and works continuously to raise awareness among employees in order to minimize the risk for corruption. Measures against corruption are included in the Anti-Corruption Policy, which all employees are required to follow. This Policy provides guidance to employees on how to do the right thing and explains which actions constitute unlawful and inappropriate behavior.

Employees can report ethical misconduct through the Electrolux Group's whistle-blower system.

Group-wide e-learning courses on anti-corruption are provided. These initiatives complement the tailored training that certain functions such as sales, procurement and senior management receive (roles that are more exposed to corruption risks). Such training sessions have been conducted locally throughout the organization by either in-house legal counsel or by external experts. Training requirements are continuously monitored and evaluated based on business needs, and the legal and risk context. The local human rights assessments include the review and assessment of corruption risks.

For more information on how the Group manages risks and impact throughout the value chain, see the Risk Management section.

EU Taxonomy Report

Overview of KPIs for 2023

	Turnover		CapEx		OpEx	
	mSEK	Share in %	mSEK	Share in %	mSEK	Share in %
Taxonomy-aligned activities	6,587	5	381	7	416	8
Taxonomy-eligible but not aligned activities	90,590	67	3,546	62	3,558	66
Total taxonomy-eligible activities	**97,178**	**72**	**3,927**	**69**	**3,975**	**74**
Taxonomy-non-eligible activities	37,273	28	1,772	31	1,424	26
Electrolux Group	**134,451**	**100**	**5,699**	**100**	**5,399**	**100**

Introduction

This is the EU Taxonomy report by Electrolux Group, which is prepared in accordance with the EU Taxonomy regulation.

As a global appliance company, Electrolux Group must adhere to local legislation regarding, for example, product energy efficiency and product labelling, wherever it operates in the world. There are no global performance standards for appliances but rather fundamental differences in the standards for various markets around the world.

The EU Taxonomy describes, among other things, which economic activities are within the scope ("taxonomy eligible activities") and the activities that qualify as environmentally sustainable ("aligned economic activities"), by meeting the EU Taxonomy's technical screening criteria. For the Group's products to be deemed "aligned" with the screening criteria, activities must comply with certain EU specific standards (EU Regulation 2017/1369).

This year, additional taxonomy objectives were added to the EU Taxonomy reporting requirements. Thus, the content and format of this report will develop over time and in parallel with the progress of the EU Taxonomy framework and its applicability.

Reporting on Key Performance Indicators

According to the EU Taxonomy framework, Electrolux Group is considered to be a manufacturer of "energy efficiency equipment for buildings" and "electrical and electronic equipment". The first one is related to the Climate change mitigation (CCM) and the second to the Circular economy (CE) objectives. The Group's current understanding of these two objectives' reporting criteria is that they will be based on the same eligible product categories.

The CCM technical screening criteria to assess the Group's relevant products as "aligned economic activities" or not is based on the EU framework for the energy labelling of appliances and air conditioners (under the "EU Labelling Framework").[1]

This screening criteria further stipulate that only products that are within "the highest two populated classes of energy efficiency", in accordance with EU Regulation 2017/1369, can be considered as aligned economic activities.

Based on the above and for future comparability, Electrolux Group only includes in this report products that could meet the applicable technical screening criteria for taxonomy alignment. The following products will act as numerators in the report's tables:

- household appliances (washing machines, washer dryers, tumble dryers, dishwashers, refrigerators/freezers, ovens)
- cooling and ventilation systems (hoods and air conditioners)

that are sold by the Group under its own brands.

Increased scope of eligible activities this year

In its previous EU Taxonomy reports, Electrolux Group reported on its economic activities in the EU market.[2] The reason was that only economic activities in the EU market could meet the applicable screening criteria as EU Taxonomy aligned (see previous section). This year, Electrolux Group has, however, expanded its reporting scope to include both (a) the above-mentioned products sold in all its markets, in which energy efficient standards exist and (b) economic activities under the circular economy objective. This increased scope is due to both further clarifications by the EU and additional EU Taxonomy objectives.

The increased scope only impacts the reporting of "taxonomy eligible activities" but not what is considered "aligned economic activities". None of the products sold in non-EU markets will meet the EU Taxonomy screening criteria for alignment. This is because such criteria are based on EU-specific energy efficiency standards, which are not compatible with applicable energy efficient standards or legislation for products sold in non-EU markets.

Comment on year over year development of alignment

The reporting of aligned economic activities for the Climate mitigation objective shows that between 2022 and 2023:

- Turnover increased due to better product mix from increased sales of the Group's more efficient products. This development was mainly driven by sales of frontloaded washing machines.
- CapEx and OpEx remained relatively flat compared to last year. However, if only considering the EU market in relation to CapEx, it increased due to investments in this region.

It shall be noted that the reporting of Turnover, CapEx and OpEx for aligned economic activities in relation to the Circular economy objective will be reported starting year 2024.

Electrolux Group is investing in new product architectures with further improved energy efficiency with the objective of meeting the current and future technical screening criteria for aligned economic activities. A top priority is to bring more efficient products to consumers. For instance, the Group is currently investing in the refrigeration lines in the Italian Susegana factory.

The long-term ambition of the Group is to ensure that its entire value chain is net-zero by 2050. To achieve this, improving product efficiency is fundamental as carbon emissions result mainly from the consumption of energy coming from non-renewable sources during the product use phase.

Since 1997, Electrolux Group has internally tracked the most resource efficient products sold, and each year the criteria have become more stringent.

1) Regulation (EU) 2017/1369 of the European Parliament and of the Council of July 4, 2017.
2) The European Union member states.

Turnover[1]

Financial year 2023		2023		Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)									
Economic activities	Code[2,3]	Turn-over	Proportion of Turnover, year 2023	Climate change mitiga-tion	Climate change adapta-tion	Water	Pollution	Circular economy	Bio-diversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Bio-diversity	Minimum safeguards	Proportion of Taxonomy aligned (A.1) or eligible (A.2) turnover, year 2022	Category (enabling activity)	Category (transitional activity)
		mSEK	%	%; Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of energy efficient equipment for buildings/ Manufacture of electrical and electronic equipment	CCM3.5 /CE1.2	6,587	5	Y	N/EL	N/EL	N/EL	–	N/EL	–	Y	Y	Y	Y	Y	Y	4	E	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		6,587	5	5						–	Y	Y	Y	Y	Y	Y	4		
Of which Enabling			5	5						–	Y	Y	Y	Y	Y	Y	4	E	
Of which Transitional			0														0		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of energy efficient equipment for buildings/ Manufacture of electrical and electronic equipment	CCM3.5 /CE1.2	90,590	67[5]	EL	N/EL	N/EL	N/EL	EL	N/EL								13		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		90,590	67[5]	67[5]													13		
A. Turnover of Taxonomy-eligible activities (A.1+A.2)[4]		97,178	72[5]	72[5]													17		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		37,273	28																
TOTAL		134,451	100																

[1] Turnover is the proportion of net turnover that is derived from products or services, which equals Electrolux Group total Net Sales. See the Consolidated statement of comprehensive income on page 70.

[2] EU economic activity code.

[3] Climate Change Mitigation: CCM — Climate Change Adaptation: CCA — Water and Marine Resources: WTR — Circular Economy: CE — Pollution Prevention and Control: PPC — Biodiversity and ecosystems: BIO.

[4] Eligible economic activities are those that have technical screening criteria to formally permit such activities to potentially being deemed as aligned economic activity within the EU Taxonomy framework, i.e. sales of washing machines, washer dryers, tumble dryers, dish washers, refrigerators/freezers, ovens, hoods and air conditioners under own brand names.

[5] Electrolux Group has deemed that the eligible activities in this report should go beyond the EU market which was the previous scope for 2021 and 2022.

CapEx[1]

Financial year 2023		2023		Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)									
Economic activities	Code[2,3]	Turn-over	Proportion of CapEx, year 2023	Climate change mitiga-tion	Climate change adapta-tion	Water	Pollution	Circular economy	Bio-diversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Bio-diversity	Minimum safeguards	Proportion of Taxonomy aligned (A.1) or eligible (A.2) turnover, year 2022	Category (enabling activity)	Category (transitional activity)
		mSEK	%	%; Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of energy efficient equipment for buildings / Manufacture of electrical and electronic equipment	CCM3.5 /CE1.2	381	7	Y	N/EL	N/EL	N/EL	–	N/EL	–	Y	Y	Y	Y	Y	Y	7	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		381	7	7						–	Y	Y	Y	Y	Y	Y	7		
Of which Enabling			7	7						–	Y	Y	Y	Y	Y	Y	7	E	
Of which Transitional			0														0		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of energy efficient equipment for buildings / Manufacture of electrical and electronic equipment	CCM3.5 /CE1.2	3,546	62[2]	EL	N/EL	N/EL	N/EL	EL	N/EL								22		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		3,546	62[2]	62[2]													22		
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		3,927	69[2]	69[2]													29		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		1,772	31																
TOTAL		5,699	100																

[1] Capital expenditure (CapEx) are additions to tangible and intangible assets during the year. The total CapEx is reported in Note 12 and 13.
CapEx refers to Electrolux Group's investments in assets used to manufacture these products regardless of where they are located.
Goodwill is excluded. For CapEx and OpEx an allocation key has been used based on the turnover split between aligned and non-aligned products.
For CapEx and OpEx an allocation key has been used based on the turnover split between aligned and non-aligned products.

[2] Electrolux Group has deemed that the eligible activities in this report should go beyond the EU market which was the previous scope for 2021 and 2022.

[3] EU economic activity code.

[4] Climate Change Mitigation: CCM — Climate Change Adaptation: CCA — Water and Marine Resources: WTR — Circular Economy: CE — Pollution Prevention and Control: PPC — Biodiversity and ecosystems: BIO.

OpEx[1]

Financial year 2023		2023		Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)									
Economic activities	Code[2,3]	Turn-over	Proportion of OpEx, year 2023	Climate change mitiga-tion	Climate change adapta-tion	Water	Pollution	Circular economy	Bio-diversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Bio-diversity	Minimum safeguards	Proportion of Taxonomy aligned (A.1) or eligible (A.2) turnover, year 2022	Category (enabling activity)	Category (transitional activity)
		mSEK	%	%; Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of energy effi cient equipment for buildings /Manufacture of electrical and electronic equipment	CCM3.5 /CE1.2	416	8	Y	N/EL	N/EL	N/EL	–	N/EL	–	Y	Y	Y	Y	Y	Y	5	E	
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		416	8	8						–	Y	Y	Y	Y	Y	Y	5		
Of which Enabling			8	8						–	Y	Y	Y	Y	Y	Y	5	E	
Of which Transitional			0														0		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of energy efficient equipment for buildings /Manufacture of electrical and electronic equipment	CCM3.5 /CE1.2	3,558	66[2]	EL	N/EL	N/EL	N/EL	EL	N/EL								18		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		3,558	66[2]	66[2]													18		
A. Turnover of Taxonomy-eligible activities (A.1+A.2)		3,975	74[2]	74[2]													23		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		1,424	26																
TOTAL		5,399	100																

[1] Operating expenditure (OpEx) in this table, include only expenses associated with research and development and maintenance. Other categories of operating expenditure as defined within the EU Taxonomy framework are deemed non-material and thus not included.

[2] ÅElectrolux Group has deemed that the eligible activities in this report should go beyond the EU market which was the previous scope for 2021 and 2022.

[3] EU economic activity code.

[4] Climate Change Mitigation: CCM — Climate Change Adaptation: CCA — Water and Marine Resources: WTR — Circular Economy: CE — Pollution Prevention and Control: PPC — Biodiversity and ecosystems: BIO.

Turnover

%	Proportion of turnover / Total turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	5	72
CCA	N/A	N/A
WTR	N/A	N/A
CE	-	72
PPC	N/A	N/A
BIO	N/A	N/A

Only CCM and CE objectives are applicable for Electrolux Group currently. No testing for CE alignment for 2023.

CapEx

%	Proportion of CapEx/ Total CapEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	7	69
CCA	N/A	N/A
WTR	N/A	N/A
CE	-	69
PPC	N/A	N/A
BIO	N/A	N/A

Only CCM and CE objectives are applicable for Electrolux Group currently. No testing for CE alignment for 2023.

OpEx

%	Proportion of OpEx / Total OpEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	8	74
CCA	N/A	N/A
WTR	N/A	N/A
CE	-	74
PPC	N/A	N/A
BIO	N/A	N/A

Only CCM and CE objectives are applicable for Electrolux Group currently. No testing for CE alignment for 2023.

Excluded activities

As most of Electrolux Group's products (approximately 70%) are sold outside the EU market, such products are, by the Group, deemed not to be in the scope of the EU framework regulation for energy labelling and will therefore not be directly compatible with the technical screening criteria for EU Taxonomy alignment. Thus, although most of the Group's products sold outside of the EU market are included in the eligibility calculation, they are not included in the calculation for EU Taxonomy alignment (see further sections Reporting on Key Performance Indicators and Increased scope of eligible activities this year).

In addition, private brand products, produced by Electrolux Group to third parties based on such third parties' specifications, are not included in this report. Lastly, several product categories sold by the Group, including vacuum cleaners and small appliances are not included in any energy regulation framework and thus, are not assessed in this report as either taxonomy eligible or aligned. *Read more in the Better Solutions section on page 60.*

Minimum safeguards

Electrolux Group adheres to strict norms and strives to maintain efficient governance processes to ensure that all operations create long-term and sustainable value for shareholders and other stakeholders.

This involves an efficient organizational structure, systems for internal control, and risk management and transparent internal and external reporting. It is the assessment of Electrolux Group that it adheres to the Minimum safeguards.[1]

Certain Electrolux Group processes and procedures related to four core areas, which are relevant for adherence to the Minimum safeguards, are further outlined below.

The Group assesses that adequate processes are in place in such core areas, both to capture legal actions taken towards the company, its subsidiaries and senior management. It also works to prevent substantiated failures or wrongdoings in these areas and to undertake remedial actions, including to improve processes, to ensure that any such failures or wrongdoings are unlikely to be repeated.

Human rights

Electrolux Group conducts human rights impact assessments at both Group and local level, in line with the UN Guiding Principles on Business and Human Rights. *For more information, please see section "Social, labor and human rights", on page 62.*

Corruption

Electrolux Group has zero tolerance for corruption and works continuously to raise awareness among employees to minimize the risk for corruption. Measures against corruption are included in the Group's Anti-Corruption Policy, which all employees are required to follow. *For more information, please see section "Anti-corruption", on page 62.*

Taxation

One important aspect of the Electrolux Group company purpose – Shape living for the better – is to act as a good corporate citizen and taxpayer wherever Electrolux Group operates. *For more information, please see the Corporate Governance Report, section "Electrolux Group as a taxpayer", on page 24.*

Fair competition

The Group's commitments, including fair competition, are specified in its Code of Conduct and Anti-Trust Policy, including supporting guidelines.

Do no significant harm

Climate mitigation activities will only be considered as aligned if they do not negatively impact the five "do no significant harm" criteria listed below.

Climate adaptation

The Electrolux Group's Enterprise Risk Management (ERM) framework and related processes identify, mitigate, communicate and report risks that can significantly affect the business – including climate change. Electrolux Group follows a risk mapping process for the collection and incorporation of risk information into decision making and governance processes. The ERM includes climate-related risks in line with the Climate Risk Disclosure. Climate-related risks usually have a longer time-horizon than other ERM risks. The Group has assessed two different climate scenarios that result in various risks and opportunities for Electrolux Group throughout its value chain. *Read more in the Risk Management section, on page 46.*

Water and marine resources

The company's water management is based on the WWF Water Risk Filter, which helps identify which Electrolux Group factories are located in water scarce areas. Decisions around the company's management targets is based on the tool. The Electrolux Group Green Spirit program shares water management best practice, monthly reporting on water performance indicators as well water mapping globally.

Circular economy

Electrolux Group has an important role to play in enabling people to live more circular lives through its products and solutions. Electrolux Group contributes to the circular economy by integrating recycled materials into its product platforms and by promoting circular business models. The Group also designs its products to optimize longevity and recyclability at their end-of-life. In operations, the "Zero Waste to Landfil" program has the objective to find opportunities for material reuse and recycling, and at the same time decrease the amount of waste sent to landfill or incinerated without energy recovery. Electrolux Group protects people and the environment by managing chemicals carefully and continuing to replace those that cause concern.

[1] As defined in Articles 3 and 18 of European Union Regulation (EU) 2020/852.

Nuclear and fossil gas related activities

Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
Row	**Fossil gas related activities**	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

Pollution

In the EU, the Group complies with all relevant regulations related to substances in products through the Electrolux Group Restricted Material List. The list includes all substances that are restricted and banned according to EU regulations. Approved exemptions of restricted substances are present in the Group's products where there is no technical alternative currently available. All European manufacturing sites have environmental permits to meet local environmental legislation requirements. This includes controlling pollution.

Biodiversity and ecosystems

All Electrolux Group European manufacturing sites are certified to the ISO 14001 environmental management system, which integrates biodiversity considerations. The Electrolux Group Workplace Policy prohibits its operations from operating in protected areas. These manufacturing sites have environmental permits they abide by to meet local environmental legislation requirements. This includes protecting local biodiversity and ecosystems.

Sustainability reporting

The sustainability reporting section in the administration report has been developed to fulfill the requirements in the Swedish Annual Accounts Act and the EU Taxonomy Regulation (EU 2020/852).

For more detailed information on Electrolux Group and sustainability, read the latest Sustainability Report prepared according to the GRI Standards at: www.electroluxgroup.com/sustainability

Sustainability reporting and information

The Electrolux Group sustainability routines and systems for information and communication aim to provide key stakeholders with accurate, relevant and timely information concerning the Group's progress on its sustainability framework, For the Better 2030.

This report also highlights how the Group's priorities reflect its commitment to the ten principles of the UN Global Compact. Unless otherwise indicated, sustainability disclosures include all operations that contributed to Group performance for the calendar year 2023. Sustainability information is shared regularly in the form of:

- Electrolux Group Sustainability Report, including the United Nations Guiding Principles Reporting Framework
- Electrolux Group Sustainability in Brief
- Mandatory reporting regarding transparency in the supply chain
- Press releases
- Meetings with key stakeholders worldwide
- Responses to questionnaires from investors and analysts
- Annual submission to CDP for Climate Change and Water Security
- Reports, policies and press releases are available at www.electroluxgroup.com.

Stockholm, February 19, 2024

AB Electrolux (publ)
Board of Directors

Auditor's report on the statutory sustainability report

To the general meeting of the shareholders in AB Electrolux (publ), corporate identity number 556009-4178

Engagement and responsibility

It is the board of directors who is responsible for the statutory Sustainability Report for the year 2023 on pages 49-50, 58-68 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 12. The auditor's opinion regarding the statutory Sustainability Report. This means that our examination of the statutory Sustainability Report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion

A statutory Sustainability Report has been prepared.

Stockholm February 21, 2024

PricewaterhouseCoopers AB

Peter Nyllinge
Authorised Public Accountant
Partner in Charge

Helena Kaiser de Carolis
Authorised Public Accountant

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

ELECTROLUX GROUP – A LEADER IN THE HOUSEHOLD DURABLES INDUSTRY

The Group's sustainability performance strengthens relations with investors and Electrolux Group is recognized in the household durables industry by Dow-Jones sustainability index and received an A score for Climate by CDP. Additionally, Electrolux Group has received recognition from other indexes and organizations, including S&P Global, MSCI and ISS ESG.

Financial reports

All amounts in SEKm unless otherwise stated.

AB Electrolux (publ), 556009-4178. S:t Göransgatan 143, SE-105 45 Stockholm, Sweden.
The registered office of the Board of Directors is in Stockholm, Sweden

Consolidated statement of comprehensive income

SEKm	Note	2023	2022
Net sales	3, 4	134,451	134,880
Cost of goods sold	5, 7	–117,316	–117,177
Gross operating income		**17,135**	**17,703**
Selling expenses	5, 7	–13,362	–12,997
Administrative expenses	5, 7	–6,977	–5,752
Other operating income and expenses	6, 7, 29	217	830
Operating income	3, 8	**–2,988**	**–215**
Financial income	9	388	88
Financial expenses	9	–2,511	–1,545
Financial items, net		**–2,123**	**–1,457**
Income after financial items		**–5,111**	**–1,672**
Taxes	10	-116	352
Income for the period		**–5,227**	**–1,320**
Items that will not be reclassified to income for the period:			
Remeasurement of provisions for post-employment benefits	22	304	1,614
Income tax relating to items that will not be reclassified		-57	–411
		246	**1,204**
Items that may be reclassified subsequently to income for the period:			
Cash flow hedges	11, 18	-35	39
Exchange-rate differences on translation of foreign operations	11	-301	2,643
Income tax relating to items that may be reclassified	11	22	1
		-314	**2,684**
Other comprehensive income, net of tax		**-68**	**3,887**
Total comprehensive income for the period		**-5,295**	**2,568**

SEKm	Note	2023	2022
Income for the period attributable to:			
Equity holders of the Parent Company		-5,227	–1,320
Non-controlling interests		-0	0
Total		**-5,227**	**–1,320**
Total comprehensive income for the period attributable to:			
Equity holders of the Parent Company		-5,295	2,567
Non-controlling interests		-0	0
Total		**-5,295**	**2,568**
Earnings per share	20		
For income attributable to the equity holders of the Parent Company:			
Basic, SEK		-19.36	–4.81
Diluted, SEK		-19.36	–4.81
Average number of shares[1]	20		
Basic, million		270.0	274.7
Diluted, million		272.7	278.0

[1] Average numbers of shares excluding shares held by Electrolux.

Consolidated balance sheet

SEKm	Note	December 31, 2023	December 31, 2022
ASSETS			
Non-current assets			
Property, plant and equipment, owned	12	28,730	29,876
Property, plant and equipment, right-of-use	8	4,337	3,906
Goodwill	13	6,579	7,081
Other intangible assets	13	5,377	5,223
Investments in associates	29	21	24
Deferred tax assets	10	8,268	7,672
Financial assets	18	263	259
Pension plan assets	22	1,514	2,164
Other non-current assets	14	1,610	904
Total non-current assets		**56,699**	**57,108**
Current assets			
Inventories	15	19,965	24,374
Trade receivables	17, 18	22,247	21,487
Tax assets		1,180	1,208
Derivatives	18	167	99
Other current assets	16	4,297	5,098
Short-term investments	18	167	168
Cash and cash equivalents	18	15,331	17,559
Total current assets		**63,354**	**69,994**
Total assets		**120,053**	**127,102**

SEKm	Note	December 31, 2023	December 31, 2022
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Parent Company			
Share capital	20	1,545	1,545
Other paid-in capital	20	2,905	2,905
Other reserves	20	–966	–651
Retained earnings	20	7,784	12,644
Equity attributable to equity holders of the Parent Company		**11,268**	**16,443**
Non-controlling interests		6	7
Total equity		**11,274**	**16,449**
Non-current liabilities			
Long-term borrowings	18	28,800	28,738
Long-term lease liabilities	8	3,494	3,210
Deferred tax liabilities	10	574	731
Provisions for post-employment benefits	22	2,184	1,919
Other provisions	23	4,785	4,655
Total non-current liabilities		**39,839**	**39,253**
Current liabilities			
Accounts payable	18	36,402	38,357
Tax liabilities		1,657	1,453
Other liabilities	24	15,989	17,543
Short-term borrowings	18	7,388	8,377
Short-term lease liabilities	8	1,191	1,054
Derivatives	18	368	578
Other provisions	23	5,944	4,037
Total current liabilities		**68,940**	**71,400**
Total liabilities		**108,779**	**110,653**
Total equity and liabilities		**120,053**	**127,102**

Changes in consolidated equity

	Attributable to equity holders of the Parent Company						
SEKm	Share capital	Other paid-in capital	Other reserves	Retained earnings	Total	Non-controling interests	Total equity
Opening balance, January 1, 2022	**1,545**	**2,905**	**–3,335**	**17,489**	**18,604**	**6**	**18,610**
Income for the period	**–**	**–**	**–**	**–1,320**	**–1,320**	**0**	**–1,320**
Cash flow hedges	–	–	39	–	39	–	39
Exchange differences on translation of foreign operations	–	–	2,644	–	2,644	-0	2,644
Remeasurement of provisions for post-employment benefits	–	–	–	1,614	1,614	–	1,614
Income tax relating to other comprehensive income	–	–	1	–411	–411	–	–411
Other comprehensive income, net of tax	**–**	**–**	**2,684**	**1,203**	**3,887**	**0**	**3,887**
Total comprehensive income for the period	**–**	**–**	**2,684**	**–117**	**2,567**	**0**	**2,568**
Share-based payments	–	–	–	–72	–72	–	–72
Dividend	–	–	–	–2,521	–2,521	0	–2,521
Bonus issue	129	–	–	–129	–	–	–
Cancellation of shares	–129	–	–	129	–	–	–
Repurchase of shares	–	–	–	–2,138	–2,138	–	–2,138
Acquisition of non-controlling interest	–	–	–	2	2	0	2
Total transactions with equity holders	**–**	**–**	**–**	**–4,729**	**–4,729**	**0**	**–4,729**
Closing balance, December 31, 2022	**1,545**	**2,905**	**–651**	**12,644**	**16,443**	**7**	**16,449**
Income for the period	**–**	**–**	**–**	**-5,227**	**-5,227**	**0**	**-5,227**
Cash flow hedges	–	–	-35	–	-35	–	-35
Exchange differences on translation of foreign operations	–	–	-230	–	-230	0	-230
Remeasurement of provisions for post-employment benefits	–	–	–	304	304	–	304
Income tax relating to other comprehensive income	–	–	-50	-57	-107	–	-107
Other comprehensive income, net of tax	**–**	**–**	**-314**	**246**	**-68**	**0**	**-68**
Total comprehensive income for the period	**–**	**–**	**-314**	**-4,980**	**-5,295**	**0**	**-5,295**
Share-based payments	–	–	–	120	120	–	120
Dividend	–	–	–	–	–	0	0
Total transactions with equity holders	**–**	**–**	**–**	**120**	**120**	**0**	**120**
Closing balance, December 31, 2023	**1,545**	**2,905**	**-966**	**7,784**	**11,268**	**6**	**11,274**

For more information on share capital, number of shares and earnings per share, see Note 20.

Consolidated cash flow statement

SEKm	Note	2023	2022
Operations			
Operating income		–2,988	–215
Depreciation and amortization	8, 12, 13	6,277	5,390
Other non-cash items		3,535	1,670
Financial items paid, net	9	–2,039	–1,238
Taxes paid		–1,380	–1,514
Cash flow from operations, excluding change in operating assets and liabilities		**3,406**	**4,093**
Change in operating assets and liabilities			
Change in inventories		3,459	–1,556
Change in trade receivables		– 1,543	4,074
Change in accounts payable		–1,108	–4,026
Change in other operating assets, liabilities and provisions		–211	–4,859
Cash flow from change in operating assets and liabilities		**597**	**–6,367**
Cash flow from operations		**4,003**	**–2,274**
Investments			
Acquisition of operations	26	—	—
Divestment of operations	26	—	–367
Capital expenditure in property, plant and equipment	12	–4,069	–5,649
Capital expenditure in product development	13	–602	–740
Capital expenditure in software and other intangibles	13	–1,028	–1,001
Other		1,341	795
Cash flow from investments		**–4,358**	**–6,962**
Cash flow from operations and investments		**–355**	**–9,236**

SEKm	Note	2023	2022
Financing			
Change in short-term investments		1	–4
Change in short-term borrowings		–2,527	5,355
New long-term borrowings	18	4,691	22,244
Amortization of long-term borrowings	18	–2,622	–6,158
Payment of lease liabilities		–1,111	–960
Dividend		—	–2,521
Repurchase of shares		—	–2,138
Share-based payments		17	–217
Cash flow from financing		**-1,550**	**15,601**
Total cash flow		**-1,905**	**6,365**
Cash and cash equivalents at beginning of period		**17,559**	**10,923**
Exchange-rate differences referring to cash and cash equivalents		-323	271
Cash and cash equivalents at end of period		**15,331**	**17,559**

Parent Company

Parent Company income statement

SEKm	Note	2023	2022
Net sales	4	40,302	42,063
Cost of goods sold		-37,507	-37,873
Gross operating income		**2,795**	**4,190**
Selling expenses		-3,645	-3,320
Administrative expenses		-3,601	-2,470
Other operating expenses	6	-340	-1,860
Operating income		**-4,791**	**-3,460**
Financial income	9	2,572	3,920
Financial expenses	9	-2,603	-1,073
Financial items, net		**-31**	**2,847**
Income after financial items		**-4,822**	**-613**
Appropriations	21	202	-60
Income before taxes		**-4,620**	**-673**
Taxes	10	894	437
Income for the period		**-3,726**	**-236**

Total comprehensive income for the period

SEKm	2023	2022
Income for the period	**-3,726**	**-236**
Other comprehensive income		
Exchange rate differences	90	13
Cash flow hedges	-2	5
Income tax relating to other comprehensive income	0	-1
Other comprehensive income, net of tax	**88**	**17**
Total comprehensive income for the period	**-3,638**	**-219**

The Parent Company comprises the functions of the Group's head office in Sweden, as well as five companies operating on a commission basis for AB Electrolux.

Net sales for the Parent Company, AB Electrolux, during 2023 amounted to SEK 40,302m (42,063) of which SEK 33,292m (34,865) referred to sales to Group companies and SEK 7,010m (7,198) to external customers. Income after financial items was SEK -4,822m (-613), including dividends from subsidiaries amounting to SEK 730m (3,167). Income for the period amounted to SEK -3,726m (-236).

Income tax related to group contributions is reported in the income statement. Income tax related to cash flow hedges is reported in other comprehensive income.

Capital expenditures in tangible and intangible assets amounted to SEK 1,053m (1,222). Liquid funds at the end of the period amounted to SEK 9,969m, compared to SEK 12,899m at the start of the year. Undistributed earnings in the Parent Company at the end of the period amounted to SEK 5,735m, compared to SEK 9,353m at the start of the year. Dividend payment to shareholders for 2022 amounted to SEK 0m. For information on the number of employees, salaries and remuneration, see Note 27. For information on shareholdings and participations, see Note 29.

Parent Company balance sheet

SEKm	Note	December 31, 2023	December 31, 2022
ASSETS			
Non-current assets			
Intangible assets	13	3,087	2,923
Property, plant and equipment	12	293	267
Deferred tax assets		1,870	824
Financial assets	14	37,503	37,175
Total non-current assets		**42,753**	**41,189**
Current assets			
Inventories	15	3,363	3,688
Receivables from subsidiaries		18,700	17,622
Trade receivables	17	595	677
Derivatives with subsidiaries		200	273
Derivatives		163	96
Other receivables		182	270
Prepaid expenses and accrued income		503	494
Cash and bank		9,969	12,899
Total current assets		**33,675**	**36,019**
Total assets		**76,428**	**77,208**

SEKm	Note	December 31, 2023	December 31, 2022
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	20	1,545	1,545
Statutory reserve		3,017	3,017
Development reserve		2,351	2,251
		6,913	**6,813**
Non-restricted equity			
Retained earnings		9,461	9,589
Income for the period		-3,726	-236
		5,735	**9,353**
Total equity		**12,648**	**16,166**
Untaxed reserves	21	**565**	**668**
Provisions			
Provisions for pensions and similar commitments	22	479	434
Other provisions	23	3,148	1,492
Total provisions		**3,627**	**1,926**
Non-current liabilities			
Payable to subsidiaries		98	75
Bond loans	18	25,765	25,456
Other non-current loans	18	3,005	3,240
Total non-current liabilities		**28,868**	**28,771**
Current liabilities			
Payable to subsidiaries		22,140	19,957
Accounts payable		1,927	2,153
Other liabilities		414	483
Short-term borrowings	18	4,467	5,061
Derivatives with subsidiaries		61	174
Derivatives		281	482
Accrued expenses and prepaid income	24	1,430	1,367
Total current liabilities		**30,720**	**29,677**
Total liabilities and provisions		**63,215**	**60,374**
Total liabilities, provisions and equity		**76,428**	**77,208**

Parent Company change in equity

	Restricted equity			Non-restricted equity		
SEKm	Share capital	Statutory reserve	Development reserve	Fair value reserve	Retained earnings	Total equity
Opening balance, January 1, 2022	**1,545**	**3,017**	**1,551**	**8**	**14,995**	**21,116**
Income for the period	**—**	**—**	**—**	**—**	**–236**	**–236**
Exchange rate differences	—	—	—	13	—	13
Cash flow hedges	—	—	—	5	—	5
Income tax relating to other comprehensive income	—	—	—	-1	—	-1
Other comprehensive income, net of tax	**—**	**—**	**—**	**17**	**—**	**17**
Total comprehensive income for the period	**—**	**—**	**—**	**17**	**–236**	**–219**
Share-based payments	—	—	—	—	–72	–72
Development reserve	—	—	700	—	–700	0
Dividend	—	—	—	—	–2,521	–2,521
Bonus issue	129	—	—	—	–129	0
Cancellation of shares	-129	—	—	—	129	0
Repurchase of shares	—	—	—	—	–2,138	–2,138
Total transactions with equity holders	**—**	**—**	**700**	**—**	**–5,431**	**–4,731**
Closing balance, December 31, 2022	**1,545**	**3,017**	**2,251**	**25**	**9,328**	**16,166**
Income for the period	**—**	**—**	**—**	**—**	**-3,726**	**-3,726**
Exchange rate differences	—	—	—	90	—	90
Cash flow hedges	—	—	—	-2	—	-2
Income tax relating to other comprehensive income	—	—	—	0	—	0
Other comprehensive income, net of tax	**—**	**—**	**—**	**88**	**—**	**88**
Total comprehensive income for the period	**—**	**—**	**—**	**88**	**-3,726**	**-3,638**
Share-based payments	—	—	—	—	120	120
Development reserve	—	—	100	—	-100	0
Total transactions with equity holders	**—**	**—**	**100**	**—**	**20**	**120**
Closing balance, December 31, 2023	**1,545**	**3,017**	**2,351**	**113**	**5,622**	**12,648**

Parent Company cash flow statement

SEKm	2023	2022
Operations		
Income after financial items	-4,822	–613
Depreciation and amortization	699	549
Capital gain/loss included in operating income	504	1,821
Share-based compensation	120	–72
Group contributions	99	22
Taxes paid	-151	–79
Cash flow from operations, excluding change in operating assets and liabilities	**-3,551**	**1,628**
Change in operating assets and liabilities		
Change in inventories	325	–312
Change in trade receivables	82	579
Change in current intra-group balances	-3,180	–6,317
Change in other current assets	12	173
Change in other current liabilities and provisions	1,268	88
Cash flow from operating assets and liabilities	**-1,493**	**–5,789**
Cash flow from operations	**-5,044**	**–4,161**
Investments		
Change in shares and participations	-691	–1,535
Capital expenditure in intangible assets	-933	–1,119
Capital expenditure in property, plant and equipment	-120	–103
Other	22	–360
Cash flow from investments	**-1,722**	**–3,117**
Total cash flow from operations and investments	**-6,766**	**–7,278**
Financing		
Change in short-term borrowings	-11	4,885
Change in intra-group borrowings	4,266	–1,342
New long-term borrowings	4,555	22,255
Amortization of long-term borrowings	-5,064	–7,680
Dividend	0	–2,521
Redemption of shares	—	—
Repurchase of shares	0	–2,138
Cash flow from financing	**3,746**	**13,459**
Total cash flow	**-3,020**	**6,181**
Cash and cash equivalents at beginning of period	**12,899**	**6,705**
Exchange-rate differences referring to cash and cash equivalents	90	13
Cash and cash equivalents at end of period	**9,969**	**12,899**

All amounts in SEKm unless otherwise stated

Note 1 Accounting principles

This section describes the comprehensive basis of preparation which has been applied in preparing the financial statements. Accounting principles for specific accounting areas and individual line items are described in the related notes. For additional information on accounting principles, please contact Electrolux Investor Relations.

Basis of preparation

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

Enumerated amounts presented in tables and statements may not always agree with the calculated sum of the related line items due to rounding differences. The aim is for each line item to agree with its source and therefore there may be rounding differences affecting the total when adding up the presented line items.

The Parent Company applies the same accounting principles as the Group, except in the cases specified in the section entitled 'Parent Company accounting principles'.

The financial statements were authorized for issue by the Board of Directors on February 19, 2024. The balance sheets and income statements are subject to approval by the Annual General Meeting of shareholders on March 27, 2024.

Principles applied for consolidation

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

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Costs directly attributable to the acquisition effort are expensed as incurred.

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

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

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

Definition of Group companies

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

At year-end, the Group consisted of 132 (133) companies with 176 (189) operating units.

The following apply to acquisitions and divestments:

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

Foreign currency translation

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

Monetary assets and liabilities denominated in foreign currencies are measured at year-end exchange rates and any exchange-rate differences are included in income for the period, except when deferred in other comprehensive income for the effective part of qualifying net investment hedges.

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

The balance sheets of foreign subsidiaries are translated into SEK at year-end closing rates. The income statements are translated at the average rates for the year. Translation differences thus arising are included in Other comprehensive income.

Exchange rates

SEK	2023		2022	
Exchange rate	Average	End of period	Average	End of period
ARS	0.0404	0.0124	0.0785	0.0589
AUD	7.03	6.82	7.00	7.09
BRL	2.12	2.07	1.95	2.00
CAD	7.85	7.58	7.73	7.70
CHF	11.78	11.98	10.59	11.29
CLP	0.0126	0.0114	0.0116	0.0121
CNY	1.50	1.41	1.50	1.51
EUR	11.46	11.10	10.63	11.12
GBP	13.17	12.77	12.45	12.54
HUF	0.0300	0.0290	0.0272	0.0277
MXN	0.5978	0.5926	0.5028	0.5333
THB	0.3044	0.2922	0.2881	0.3019
USD	10.59	10.04	10.09	10.43

New or amended accounting standards applied in 2023

The following new accounting standard and amended accounting standards were applicable from January 1, 2023: IFRS 17 Insurance contracts and amendments to this new standard; amendments to IAS 12 Income taxes: 'International Tax Reform – Pillar Two Model Rules'; and 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction'; IAS 1 Presentation of Financial Statements and 'IFRS Practice Statement 2: Disclosure of Accounting policies'; and IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: 'Definition of Accounting Estimates'. The new accounting standard and the amendments listed above did not have any material impact on Electrolux financial statements.

New or amended accounting standards to be applied after 2023

The following amendments to accounting standards are applicable from January 1, 2024: IAS 1 Presentation of Financial Statements: 'Classification of Liabilities as Current or Non-current'; IFRS 16 Leases: 'Lease Liability in a Sale and Leaseback'. The amendments have not been early adopted by Electrolux.

The following amendments to accounting standards have been published but not yet endorsed by the EU: IAS 21 'The Effects of Changes in Foreign Exchange Rates', IAS 7 'Statements of Cash Flows' and IFRS 7 'Financial Instruments: Disclosures'. The amendments listed above are not expected to have a material impact on Electrolux financial statements in the current or future reporting periods or on foreseeable future transactions

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Critical accounting policies and key sources of estimation uncertainty

Use of estimates

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

Asset impairment and useful lives

Non-current assets, including goodwill, are evaluated for impairment yearly or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impaired asset is written down to its recoverable amount, being the higher of fair value less costs of disposal and value in use. Impairment charges are recorded when the information shows that the carrying amount of an asset is not recoverable. In many cases, market value is not available and the fair value has been estimated by using the discounted cash flow method based on expected future results. Differences in the estimation of expected future results and the discount rates used may result in different asset valuations. The yearly impairment testing of goodwill and other intangible assets with indefinite useful lives, including sensitivity analyses performed, has not indicated any impairment. See Note 13 for more information.

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Useful lives for property, plant and equipment are estimated between 10 and 40 years for buildings, 15 years for land improvements and between 3 and 15 years for machinery, technical installations and other equipment. Management regularly reassesses the useful lives of all significant assets. The carrying amount of property, plant and equipment at year-end 2023 amounted to SEK 28,730m. The carrying amount for goodwill at year-end 2023 amounted to SEK 6,579m.

Deferred taxes

In the preparation of the financial statements, Electrolux estimates the income taxes in each of the tax jurisdictions in which the Group operates as well as any deferred taxes based on temporary differences. Deferred tax assets relating mainly to tax loss carry-forwards, energy-tax credits and temporary differences are recognized in those cases when future taxable income is expected to permit the recovery of those tax assets. Changes in assumptions in the projection of future taxable income as well as changes in tax rates could result in significant differences in the valuation of deferred taxes. As of December 31, 2023, Electrolux had a net amount of SEK 7,694m recognized as deferred tax assets in excess of deferred tax liabilities. As of December 31, 2023, the Group had tax loss carry-forwards and other deductible temporary differences of SEK 6,610m, which have not been included in the computation of deferred tax assets.

Current taxes

Electrolux estimates regarding uncertain outcome of tax audits and tax litigations are based on management's best estimates and recorded in the balance sheet. These estimates might differ from the actual outcome and the timing of the potential effect on Electrolux cash flow is normally not possible to predict.

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

Trade receivables and calculation of loss allowance

Receivables are reported net of provision for expected credit losses. The net value reflects the amounts that are expected to be collected, based on circumstances known at the balance sheet date. Changes in circumstances such as higher than expected defaults or changes in the financial situation of a significant customer could lead to significantly different valuations.

When measuring expected credit loss the Group uses reasonable and supportable forward looking information, which is based on assumptions regarding the future movement of different economic drivers and how these drivers will affect each other. A sensitivity analysis is presented in Note 17.

At year-end 2023, trade receivables, net of provisions for expected credit losses, amounted to SEK 22,247m. The total provision for expected credit losses at year-end 2023 was SEK 363m.

Post-employment benefits

Electrolux sponsors a number of defined contribution and defined benefit pension plans for its employees. The pension calculations, referring to defined benefit plans, are based on actuarial assumptions regarding discount rates, mortality rates, as well as future salary and pension increases. The calculation of the pension obligation also depends on the discount rate. Changes in assumptions directly affect the defined benefit obligation, service cost, interest income and expense. The discount rate used for the calculation of expenses during 2023 was 3.66% in average. Sensitivities for the main assumptions are presented in Note 22.

Restructuring

Restructuring charges include required write-downs of assets and other non-cash items, as well as estimated costs for personnel reductions and other direct costs related to the termination of the activity. The charges are calculated based on detailed plans for activities that are expected to improve the Group's cost structure and productivity. In general, the outcome of similar historical events in previous plans are used as a guideline to minimize these uncertainties. The total provision for restructuring at year-end 2023 was SEK 3,712m.

Warranties

As is customary in the industry in which Electrolux operates, many of the products sold are covered by an original warranty, which is included in the price and which extends for a predetermined period of time. Provisions for this original warranty are estimated based on historical data regarding service rates, cost of repairs, etc. As of December 31, 2023, Electrolux had a provision for warranty commitments amounting to SEK 2,278m.

Disputes

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

Parent Company accounting principles

The Parent Company has prepared its Annual Report in compliance with Swedish Annual Accounts Act (1995:1554) and recommendation RFR2, Accounting for Legal Entities of the Swedish Financial Reporting Board. RFR2 prescribes that the Parent Company in the Annual Report of a legal entity shall apply all International Financial Reporting Standards and interpretations approved by the EU as far as this is possible within the framework of the Annual Accounts Act, taking into account the connection between accounting and taxation. The recommendation states which exceptions from IFRS and additions that shall or can be made.

Shares in subsidiaries

Holdings in subsidiaries are recognized in the Parent Company financial statements according to the cost method of accounting. The value of subsidiaries are tested for impairment when there is an indication of a decline in the value.

Foreign currency translations

The Annual Report is presented in Swedish krona (SEK), which is the Parent Company's accounting currency according to the Swedish Annual Accounts Act. One of the companies operating on a commis-

All amounts in SEKm unless otherwise stated

sion basis for AB Electrolux has euro as its functional currency. The balance sheet of the commissioner company has been translated into SEK at year-end rate. The income statement has been translated at the average rate for the year. Translation differences thus arising have been included in Other comprehensive income.

Anticipated dividends
Dividends from subsidiaries are recognized in the income statement after decision by the annual general meeting in the respective subsidiary. Anticipated dividends from subsidiaries are recognized in cases where the Parent Company has exclusive rights to decide on the size of the dividend and the Parent Company has made a decision on the size of the dividend before the Parent Company has published its financial reports.

Taxes
The Parent Company's financial statements recognize untaxed reserves including deferred tax. The consolidated financial statements, however, reclassify untaxed reserves to deferred tax liability and equity. Tax on group contribution is reported in the income statement.

Group contributions
Group contributions provided or received by the Parent Company are recognized as appropriations in the income statement. Shareholder contributions provided by the Parent Company are recognized in shares and participations which are subject to impairment tests as indicated above.

Pensions
The Parent Company reports pensions in the financial statements in accordance with the exemption in RFR2. According to RFR2, IAS 19 shall be adopted regarding supplementary disclosures when applicable.

Intangible assets
The Parent Company amortizes trademarks in accordance with RFR2. The Electrolux trademark in North America is amortized over 40 years using the straight-line method. All other trademarks are amortized over their useful lives, estimated to 10 years, using the straight-line method. For product development and software the useful life is on average 3 to 5 years.

Development reserve
The Parent Company's financial statements recognize a development reserve in compliance with the Swedish Annual Accounts Act (1995:1554). An amount equal to the period's total expenditure of own developed intangible assets has been transferred from unrestricted equity to the development reserve within restricted equity.

Appropriations and untaxed reserves
The Parent Company reports additional fiscal depreciation, required by Swedish tax law, as appropriations in the income statement. In the balance sheet, these are included in untaxed reserves.

Leases
All lease agreements where the Parent Company is a lessee are reported in accordance with the exemption to IFRS 16 in RFR2, i.e. right-of-use assets and lease liabilities are not reported in the balance sheet. The leasing fee is recognized as an expense on a straight-line basis over the lease period.

Critical judgements and uncertainties
Valuation of shares in subsidiaries is an area involving judgement and/or uncertainties for the Parent Company, in addition to the applicable critical accounting policies and key sources of estimation presented for the Group.

Financial statements presentation
The Parent Company presents the income statement and the balance sheet in compliance with the Swedish Annual Accounts Act (1995:1554) and recommendation RFR2.

Note 2 Financial risk management

Financial risk management
The Group is exposed to several financial risks:
- Liquidity risk from the Group's liquidity requirements
- Interest rate risk on liquid funds and borrowings
- Financing risk in relation to the Group's capital requirements
- Foreign exchange risk on commercial flows and net investments in foreign subsidiaries
- Commodity price risk affecting the expenditure on raw materials and components; and
- Credit risk relating to financial and commercial activities

Comparative information regarding risks described and quantified in this note are for total Group, including discontinued operations, unless otherwise stated.

The Board of Directors of Electrolux has established several policies for the Group (hereinafter all policies are referred to as the Financial Policy) to monitor and manage the financial risks relating to the operations of the Group. In March 2023, to ensure financial flexibility and to align with the capital structure of the Group, the Board of Directors approved updates to the limits and mandates in the Financial Policy.

Group Treasury in Stockholm, supported by three regional treasury centers located in Asia, North America, and Latin America, provide services to the business, co-ordinate access to financial markets, monitor and manage the financial risks through internal risk reports.

The Group seeks to minimize the effects of the financial risks by using derivatives to hedge exposures. The Group's Financial Policy governs the use of financial derivatives and provide principles for the management of foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. The internal auditors review on a continuous basis compliance with policies and exposure limits. Policy compliance is reported on a monthly basis by Group Treasury to the Board of Directors.

Liquidity risk
Liquidity risk is defined as the risk of the Group not being able to meet its payment obligations due to lack of liquidity or due to the inability to convert assets into liquidity without incurring a loss.

Liquid funds as defined by the Group consist of cash and cash equivalents, short-term investments, financial derivative assets, prepaid interest expenses and accrued interest income. Electrolux Financial Policy stipulates that the level of liquid funds including unutilized committed credit facilities shall correspond to at least 10% of annualized net sales, at year-end 2023 this level was 25.6% (24.9). In addition, net liquid funds defined as liquid funds less short-term borrowings shall exceed zero, taking into account fluctuations arising from acquisitions, divestments, and seasonal variations. At year-end 2023 the Group had net liquid funds of SEK 7,744m (8,724), well above target. Liquid funds shall be deposited in bank accounts or invested in instruments with high liquidity and issued by creditworthy issuers. See separate section "Credit risk in financial activities" within this note. The liquidity risk is considered low at the end of 2023 given the size of liquid funds available.

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

Interest rate risk in liquid funds
Liquidity is either deposited in bank accounts or invested in instruments, normally with maturities between 0 and 3 months. A downward shift in the yield curves of one percentage point would reduce the Group's interest income by approximately SEK 152m (171). For more information, see Note 18.

All amounts in SEKm unless otherwise stated

Interest rate risk in borrowings

The debt financing of the Group is managed by Group Treasury in order to ensure efficiency and risk control. Debt is primarily raised at Parent Company level and transferred to subsidiaries through internal loans or capital injections. In this process, swap instruments are used to convert the funds to the required currency. Short-term financing is also managed locally in subsidiaries where there are capital restrictions. The Group's borrowings contain no financial covenants that can trigger premature cancellation of the loans. For more information, see Note 18.

Group Treasury manages the long-term loan portfolio to keep the average interest fixing period between 0 and 3 years. Derivatives, such as interest rate swap agreements, are used to manage the interest rate risk by changing the interest from fixed to floating or vice versa. For those derivatives Electrolux practice hedge accounting, which has affected other comprehensive income by SEK -2m (5) during 2023. At the end of 2023 long-term interest-bearing borrowings had an average interest fixing period of 2.3 years (2.3), a one percentage point shift in interest rates would impact the Group's interest expenses by approximately SEK +/–124m (162) and the other comprehensive income by approximately SEK +/-37m (1). This calculation is based on a parallel shift of all yield curves simultaneously by one percentage point. Electrolux acknowledges that the calculation is an approximation and does not take into consideration the fact that the interest rates on different maturities and different currencies might change differently.

Capital structure and credit rating

The Group defines its capital as equity stated in the balance sheet including non-controlling interests. On December 31, 2023, the Group's capital amounted to SEK 11,274m (16,449). The Group's objective is to have a capital structure resulting in an efficient weighted cost of capital and sufficient credit worthiness where operating needs and the needs for potential acquisitions are considered.

To achieve and keep an efficient capital structure, the Financial Policy states that the Group's long-term ambition is to maintain a long-term credit rating within a safe margin from a non-investment grade. During 2023, S&P Global Ratings downgraded the Group's credit rating from A- to BBB, with stable outlook as shown in table below.

Credit Rating

	Long-term debt	Outlook	Short-term debt	Short-term debt, Nordic
S&P Global Ratings	BBB	Stable	A–2	K–2

When monitoring the capital structure, the Group uses different key figures, which are consistent with methodologies used by rating agencies and banks. The Group manages the capital structure and makes adjustments to adapt to changes in economic conditions. In order to maintain or adjust the capital structure, the Electrolux Board of Directors may propose to adjust dividends paid to shareholders, return capital to shareholders, buy back own shares, issue new shares, or sell assets to reduce debt.

Financing risk

Financing risk refers to the risk that financing of the Group's capital requirements and refinancing of existing borrowings could become more difficult or more costly. This risk can be decreased by ensuring that maturity dates are evenly distributed over time, and that total short-term borrowings do not exceed liquidity levels. The financial net debt, total borrowings less liquid funds, excluding seasonal variances, shall be long-term according to the Financial Policy. The Group's goals for long-term borrowings include an even spread of maturities. The average time to maturity shall be at least 2 years and a maximum of SEK 8,000m of the long-term borrowings may mature during a 6-month period.

Foreign exchange risk

Foreign exchange risk refers to the adverse effects of changes in foreign exchange rates on the Group's income and equity. Electrolux uses external loans denominated in foreign currencies as well as various derivatives to facilitate internal lending and to manage the foreign exchange exposure for the Group. The Group's overall currency exposure is managed centrally.

Transaction exposure from commercial flows

The Financial Policy stipulates to what extent commercial flows are to be hedged. Hedging with currency derivatives is, in most cases, applied on invoiced flows. This means that currency exposures from forecasted flows should normally be managed by natural hedges, price adjustments and cost reductions. However, in cases when both price and volume is committed, Electrolux may also hedge forecasted flows. For those derivatives Electrolux practice hedge accounting, which has affected other comprehensive income by SEK -33m (34) during 2023.

Group subsidiaries cover their risks in commercial currency flows mainly through the Group's treasury centers. Group Treasury thus assumes the currency risks and covers such risks externally using currency derivatives.

The Group's geographically widespread production reduces the effects of changes in exchange rates. The remaining transaction exposure is either related to internal sales from producing entities to sales companies or external exposures from purchasing of components and input material for the production paid in foreign currency. External imports are often priced in U.S. dollar (USD). The global presence of the Group, however, leads to a significant netting of the transaction exposures. For additional information on exposures and hedging, see Note 18.

Translation exposure from consolidation of entities outside Sweden

Changes in exchange rates also affect the Group in connection with translation of income statements and balance sheet of foreign subsidiaries into SEK. Electrolux does not hedge such exposure. The translation exposures arising from income statements of foreign subsidiaries are included in the sensitivity analysis mentioned below.

Foreign exchange sensitivity from transaction and translation exposure

The major net deficit currencies that Electrolux is exposed to are the U.S. dollar, the Chinese renminbi and the euro. The major net surplus currencies that Electrolux is exposed to are the British pound, the Australian dollar, the Canadian dollar and the Brazilian real. These currencies represent the majority of the exposures of the Group, but are largely offsetting each other as different currencies represent net inflows and outflows.

A change up or down by 10% in the value of each currency against the Swedish krona would affect the Group's profit and loss for one year by approximately SEK +/– 4m (320), as a static calculation. The model assumes the distribution of earnings and costs effective at year-end 2023 and does not include any dynamic effects, such as changes in competitiveness or consumer behavior arising from such changes in exchange rates.

Sensitivity analysis of major currencies

Risk	Change	Profit or loss impact 2023	Profit or loss impact 2022
Currency			
CAD/SEK	–10%	–441	–442
BRL/SEK	–10%	–423	–378
CHF/SEK	–10%	–316	–330
AUD/SEK	–10%	–308	–457
GBP/SEK	–10%	–290	–279
THB/SEK	–10%	132	132
MXN/SEK	–10%	144	102
CNY/SEK	–10%	149	169
EUR/SEK	–10%	555	752
USD/SEK	–10%	1,567	1,881

All amounts in SEKm unless otherwise stated

Exposure from net investments (balance sheet exposure)

The net of assets and liabilities in foreign subsidiaries constitute a net investment in foreign currency, which generates a translation difference in the consolidation of the Group. This exposure can have an impact on the Group's total comprehensive income, and on the capital structure. The exposure is normally handled by natural hedges including matching assets with debts in the same currency. In exceptional cases the exposure can be managed by currency derivatives implemented on Group level and carried out by the Parent Company. There were no outstanding net investment hedges at year-end 2023.

A change up or down by 10% in the value of each currency against the Swedish krona would affect the net investment of the Group by approximately SEK +/– 2,847m (3,197), as a static calculation at year-end 2023.

Commodity price risks

Commodity price risk is the risk that the cost of direct and indirect materials could increase as underlying commodity prices rise in global markets. The Group is exposed to fluctuations in commodity prices through agreements with suppliers, whereby the price is linked to the raw material price on the world market. This exposure can be divided into direct commodity exposure, which refers to pure commodity exposures, and indirect commodity exposure, which is defined as exposure arising from only part of a component. Commodity price risk is mainly managed through contracts with the suppliers. A change in price up or down by 10% in steel would affect the Group's profit or loss with approximately SEK +/– 1,200m (1,300) and in plastics with approximately SEK +/– 500m (600), based on volumes in 2023.

Credit risk

Credit risk in financial activities

Exposure to credit risks arises from the investment of liquid funds, and derivatives. In order to limit exposure to credit risk, the Group has adopted a policy of only dealing with creditworthy counterparties. A counterpart list has been established, which specifies the maximum allowable exposure in relation to each counterpart. The Group only transacts investments of liquid funds and derivatives with issuers and counterparts holding a long-term credit rating of at least A-, as these are considered to have low credit risk for the purpose of impairment assessment. S&P Global Ratings or similar independent rating agencies supply the credit rating information. Group Treasury can allow exceptions from this rule, e.g., to enable money deposits within countries rated below A-, but this represents only a minor part of the total liquidity in the Group.

The Group strives for master netting agreements (ISDA) with all counterparts for derivative transactions. Assets and liabilities will only be netted from a credit risk perspective for counterparts with valid ISDA-agreements. As a result of these policies and limitations, the credit risk from external financial activities is not material.

Impact from netting agreements on gross exposure from derivatives

	Gross amount	Impact of netting agreements	Net position	Change
December 31, 2023				
Interest and currency risk derivatives reported as assets	167	-133	33	80%
Interest and currency risk derivatives reported as liabilities	368	-133	235	36%
December 31, 2022				
Interest and currency risk derivatives reported as assets	99	-91	7	92%
Interest and currency risk derivatives reported as liabilities	578	-91	486	16%

Group Treasury manages a majority of the subsidiary financing through internal loans from the Parent Company, resulting in a material credit risk. The Parent Company calculates expected credit losses (ECL) from lending to its subsidiaries. The model defines if it is the entity, or the country where the entity is situated, that accounts for the primary source of credit risk. The credit risk is translated into a probability of default factor based on S&P Global Ratings historic values. The lending exposure is multiplied by the probability of default and a loss given default to result in the ECL of the subsidiary. The model allows for a management overlay to adjust the ECL provision, if management possesses information that qualifies for such an adjustment. Management overlay takes forward looking factors into consideration.

The opening expected credit loss provision in the Parent Company for 2023 amounted to SEK 69m (74) primarily originating from internal loans to Argentina. The closing expected credit loss provision in the Parent Company amounted to SEK 81m (69). ECL provision for loans made to companies with a minority shareholding amounted to SEK 7m (6).

To reduce the settlement risk in foreign exchange transactions done with banks, Group Treasury uses Continuous Linked Settlement (CLS). CLS eliminates temporary settlement risk since both legs of a transaction are settled simultaneously.

Credit risk in trade receivables

Electrolux sells to a substantial number of customers in the form of large retailers, buying groups, independent stores and direct to consumers. Sales are made on the basis of normal delivery and payment terms. The Electrolux Group Credit Directive defines how credit management is to be performed in the Electrolux Group to achieve competitive and professionally performed credit sales, limited bad debts, and improved cash flow and optimized profit. On a more detailed level, it also provides a minimum level for customer and credit risk assessment, clarification of responsibilities and the framework for credit decisions. The credit decision process combines the parameters risk/reward, payment terms and credit protection in order to obtain as much paid sales as possible. In some markets, Electrolux uses credit insurance as a mean of protection. For many years, Electrolux has used the Electrolux Rating Model (ERM) to have a common and objective approach to credit risk assessment that enables more standardized and systematic credit evaluations to minimize inconsistencies in decisions. The ERM is based on a risk/reward approach and is the basis for the customer assessment. The Electrolux Rating Model consists of three different parts: Customer and Market Information; Warning Signals; and a Credit Risk Rating (CR2). Through CR2 the customers are classified in risk categories.

Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the Group reviews the recoverable amount of each trade debt and debt investment on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. In this regard, management considers that the Group's credit risk is significantly reduced.

Trade receivables relate to a large number of customers, spread across diverse geographical areas. However, there is a concentration of large credit exposures on a number of customers in, primarily, the U.S., Latin America and Europe. Concentration of credit risk related to a single counterparty did not exceed 8.3% (9.6) of total trade receivables at any time during the year. For more information, see Note 17.

The Group reports expected credit losses and applies the simplified approach for trade receivables and uses a matrix to estimate the expected credit losses. A receivable is written off when there are indications of no realistic prospect of recovery or at a 360 days overdue whichever occurs first. There is a limited use of enforcement activities.

All amounts in SEKm unless otherwise stated

Note 3 Segment information

Reportable segments — Business areas
The Group's operations are divided into four reportable segments: Europe; North America; Latin America and Asia-Pacific, Middle East and Africa.

All the segments are producing appliances for the consumer market and products comprise mainly of refrigerators, freezers, cookers, dryers, washing machines, dishwashers, microwave ovens, air conditioners, vacuum cleaners and other small appliances.

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

The segments are responsible for the operating results and the net assets used in their businesses, whereas financial items and taxes, as well as net debt and equity, are not reported per segment. The operating results and net assets of the segments are consolidated using the same principles as for the total Group. Operating costs not included in the segments are shown under Group Common costs, which mainly are costs related to group management activities typically required to run the Electrolux Group.

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

	Net sales		Operating income	
	2023	2022	2023	2022
Europe	45,349	46,573	-1,602	683
North America	45,072	47,021	-2,341	-2,394
Latin America	28,920	24,303	1,624	1,058
Asia-Pacific, Middle East and Africa	15,109	16,984	460	1,308
	134,451	**134,880**	**-1,858**	**655**
Group Common costs	–	–	-1,129	-870
Total	**134,451**	**134,880**	**-2,988**	**-215**
Financial items, net	**–**	**–**	**-2,123**	**-1,457**
Income after financial items	**–**	**–**	**-5,111**	**-1,672**

Inter-segment sales exist with the following split:

	2023	2022
Europe	1,763	1,904
North America	429	500
Latin America	0	0
Asia-Pacific, Middle East and Africa	2,100	1,917
Eliminations	**4,292**	**4,321**

The segments are responsible for the management of the operational assets and their performance is measured at the same level, while financing is managed by Group Treasury at group or country level. Consequently, liquid funds, interest-bearing receivables, interest-bearing liabilities and equity are not allocated to the business segments.

	Assets December 31		Equity and liabilities December 31		Net assets December 31	
	2023	2022	2023	2022	2023	2022
Europe	30,784	32,041	27,001	26,273	3,783	5,768
North America	27,490	30,229	15,896	18,375	11,593	11,854
Latin America	18,358	18,141	10,517	9,417	7,841	8,724
Asia-Pacific, Middle East and Africa	11,902	13,821	6,431	7,451	5,471	6,370
Other[1]	14,149	12,722	5,338	5,141	8,811	7,581
Total operating assets and liabilities	**102,684**	**106,953**	**65,184**	**66,657**	**37,500**	**40,297**
Liquid funds	15,669	17,800	–	–	–	–
Long-term financial receivables	185	185	–	–	–	–
Total borrowings	–	–	36,725	37,813	–	–
Lease liabilities	–	–	4,685	4,264	–	–
Pension assets and liabilities	1,514	2,164	2,184	1,919	–	–
Equity	–	–	11,274	16,449	–	–
Total	**120,053**	**127,102**	**120,053**	**127,102**	**–**	**–**

[1] Includes common functions and tax items.

	Depreciation and amortization		Capital expenditure		Cash flow[1]	
	2023	2022	2023	2022	2023	2022
Europe	2,108	1,787	2,491	3,310	893	-2,776
North America	2,242	1,934	1,292	1,738	-381	-2,365
Latin America	805	617	699	979	2,516	-585
Asia-Pacific, Middle East and Africa	757	682	651	850	934	214
Other[2]	366	371	566	512	-898	-603
Acquisitions/ Divestments	–	–	–	–	–	-367
Financial items paid	–	–	–	–	-2,039	-1,238
Taxes paid	–	–	–	–	-1,380	-1,514
Total	**6,277**	**5,390**	**5,699**	**7,389**	**-353**	**-9,236**

[1] Cash flow from operations and investments.
[2] Includes common functions.

Geographical information

	Net sales[1]	
	2023	2022
USA	40,644	42,242
Brazil	20,682	16,812
Germany	6,008	6,076
Australia	5,322	5,961
Canada	4,687	5,117
Switzerland	4,398	4,025
United Kingdom	4,227	4,289
Sweden (country of domicile)	3,682	3,621
Italy	3,615	3,257
France	3,537	3,922
Other	37,649	39,558
Total	**134,451**	**134,880**

[1] Revenues attributable to countries on the basis of customer location.

Tangible and intangible fixed assets located in the Group's country of domicile, Sweden, amounted to SEK 5,615m (5,287). Tangible and non-tangible fixed assets located in all other countries amounted to SEK 39,408m (40,799). Individually material countries in this aspect are USA with SEK 12,094m (12,673), Italy with SEK 6,988m (6,977) and Poland with SEK 3,975m (3,768) respectively.

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

All amounts in SEKm unless otherwise stated

Note 4 Revenue recognition

Revenue recognition
Electrolux manufactures and sells appliances mainly in the wholesale market to customers being retailers. Electrolux products include refrigerators, freezers, dishwashers, washing machines, dryers, cookers, microwave ovens, vacuum cleaners, air conditioners and small domestic appliances. Revenues arise from sales of finished products and services.

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

Sale of finished products including spare parts and accessories
Sales of products are revenue recognized at a point in time i.e. when control of the products has transferred, being when the products are delivered to the customer. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or there is objective evidence that all criteria for acceptance have been satisfied. In practice, transfer of control and thus revenue recognition normally depends on the contractual incoterm.

Transaction price — Volume discounts
The products are often sold with volume discounts based on aggregate sales over a specific time period, normally 3–12 months. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts using either the expected value method or an assessment of the most likely amount. Revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. The estimated volume discount is revised at each reporting date.

Receivables, contract assets and contract liabilities
A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. If the consideration is conditional to additional performance, a contract asset is recorded.

If Electrolux receive prepayments from customer a contract liability is recorded.

Sale of goods and services combined
When contracts include both goods and services the sales value is split into the separate performance obligations as applicable and revenue is recognized when each of the separate performance obligations is satisfied. In general, types of performance obligations that may occur are products, spare parts, installation, service and support and education.

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

Sale of licenses in a separate contract
Electrolux is licensing trade names to other companies. The license provides the licensee a right to access intellectual property throughout the license period and revenue is recognized over time. The most common license type for Electrolux is sales based royalty where the revenue is recognized when the sales occur.

Payments to customers
Agreements can be made with customers to compensate for various services or actions the customer takes. This relates to e.g. agreements under which Electrolux agrees to compensate the customer for e.g. marketing activities undertaken by the customer. The main rule is that if the payment is related to a distinct service or product it shall be accounted for as a purchase of that service or product. If not it shall be deducted from the related revenue stream. In practice, if the contract doesn't include any requirement of follow up from Electrolux side and/or reporting back from the customer that the service is performed, the payment shall be accounted for as a reduction of revenue.

Customer incentives
Customer incentives include promotional activities as e.g. coupons, gift cards, free products and loyalty/cash points. Customer incentives are additional performance obligations providing the customer with a material right, i.e. the customer is purchasing a product or service in the original purchase and the right to a free or discounted product or service in the future. The customer is effectively paying in advance for future products or services. Revenue is therefore allocated to two performance obligations, the originally purchased product and the product bought in the future (payment in advance). A liability is recognized for the rebate until it's used or expires unused.

Within Electrolux a common promotional activity is to offer free products in combination with other sales. When the free products are related to the Electrolux product range, revenue is allocated to both the ordinary products sold and the free products.

When the free products are unrelated to the Electrolux product range, the free products are recognized as marketing/sales cost.

Warranties
The most common warranty for Electrolux is to replace a faulty product under legal and common practice warranty terms. In those cases warranty is recognized as a provision. Electrolux also sells extended warranty where the revenue is recognized during the warranty period, which usually starts after the legal warranty period. Sometimes warranty offered is including a service part and if it is difficult to separate the warranty from the service the two are bundled together and revenue is recognized over the warranty period.

Sales with a right of return
A right of return is not a separate performance obligation, but it affects the transaction price for the transferred goods. Returns rights are commonly granted in the retail and consumer industry.

Regarding a right of return which follows from legislation, statutory requirements, business practice or is stipulated in the contract with the customer, revenue is not recognized for goods expected to be returned. Instead, a liability is recognized for expected refunds to customers. An asset is also recorded for the expected returned item. The estimated amount of returned goods in each sale with a right of return, is based on a probability-weighted approach or most likely outcome, whichever is most predictive. The estimate is revised on each reporting date.

Principal versus agent
In some countries Electrolux acts as an agent, i.e. Electrolux arranges for goods or services to be provided by an external supplier to the customer. Electrolux records as revenue the commission fee earned for facilitating the transfer of goods or service or the net amount of consideration that the company retains after paying the other party the consideration received in exchange for the goods or services to be provided by that party.

Freight charges
In most cases freight is included in the price of the product sold and revenue is recognized at the same time as for the product.

All amounts in SEKm unless otherwise stated

Consignment stock or sell-through arrangement
For some customers Electrolux keeps the inventory of products in the warehouse of the customer or in the customer's outlet. Transfer of control of the products are done when the customer lifts the product from the warehouse or when the product is sold to the end consumer. Electrolux recognizes revenue when the control has been transferred or when there is a legal right of forcing a sales transaction.

Revenue types and flows
The vast majority of the Group's revenues of SEK 134,451m (134,880) during the year consisted of product sales. Revenue from service activities amounted to SEK 2,406m (2,240). The Group's net sales in Sweden amounted to SEK 3,682m (3,621). Exports from Sweden during the year amounted to SEK 39,129m (41,307), of which SEK 35,098m (37,124) were to Group subsidiaries. The major part of the Swedish export comes from two of the Swedish entities acting as buying/selling hubs for the European business meaning that most of the European product flows are routed via these entities.

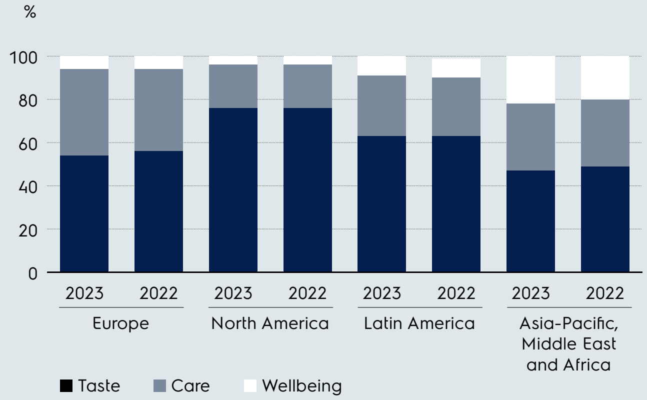
Disaggregation of revenue
Electrolux has four business areas with focus on the consumer market. Sales of services are not material in relation to Electrolux total net sales.

Geography and product category are considered important attributes when disaggregating Electrolux revenue. The business areas, also being the Group's segments, are based on geography: Europe, North America, Latin America and Asia-Pacific, Middle East and Africa. In addition, the table to the right presents net sales by product area Taste (cooking, refrigeration and freezer appliances), Care (dish and laundry appliances) and Wellbeing (e.g. air conditioners, cleaning appliances and small domestic appliances). Products within all product areas are sold in each of the reportable segments, i.e. the business areas, as presented in the graph to the right.

Revenue per product area

	Group		Parent Company	
Disaggregation of revenue	2023	2022	2023	2022
Product Areas				
Taste	84,061	85,895	20,889	22,871
Care	39,984	38,661	17,108	16,625
Wellbeing	10,406	10,324	2,305	2,567
Total	**134,451**	**134,880**	**40,302**	**42,063**

Business area revenue per product area



The table below presents the opening and closing balances of contract liabilities as well as movements during the years.

			Prepaid income – service & warranty		
Contract liabilities	Advances from customers	Customer bonuses/ incentives	Short-term	Long-term	Total
Opening balance, January 1, 2022	**164**	**7,106**	**218**	**358**	**7,846**
Gross increase during the period	546	22,332	175	59	23,112
Paid to/settled with customer	—	–22,300	—	—	–22,300
Revenue recognized during the year	–517	—	–322[1)]	–243[1)]	–1,082
Contracts cancelled during the year	—	–337	–22	0	–359
Acquisition/divestment of operations	–10	–277	—	—	–287
Other changes to contract balances	–14	–126	5	–16	–151
Exchange-rate differences	1	693	20	23	737
Closing balance, December 31, 2022	**170**	**7,091**	**74**	**181**	**7,516**
Gross increase during the period	456	21,283	40	17	21,796
Paid to/settled with customer	—	-20,792	—	—	-20,792
Revenue recognized during the year	-497	—	-37	-1	-535
Contracts cancelled during the year	—	-756	-3	—	-759
Other changes to contract balances	1	52	0	-9	44
Exchange-rate differences	-13	-42	0	—	-55
Closing balance, December 31, 2023	**117**	**6,836**	**74**	**188**	**7,215**

1) Revenue recognized during the year on service and warranty contracts includes SEK 548m relating to contract obligations transferred to a third party in the U.S.

For the Parent Company contract liabilities as per December 31, amounted to SEK 316m (275).

All amounts in SEKm unless otherwise stated

Note 5 Operating expenses

Cost of goods sold and additional information on costs by nature

Cost of goods sold includes expenses for the following items:

- Finished goods i.e. cost for production and sourced products
- Warranty
- Environmental fees
- Warehousing and transportation
- Exchange-rate changes on payables and receivables and the effects from currency hedging

Operating expenses	2023	2022
Direct material and components	56,160	50,828
Sourced products	16,703	18,033
Depreciation and amortization	6,277	5,390
Salaries, other renumeration and employer contribution	24,300	23,818
Other operating expenses	33,999	37,026
Total	**137,439**	**135,095**

Operating expenses

Cost of goods sold includes direct material and components amounting to SEK 56,160m (50,828) and sourced products amounting to SEK 16,703m (18,033). The depreciation and amortization charge for the year amounted to SEK 6,277m (5,390). Costs for research and development amounted to SEK 4,400m (4,291).

Government grants relating to expenses have been deducted in the related expenses by SEK 136m (65).

Government grants related to assets have been recognized as deferred income in the balance sheet and will be recognized as income over the useful life of the assets. The remaining value of these grants, at the end of 2023, amounted to SEK 17m (484).

The Group's operating income includes net exchange-rate differences in the amount of SEK –1,063m (–388). The Group's Swedish factories accounted for 0.1% (0.1) of the total value of production.

Selling and administration expenses

Selling expenses include expenses for brand communication, sales driving communication and costs for sales and marketing staff. Selling expenses also include the cost for impairment of trade receivables.

Administration expenses include expenses for general management, controlling, human resources, shared service and IT expenses related to the named functions. Administration costs related to manufacturing are included in cost of goods sold.

Note 6 Other operating income and expenses

	Group		Parent Company	
Other operating income	2023	2022	2023	2022
Gain on sale of property, plant and equipment	793	726	–	–
Settlement arbitration U.S. tariff case	–	656	–	–
Pensions plan amendment	75	–	–	–
Recovery of overpaid sales tax	17	58	–	–
Asbestos litigation	–	59	–	–
Reversal of environmental provision	74	–	–	–
Government grants	58	–	–	–
Other	48	15	–	–
Total	**1,065**	**1,514**	**–**	**–**

	Group		Parent Company	
Other operating expenses	2023	2022	2023	2022
Russia divestment	–	-350	–	-250
US pension plan termination	–	-210	–	–
Loss on sale of property, plant and equipment	-90	-37	–	–
Fine to Competition Authority	-647	–	–	–
Asbestos litigation	-25	–	–	–
Impairment	–	–	-340	-1,610
Other	-86	-87	–	–
Total	**-848**	**-684**	**-340**	**-1,860**
Other operating income and expenses, net	**217**	**830**	**-340**	**-1,860**

Note 7 Material profit or loss items in operating income

This note summarizes events and transactions with significant effects, which are relevant for understanding the financial performance when comparing income for the current period with previous periods, including items such as:

- Capital gains and losses from divestments of product groups or major units
- Close-down or significant down-sizing of major units or activities
- Restructuring initiatives with a set of activities aimed at reshaping major structure or process
- Significant impairment
- Other major non-recurring costs or income
- Material items in 2023 amount to SEK -3,401m and contain divestment of two factories, a legal antitrust case and a group-wide cost reduction and North America turnaround program.

Material items in 2022 amount to SEK -1,046m and contain a settlement regarding the arbitration in U.S. tariff case on washing machines imported into the U.S. from Mexico in 2016/2017, a loss from the exit from the Russian market, restructuring measures across business areas and Group common cost, the divestment of the office facility in Zürich, Switzerland and costs for a U.S. pension plan termination.

Material profit or loss items	2023	2022
Restructuring charge	-3,314	-1,536
Divestment of factories in Hungary and U.S.	556	–
Office sale, Switzerland	–	394
Arbitration/settlement U.S. tariff case	–	656
Russia divestment	–	-350
U.S. pension plan termination	–	-210
French antitrust case	-643	–
Total	**-3,401**	**-1,046**

Effect from material profit or loss items by function	2023	2022
Cost of goods sold	-1,988	-863
Selling expenses	-192	-67
Administration expenses	-1,134	-547
Other operating income and expenses	-87	431
Total	**-3,401**	**-1,046**

All amounts in SEKm unless otherwise stated

Note 8 Leases

The major part of the group's lease arrangements are those under which the group is a lessee. This applies to a large number of assets such as warehouses, office premises, vehicles, and certain office equipment. The group's activities as a lessor are limited.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Such an assessment is performed at inception of a contract. An identified lease agreement is further categorized by the group as either a short-term lease, a lease of a low-value asset or a standard lease. Short-term leases are defined as leases with a lease term of 12 months or less. The group's definition of low-value assets comprises all personal computers and laptops, phones, office equipment and furniture and all other assets, independent of asset class, of lower value when new. Lease payments related to short-term leases and leases of low value assets are recognized as operating expenses on a straight-line basis over the term of the lease. The group applies the term 'standard lease' to all identified leases which are categorized as neither short-term leases nor leases of a low-value asset. Thus, a standard lease is a lease agreement for which a right-of-use asset and a corresponding lease liability are recognized at commencement of the lease, i.e. when the asset is available for use. The group's right-of-use assets and its long-term and short-term lease liabilities are presented as separate line items in the consolidated statement of financial position.

Assets and liabilities arising from a lease are initially measured on a present value basis. The lease liability is determined as the present value of all future lease payments at the commencement date, discounted using the Group's calculated incremental borrowing rate determined by country and contract duration (12–36 months, 37–72 months and >72 months).

The lease liability is subsequently measured by reducing the carrying amount to reflect the lease payments made and by increasing the carrying amount to reflect interest on the lease liability, using the effective interest method.

A right-of-use asset is measured at cost comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement day, less any lease incentives received, and any initial direct costs, and restoration costs (unless incurred to produce inventories) with the corresponding obligation recognized and measured as a provision under IAS 37. The right-of-use asset is subsequently measured at cost less accumulated depreciation, any impairment losses as well as any remeasurement of the lease liability. Impairment of right-of-use assets is determined and accounted for in accordance with IAS 36.

A right-of-use asset is normally depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term. However, if ownership of the asset is reasonably certain to be transferred at the end of the lease, the right-of-use asset is depreciated over its useful life. Depreciation of a right-of-use asset starts at the commencement date of the lease.

A lease payment related to a standard lease is accounted for partly as amortization of the lease liability and partly as interest expense in the statement of comprehensive income.

In determining the lease term, extension options are only included if it is determined as reasonably certain to extend, being subject to continuous re-assessment. Periods after termination options are only included in the lease term if the lease is reasonably certain not to be terminated. A lease term is reviewed if a significant event or a significant change in circumstances occurs which affects the assessment.

	Group	
Lease income and expenses	2023	2022
Income from subleasing	7	7
Lease expenses:		
Short-term leases	-7	-11
Leases of low-value assets	-20	-36
Variable lease payments	-196	-195
Depreciation of right-of-use assets	-1,162	-997
Total lease expenses in operating income	**-1,385**	**-1,239**
Lease liability interest expense	-183	-143

Total cash outflow for lease contracts amounts to SEK 1,517m (1,345) for the year. The calculated average lease interest rate for the year was 4.0% (3.8). Lease commitments related to leases not yet commenced per December 31 amount to SEK 416m (73).

Maturity profile of lease liabilities is presented in Note 18.

For the Parent Company, lease expenses for the year amounted to SEK 50m (64) and future lease payment obligations at year end amount to SEK 282m (269). The most relevant lease agreement for the Parent company during 2023 was IT equipment.

Property, plant and equipment, right-of-use

Group	Land	Buildings	Machinery	Other equipment	Total
Carrying amount					
Opening balance, January 1, 2022	**7**	**2,293**	**32**	**439**	**2,771**
Acquisition of operations	–	–	–	–	–
Additions	4	1,582	1	232	1,819
Cancellations	–	-17	–	-10	-27
Depreciation	-1	-752	-12	-232	-997
Other changes	–	0	0	0	0
Exchange rate differences	1	299	2	38	340
Closing balance, December 31, 2022	**11**	**3,405**	**23**	**467**	**3,906**
Acquisition of operations	–	–	–	–	–
Additions	2	1,044	67	616	1,728
Cancellations	–	-29	0	-13	-42
Depreciation	-1	-844	-17	-299	-1,162
Exchange rate differences	1	-80	-2	-12	-94
Closing balance, December 31, 2023	**12**	**3,495**	**71**	**758**	**4,337**

All amounts in SEKm unless otherwise stated

Note 9 Financial income and financial expenses

	Group		Parent Company	
	2023	2022	2023	2022
Financial income				
Interest income				
from subsidiaries	–	–	1,636	723
from others	388	88	204	30
Dividends from subsidiaries	–	–	730	3,167
Other financial income	–	–	2	–
Total	**388**	**88**	**2,572**	**3,920**
Financial expenses				
Interest expenses				
to subsidiaries	–	–	-944	-241
to others	-1,833	-586	-1,434	-201
Lease liability interest expenses	-183	-143	–	–
Pension interest expenses, net	-37	10	–	–
Exchange-rate differences, net	42	17	-17	34
Other financial expenses	-500	-843	-208	-665
Total	**–2,511**	**–1,545**	**–2,603**	**–1,073**
Financial items, net	**–2,123**	**–1,457**	**-31**	**2,847**

Other financial expenses, for the Group and Parent Company, include gains and losses on derivatives used for managing the Group's interest fixing. For information on financial instruments, see Note 18. For more information on post-employment benefits, see Note 22.

Cash flow: Financial items paid, net
Interest and similar items received amounted to SEK 392m (71), interest and similar items paid amounted to SEK –2,349m (–1,206) and other financial items received and paid amounted to SEK –82m (–103).

Note 10 Taxes

	Group		Parent Company	
	2023	2022	2023	2022
Current taxes	-1,099	-1,028	-151	-79
Deferred taxes	983	1,380	1,045	516
Taxes in income for the period	**-116**	**352**	**894**	**437**
Taxes related to OCI	-36	-409	0	-1
Taxes included in total comprehensive income	**-152**	**-57**	**894**	**436**

Deferred taxes 2023 include an effect of SEK 0.1m (14) due to changes in tax rates. The consolidated accounts include deferred tax liabilities of SEK 116m (138) related to untaxed reserves in the Parent Company.

Theoretical and actual tax rates	Group		Parent Company	
%	2023	2022	2023	2022
Theoretical tax rate	19.6	19.6	20.6	20.6
Non-taxable/non-deductible income statement items, net	5.4	-2.7	0.8	39.3
Non-recognized tax losses carried forward	-2.6	-4.4	–	–
Utilized non-recognized tax losses carried forward	0.3	1.2	–	–
Other changes in recognition of deferred tax	-20.9	7.3	1.3	17.9
Withholding tax	-3.4	-5.4	-3.3	-11.7
Other	-0.7	5.4	–	-1.2
Actual tax rate	**-2.3**	**21.0**	**19.3**	**64.9**

For the Group in 2023, the majority of 'Other changes in recognition of deferred tax' relate to a write-down of tax credits carry forward in the U.S.

The theoretical tax rate for the Group is calculated on the basis of the weighted total income after financial items per country, multiplied by the local statutory tax rates.

Non-taxable/non-deductible items in the Parent Company are mainly related to dividends from subsidiaries.

Non-recognized deductible temporary differences
As of December 31, 2023, the Group had tax loss carry-forwards and other deductible temporary differences of SEK 6,610m (4,401), which have not been included in computation of deferred tax assets. The decision not to recognize certain temporary differences is based on an assessment where the likelihood of future utilization is evaluated for each of the temporary items. The Group typically does not recognize temporary differences in situations where the ability to utilize these is considered limited.

The non-recognized deductible temporary differences will expire as follows:

	Group	
	December 31	
Non-recognized temporary differences	2023	2022
2023	n/a	10
2024	99	30
2025	441	141
2026	41	85
2027	214	57
2028	752	e/t
And thereafter	30	53
Without time limit	5,034	4,026
Total	**6,610**	**4,401**

All amounts in SEKm unless otherwise stated

The tables below show deferred tax assets and liabilities at the end of each reporting period and the change in net deferred tax assets and liabilities.

Deferred tax assets and liabilities

	Group	
	2023	2022
Deferred tax assets:		
Property, plant and equipment, owned	465	374
Property, plant and equipment, right-of-use	754	653
Provision for pension obligations	223	334
Provision for restructuring	735	466
Other provisions	812	888
Inventories	131	107
Accrued expenses and prepaid income	411	616
Unused tax losses carried forward	2,045	994
Tax credits	2,317	3,650
Other deferred tax assets	2,190	2,262
Deferred tax assets before netting of deferred tax assets and liabilities	**10,082**	**10,342**
Netting of deferred tax assets and liabilities	–1,814	–2,670
Deferred tax assets, net	**8,268**	**7,672**
Deferred tax liabilities:		
Property, plant and equipment, owned	543	952
Property, plant and equipment, right-of-use	678	588
Other provisions	35	63
Inventories	592	622
Other deferred tax liabilities	541	1,176
Deferred tax liabilities before netting of deferred tax assets and liabilities	**2,388**	**3,402**
Netting of deferred tax assets and liabilities	–1,814	–2,670
Deferred tax liabilities, net	**574**	**731**
Deferred tax assets and liabilities, net	**7,694**	**6,940**

	Group	
	2023	2022
Deferred tax assets and liabilities, net opening balance	**6,940**	**5,269**
Recognized in income statement	983	1,380
Recognized in other comprehensive income	–57	–411
Acquisitions of operations	—	—
Exchange rate differences	-172	702
Deferred tax assets and liabilities, net closing balance	**7,694**	**6,940**

As per December 31, the Parent Company reported deferred tax assets amounting to SEK 1,869m (824) which mainly relate to unused tax losses carried forward, restructuring provisions and pensions.

The group is within the scope of the OECD Pillar Two model rules. Pillar Two legislation was enacted in Sweden, the jurisdiction in which the Parent Company is incorporated, and is effective as of January 1, 2024. Since the Pillar Two legislation was not effective at the reporting date, the group has no related current tax exposure. The group applies the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023. Under the legislation, the group is liable to pay a top-up tax for the difference between its GloBE effective tax rate per jurisdiction and the 15% minimum rate. The Group does not expect material top-up tax costs, if any.

Note 11 Other comprehensive income

	Group	
	2023	2022
Items that will not be reclassified to income for the period:		
Remeasurement of provisions for post-employment benefits		
Opening balance, January 1	**3,537**	**2,333**
Gain/loss taken to other comprehensive income	304	1,614
Income tax relating to items that will not be reclassified	–57	–410
Closing balance, December 31	**3,783**	**3,537**
Items that may be reclassified subsequently to income for the period:		
Cash flow hedges		
Opening balance, January 1	**18**	**–21**
Gain/loss taken to other comprehensive income	-2	5
Transferred to profit and loss on sale	-33	34
Closing balance, December 31	**-16**	**18**
Exchange differences on translation of foreign operations		
Opening balance, January 1	**–660**	**–3,303**
Net investment hedge	–72	–41
Translation differences	-230	2,684
Closing balance, December 31	**–961**	**–660**
Income tax relating to items that may be reclassified		
Opening balance, January 1	**–10**	**–11**
Cash flow hedges	7	–7
Net investment hedges	15	8
Closing balance, December 31	**12**	**–10**
Non-controlling interests, translation differences	0	0
Other comprehensive income, net of tax	**–68**	**3,887**

Income taxes affecting other comprehensive income during the year amounted to a total of SEK –36m (-409) of which SEK –57m (–410) related to remeasurement of provisions for post-employment benefits and SEK 22m (1) related to financial instruments for hedging.

All amounts in SEKm unless otherwise stated

Note 12 Property, plant and equipment, owned

Property, plant, and equipment are stated at historical cost less straight-line accumulated depreciation, adjusted for any impairment charges. Land is not depreciated as it is considered to have an unlimited useful life. All other depreciation is calculated using the straight-line method and is based on the following estimated useful lives:

- Land: No depreciation
- Land improvements: 0–15 years
- Buildings: 10–40 years
- Machinery and technical installations: 3–15 years
- Other equipment: 3–10 years

Total net impairment for the year was SEK 3m (6) on buildings and land, and SEK 248m (19) on machinery and other equipment and SEK 10m (—) on plants under construction. The impairment 2023 relates to business areas Asia-Pacific, Middle East and Africa, Europe and North America and 2022 to business areas Europe and North America.

Group	Land and land improvements	Buildings	Machinery and technical installations	Other equipment	Plants under construction and advances	Total
Acquisition costs						
Opening balance, January 1, 2022	**2,700**	**13,931**	**40,555**	**3,282**	**5,712**	**66,181**
Acquired during the year	5	317	968	259	4,100	5,649
Divestment of operations	0	-1	0	-4	0	-5
Transfers and reclassifications	11	533	3,160	198	-3,912	-10
Sales, scrapping, etc.	-100	-194	-2,136	-286	-6	-2,721
Exchange-rate differences	176	1,426	4,794	283	583	7,262
Closing balance, December 31, 2022	**2,792**	**16,012**	**47,342**	**3,733**	**6,478**	**76,356**
Acquired during the year	4	319	828	227	2,691	4,069
Divestment of operations	—	—	—	—	—	—
Transfers and reclassifications	43	884	2,788	210	-3,959	-34
Sales, scrapping, etc.	-267	-1,648	-3,365	-259	-109	-5,648
Exchange-rate differences	0	65	-570	-58	-22	-585
Closing balance, December 31, 2023	**2,572**	**15,632**	**47,023**	**3,853**	**5,079**	**74,158**
Accumulated depreciation						
Opening balance, January 1, 2022	**398**	**6,614**	**30,829**	**2,545**	**374**	**40,759**
Depreciation for the year	34	541	2,551	355	—	3,481
Transfers and reclassifications	1	-2	-168	6	162	-1
Sales, scrapping, etc.	0	-167	-1,912	-259	—	-2,337
Divestment of operations	-1	—	—	-14	—	-15
Impairment	0	6	19	0	0	25
Exchange-rate differences	43	706	3,584	217	18	4,568
Closing balance, December 31, 2022	**476**	**7,699**	**34,903**	**2,849**	**554**	**46,480**
Depreciation for the year	36	629	2,889	395	—	3,949
Transfers and reclassifications	31	-31	0	0	—	0
Sales, scrapping, etc.	-150	-1,090	-3,349	-242	-8	-4,839
Divestment of operations	—	—	—	—	—	—
Impairment	0	3	244	4	10	261
Exchange-rate differences	7	25	-364	-44	-47	-423
Closing balance, December 31, 2023	**400**	**7,235**	**34,323**	**2,962**	**509**	**45,428**
Net carrying amount, December 31, 2022	**2,317**	**8,314**	**12,438**	**883**	**5,924**	**29,876**
Net carrying amount, December 31, 2023	**2,172**	**8,397**	**12,700**	**891**	**4,570**	**28,730**

Parent Company	Land and land improvements	Buildings	Machinery and technical installations	Other equipment	Plants under construction and advances	Total
Acquisition costs						
Opening balance, January 1, 2022	**1**	**1**	**308**	**455**	**61**	**826**
Acquired during the year	—	4	6	23	70	103
Transfer of work in progress and advances	—	—	85	—	-85	0
Sales, scrapping, etc.	—	—	-20	-23	—	-43
Exchange-rate differences	—	—	8	6	1	15
Closing balance, December 31, 2022	**1**	**5**	**387**	**461**	**47**	**901**
Acquired during the year	—	—	3	4	113	120
Transfer of work in progress and advances	—	—	38	2	-40	0
Sales, scrapping, etc.	—	—	—	-80	—	-80
Exchange-rate differences	—	—	—	—	—	—
Closing balance, December 31, 2023	**1**	**5**	**428**	**387**	**120**	**941**
Accumulated depreciation						
Opening balance, January 1, 2022	**1**	**1**	**183**	**368**	**0**	**553**
Depreciation for the year	—	—	80	25	—	105
Sales, scrapping, etc.	—	—	-14	-23	—	-37
Exchange-rate differences	—	—	8	5	—	13
Closing balance, December 31, 2022	**1**	**1**	**257**	**375**	**0**	**634**
Depreciation for the year	—	1	76	17	—	94
Sales, scrapping, etc.	—	—	—	-80	—	-80
Exchange-rate differences	—	—	—	—	—	—
Closing balance, December 31, 2023	**1**	**2**	**333**	**312**	**0**	**648**
Net carrying amount, December 31, 2022	**0**	**4**	**130**	**86**	**47**	**267**
Net carrying amount, December 31, 2023	**0**	**3**	**95**	**75**	**120**	**293**

All amounts in SEKm unless otherwise stated

Note 13 Goodwill and other intangible assets

Goodwill
Goodwill is reported as an indefinite life intangible asset at cost less accumulated impairment losses.

Product development
Electrolux capitalizes expenses for certain own development of new products provided that the level of certainty of their future economic benefits and useful life is high. The intangible asset is only recognized if the product is sellable on existing markets and that resources exist to complete the development. Only expenditures which are directly attributable to the new product's development are recognized. Capitalized development costs are amortized over their useful lives, up to 5 years, using the straight-line method.

Software
Acquired software licenses and development expenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over useful lives, between 3 and 5 years, using the straight-line method.

Trademarks
Trademarks are reported at historical cost less amortization and impairment. The Electrolux trademark in North America, acquired in 2000, is regarded as an indefinite life intangible asset and is not amortized in the group accounts. One of the Group's key strategies is to develop Electrolux into the leading global brand within the Group's product categories. This acquisition gave Electrolux the right to use the Electrolux brand worldwide, whereas it previously could be used only outside of North America. The total carrying amount for the Electrolux brand is SEK 410m, included in the item Other in the table on the next page. All other trademarks are amortized over their useful lives, estimated to 5 to 10 years, using the straight-line method.

Customer relationships
Customer relationships are recognized at fair value in connection with acquisitions. The values of these relationships are amortized over their estimated useful lives, between 5 and 15 years, using the straight-line method.

Intangible assets with indefinite useful lives
Goodwill as of December 31, 2023, had a total carrying value of SEK 6,579m. The allocation, for impairment-testing purposes, on cash-generating units is shown in the table below.

All intangible assets with indefinite useful lives are tested for impairment at least once every year. Single assets are tested more often in case there are indications of impairment. The recoverable amounts of the cash-generating units have been determined based on value in use calculations. The cash-generating units equal the business areas. Costs related to group services and global leverage activities are carried by the cash-generating units and therefore included in the impairment testing of each cash-generating unit. Common group costs that cannot be allocated on a reasonable and consistent basis to any of the individual cash-generating units are included in impairment testing in the total carrying amount of all cash-generating units combined.

Value in use is calculated using the discounted cash flow model based on by Group management approved forecasts for the coming four years. The forecasts are built up from the estimate of the units within each business area. The preparation of the forecast requires a number of key assumptions such as volume, price, product mix, prices for raw material and components, which will create a basis for future sales growth and gross margin. These figures are set in relation to historic figures and external reports on market development. The cash flow for the last year of the four-year period is used as the base for the perpetuity calculation. The discount rates are based on the pre-tax Electrolux Group WACC (Weighted Average Cost of Capital) with adjustments for country specific risk premiums and inflation rates for each individual country. The individual country discount rates are used to calculate a weighted average discount rate for each cash-generating unit.

The pre-tax discount rates used in 2023 were within a range of 11.3% (10.6) to 18.1% (16.0). For the calculation of the in-perpetuity value, Gordon's growth model is used. According to Gordon's model, the terminal value of a growing cash flow is calculated as the starting cash flow divided by cost of capital less the growth rate. Cost of capital less growth of 2% (2) is within the range of 9.3 to 16.1%.

Sensitivity analyses have been carried out based on a reduction of the operating margin by 0.5 percentage points and by an increase in the cost of capital by one percentage point respectively. None of the sensitivity analyses led to a reduction of the recoverable amount below the carrying amount for any of the cash-generating units, i.e. the hypothetical changes in key assumptions would not lead to any impairment. The calculations are based on management's assessment of reasonably possible adverse changes in operating margin and cost of capital, yet they are hypothetical and should not be viewed as an indication that these factors are likely to change. The sensitivity analyses should therefore be interpreted with caution.

As from 2019, right-of-use assets are included in the carrying amount of each cash-generating unit. Accordingly, lease payments, representing lease liability amortization and interest expense, are not considered in the forecasted cash flows. However, the forecasted cash flows have been charged with a 'replacement capital expenditure' for right-of-use assets, calculated based on an assumed normalized level of depreciation per cash-generating unit and a calculated average remaining lease period of contracts existing at December 31.

Goodwill, value of trademark and discount rate

	2023			2022		
	Goodwill	Electrolux trademark	Discount rate, %	Goodwill	Electrolux trademark	Discount rate, %
Europe	530	–	11.3	531	–	10.6
North America	1,788	410	12.4	1,857	410	11.5
Latin America	927	–	18.1	1,008	–	16.0
Asia-Pacific, Middle East and Africa	3,334	–	14.8	3,685	–	11.9
Total	**6,579**	**410**		**7,081**	**410**	

All amounts in SEKm unless otherwise stated

Goodwill and other intangible assets

	Group	Group Other intangible assets				Parent Company
	Goodwill	Product development	Software	Other	Total other intangible assets	Trademarks, software, etc.
Acquisition costs						
Opening balance, January 1, 2022	**6,690**	**2,981**	**3,335**	**2,216**	**8,532**	**4,191**
Acquired during the year	–	–	409	–	409	–
Acquisition of operations	-10[1]	–	–	–	0	–
Internally developed	–	740	592	–	1,332	1,119
Reclassification	–	-1	7	–	6	–
Fully amortized	–	-76	-353	–	-429	-126
Sales, scrapping etc.	–	-111	-56	-7	-174	-67
Exchange-rate differences	401	394	341	77	812	182
Closing balance, December 31, 2022	**7,081**	**3,927**	**4,275**	**2,286**	**10,488**	**5,299**
Acquired during the year	–	–	480	–	480	–
Acquisition of operations	–	–	–	–	–	–
Internally developed	–	602	548	–	1,150	933
Reclassification	–	-107	142	0	35	–
Fully amortized	–	-49	-45	0	-94	–
Sales, scrapping etc.	–	-25	-20	0	-45	–
Exchange-rate differences	-502	-52	-137	-140	-329	-7
Closing balance, December 31, 2023	**6,579**	**4,296**	**5,243**	**2,146**	**11,685**	**6,225**
Accumulated amortization						
Opening balance, January 1, 2022	**0**	**1,385**	**1,688**	**1,459**	**4,532**	**1,990**
Amortization for the year	–	390	466	56	912	444
Reclassification	–	–	1	–	1	–
Fully amortized	–	-76	-353	–	-429	-126
Impairment	–	-58	–	–	-58	–
Sales, scrapping etc.	–	-48	-49	–	-97	-14
Exchange-rate differences	–	178	174	52	404	82
Closing balance, December 31, 2022	**0**	**1,771**	**1,927**	**1,567**	**5,265**	**2,376**
Amortization for the year	–	487	628	53	1,168	605
Reclassification	–	–	0	0	0	–
Fully amortized	–	-49	-45	0	-94	–
Impairment	–	–	181	–	181	170
Sales, scrapping etc.	–	-24	-9	0	-33	–
Exchange-rate differences	–	-27	-32	-120	-179	-13
Closing balance, December 31, 2023	**0**	**2,158**	**2,650**	**1,500**	**6,308**	**3,138**
Carrying amount, December 31, 2022	**7,081**	**2,156**	**2,348**	**719**	**5,223**	**2,923**
Carrying amount, December 31, 2023	**6,579**	**2,138**	**2,593**	**646**	**5,377**	**3,087**

[1] Including adjustment of provisional value within the measurement period related to acquisition with a value of SEK -10m for 2021.

Included in the item Other are trademarks of SEK 518m (554) and customer relationships etc. amounting to SEK 128m (165). Amortization of intangible assets is included within Cost of goods sold with SEK 577m (412), Administrative expenses with SEK 327m (297) and Selling expenses with SEK 264m (203) in the income statement. Total net impairment for the year was SEK 181m (-) on software and relates to business area Europe.

Note 14 Other non-current assets

	Group December 31		Parent Company December 31	
	2023	2022	2023	2022
Shares in subsidiaries	–	–	34,075	33,727
Participations in other companies	–	–	62	59
Long-term receivables in subsidiaries	–	–	3,338	3,359
Other receivables	1,610	904	28	30
Total	**1,610**	**904**	**37,503**	**37,175**

For Group, ‘Other receivables’ include mainly long-term operational tax credits.

See Note 29 for information on the major subsidiaries held by the Parent Company. A detailed specification of the Parent Company’s shares in subsidiaries has been submitted to the Swedish Companies Registration Office and is available upon request from AB Electrolux Investor relations.

All amounts in SEKm unless otherwise stated

Note 15 Inventories

	Group December 31		Parent Company December 31	
	2023	2022	2023	2022
Raw materials	4,877	7,023	–	–
Products in progress	344	369	–	–
Finished products	14,740	16,962	3,363	3,688
Advances to suppliers	4	20	–	–
Total	**19,965**	**24,374**	**3,363**	**3,688**

Inventories and work in progress are valued at the lower of cost, at normal capacity utilization, and net realizable value. The cost of finished goods and work in progress comprises development costs, raw materials, direct labor, tooling costs, other direct costs and related production overheads. The cost of inventories is assigned by using the weighted average cost formula. Provisions for obsolescence are included in the value for inventory.

The cost of inventories recognized as expense and included in Cost of goods sold amounted to SEK 102,295m (90,219) for the Group and SEK 37,507m (37,873) for the Parent Company.

Write-downs due to obsolescence amounted to SEK 165m (352) for the Group and SEK 0m (75) for the Parent Company.

Reversals of previous write-downs, due to inventories either scrapped or sold, amounted to SEK 149m (42) for the Group and SEK 43m (0) for the Parent Company.

The amounts have been included in the item Cost of goods sold in the income statements.

Note 16 Other current assets

	Group December 31	
	2023	2022
VAT receivable	947	1,692
Other tax recoverable	370	254
Miscellaneous short-term receivables	1,705	1,905
Provisions for doubtful accounts	-72	-113
Prepaid expenses and accrued income	1,330	1,339
Prepaid interest expenses and accrued interest income	17	21
Total	**4,297**	**5,098**

Note 17 Trade receivables

	Group		Parent Company	
	2023	2022	2023	2022
Trade receivables	22,610	21,980	599	694
Provision for expected credit losses	-363	-493	-4	-17
Trade receivables, net	**22,247**	**21,487**	**595**	**677**
Provisions in relation to trade receivables, %	1.6	2.2	0.7	2.4

The Group applies the simplified approach for trade receivables and uses a matrix to estimate the expected credit losses. The change in amount of the provision is recognized in the income statement within selling expenses. The expected loss calculation is based on historical data and is adjusted through a management overlay which considers forward looking analysis, including macroeconomic factors impacting the different customer segments and more specific forward-looking factors such as signs of bankruptcy, officially known insolvency etc. Electrolux uses credit insurance as a mean of protection. The Group's internal guidelines to the companies is to at least reserve 0.11 % for current trade receivables and for receivables maximum 15 days past due. For trade receivables past due between 16 to 60 days Electrolux reserves 1% and increase to 5% for receivables past due between 61 to 90 days. For trade receivables past due between 91 to 180 days Electrolux reserves 20%. Trade receivables that are 6 months past due but less than 12 months is reserved at 40% and receivables that are 12 months past due and more are reserved at 100%. The percentages for ECL are under continuous reassessment. There is no significant impact on provisions from changes in the forward looking factors.

If trade receivables past due between 16 and 60 days had been 10% higher/lower as of December 2023, the loss allowance on trade receivables would have increased/decreased SEK 0.6m (0.7). If trade receivables past due between 61 and 180 days had been 10% higher/lower as of December 2023, the loss allowance on trade receivables would have increased/decreased SEK 4.3m (6.5).

Provision for accounts receivable

	Group		Parent Company	
	2023	2022	2023	2022
Provision, January 1	**-493**	**-466**	**-17**	**-9**
New/released provisions	-173	-93	12	-8
Receivables written off against provision	297	114	1	–
Sold operations		1	–	–
Exchange-rate differences and other changes	6	-49	–	–
Provision, December 31	**-363**	**-493**	**-4**	**-17**

New /released provisions of SEK -173m (-93) are mainly due to increased provisions for higher credit risk in Latin America and the U.S. The fair value of trade receivables equals their carrying amount as the impact of discounting is not significant. Electrolux has a credit exposure on a number of major customers, primarily in the U.S., Latin America and Europe. Receivables concentrated to customers with credit limits amounting to SEK 300m or more represent 42.6% (40.4) of the total trade receivables. The creation and usage of provisions for impaired receivables have been included in selling expenses in the income statement.

All amounts in SEKm unless otherwise stated

Timing analysis of trade receivables past due

	Group		Parent Company	
	2023	2022	2023	2022
Trade receivables not past due	21,037	19,269	507	637
Total trade receivables past due, *whereof:*	1,210	2,218	88	40
Past due 1–15 days	512	598	86	34
Past due 16–60 days	456	783	0	2
Past due 2–6 months	199	518	0	4
Past due 6–12 months	43	275	1	0
Past due more than 1 year	0	44	1	0
Provision on expected credit loss	363	493	4	17
Total trade receivables	**22,610**	**21,980**	**599**	**694**
Past due, in relation to trade receivables, %	7.0	12.3	15.4	8.2

Note 18 Financial instruments

Additional and complementary information is presented in the following notes to the Annual Report: Note 2, Financial risk management, describes the Group's risk policies in general and regarding the principal financial instruments of Electrolux in more detail. Note 17, Trade receivables, describes the trade receivables and related credit risks.

The information in this note highlights and describes the principal financial instruments of the Group regarding specific major terms and conditions when applicable, the exposure to risk and the fair values at year end.

Financial instruments
Financial assets and financial liabilities are recognized when the entity becomes party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognized on trade date, the date on which the Group commits to purchase or sell the asset.

Financial assets
The Group classifies its financial assets in the following measurement categories:
- Fair value through profit or loss (FVPL); or
- Amortized cost.

The classification requirements for debt instruments are described below.

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as trade receivables, loan receivables as well as government bonds.

The Group classifies its debt instruments into one of the following two measurement categories:

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and are not designated as FVPL, are measured at amortized cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognized (see impairment below). Interest income from these financial assets is included in the financial net using the effective interest rate method.

Fair value through profit or loss (FVPL): Assets that do not meet the criteria for amortized cost are measured at fair value through profit and loss. A gain or loss on a financial debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in the financial net in the period in which it arises. Interest income from these financial assets is included in the financial net using the effective interest rate method. Trade receivables sold on non-recourse terms are categorized as 'Hold to Sell' with gain or loss reported in operating income.

The Group assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instrument assets not carried at fair value. The Group recognizes a provision for such losses at each reporting date. The measurement of ECL reflects an unbiased and probability-weighted amount based on reasonable and supportable information available such as past events, current condition and forecasts of future economic conditions. For trade receivables, the Group applies the 'simplified approach', which means that the provision for bad debts will equal the lifetime expected loss.

To measure the expected credit losses, trade receivables are grouped into six categories based on shared credit risk characteristics and days past due. If the provision is considered insufficient due to individual considerations, the provision is extended to cover the extra anticipated losses.

Financial liabilities
Classification and subsequent measurement
All of the Groups financial liabilities, excluding derivatives, are classified as subsequently measured at amortized cost.

Derivatives and hedging activities
Derivatives are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Fair value gain or loss related to derivatives not designated or not qualifying as hedging instruments is recognized in profit or loss.

The Group applies the hedge accounting requirements of IFRS 9. For derivatives designated and qualifying as hedging instruments, the method of recognizing the fair value gain or loss depends on the nature of the item being hedged. Derivatives are designated as either:
- Hedges of the fair value of recognized assets or liabilities or firm commitments (fair value hedges);
- Hedges of highly probable future cash flows attributable to a recognized asset or liability (cash flow hedges); or
- Hedges of a net investment in a foreign operation (net investment hedges).

Fair value hedge
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of comprehensive income, together with changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in equity via other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the statement of comprehensive income.
Amounts accumulated in equity are recycled to the statement of profit or loss in the periods when the hedged item affects profit or loss. They are recorded in the income or expense lines in which the revenue or expense associated with the related hedged item is reported.

Net investment hedge
Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized directly in equity via other comprehensive income; the gain or loss relating to the ineffective portion is recognized immediately in the statement of comprehensive income. Gains and losses accumulated in equity are included in the statement of comprehensive income when the foreign operation is disposed of as part of the gain or loss on the disposal.

All amounts in SEKm unless otherwise stated

Net debt

At year-end 2023, the Group's financial net debt amounted to SEK 20,871m (19,828). The table below presents how the Group calculates net debt and what it consists of.

Net debt

	December 31	
	2023	2022
Short-term loans	2,864	5,732
Short-term part of long-term loans	4,476	2,605
Trade receivables with recourse	48	40
Short-term borrowings	**7,388**	**8,377**
Financial derivative liabilities	253	445
Accrued interest expenses and prepaid interest income	285	254
Total short-term borrowings	**7,925**	**9,076**
Long-term borrowings	**28,800**	**28,738**
Total borrowings	**36,725**	**37,813**
Long-term financial receivables	**185**	**185**
Cash and cash equivalents	15,331	17,559
Short-term investments	167	168
Financial derivative assets	155	51
Prepaid interest expenses and accrued interest income	17	21
Liquid funds	**15,669**	**17,800**
Financial net debt	**20,871**	**19,828**
Lease liabilities	4,685	4,264
Net provision for post-employment benefits	670	–245
Net debt	**26,226**	**23,848**
Revolving credit facilities[1]	17,096	16,622

[1] For details on the Group's committed revolving credit facilities, see below under "Liquid funds". The facilities are not included in net borrowings, but can be used for short-term and long-term funding.

Liquid funds

Liquid funds as defined by the Group consist of cash and cash equivalents, short-term investments, financial derivative assets and prepaid interest expenses and accrued interest income. Cash and cash equivalents consist of cash on hand, bank deposits and other short-term highly liquid investments with a maturity of 3 months or less.

The table below presents the key data of liquid funds. The carrying amount of liquid funds is approximately equal to fair value.

Liquidity profile

	December 31	
	2023	2022
Cash and cash equivalents	15,331	17,559
Short-term investments	167	168
Financial derivative assets	155	51
Prepaid interest expenses and accrued interest income	17	21
Liquid funds	**15,669**	**17,800**
% of annualized net sales[1]	25.6	24.9
Net liquidity	**7,744**	**8,724**
Fixed interest term, days	7	13
Effective yield, % (average per annum)	3.0	0.8

[1] Liquid funds in relation to annualized net sales, page 121 for definition.

For 2023, liquid funds, including unused committed revolving credit facilities amounted to 25.6% (24.9) of annualized net sales, well above the Financial Policy target of 10%. Net liquidity is calculated by deducting short-term borrowings from liquid funds. Unused committed revolving credit facilities as per December 31, 2023 consists of, multi-currency sustainability linked facility of EUR 1,000m (1,000), maturing 2028, SEK 3,000m (2,500), maturing 2025, and SEK 3,000m (3,000), maturing 2025.

Interest-bearing liabilities

Borrowings are initially recognized at fair value net of transaction costs incurred. After initial recognition, borrowings are valued at amortized cost using the effective interest method.

In 2023, SEK 2,622m (6,158) of long-term borrowings matured or were amortized. These maturities were partly refinanced to the amount of SEK 4,691m (22,244).

At year-end 2023, the Group's total interest-bearing liabilities amounted to SEK 36,140m (37,075), of which SEK 33,276m (31,343) referred to long-term borrowings including maturities within 12 months. Long-term borrowings with maturities within 12 months amounted to SEK 4,476m (2,605). The outstanding long-term borrowings have mainly been made under the Euro Medium Term Note (EMTN) Programme and via bilateral loans. The majority of total long-term borrowings, SEK 33,236m (31,277), is raised at Parent Company level. Electrolux also has unused committed revolving credit facilities of SEK 17,096m (16,622) (details stated above under "Liquid funds"). Electrolux expects to meet any future requirements for short-term borrowings through bilateral bank facilities and capital market programs such as commercial paper programs.

At year-end 2023, the average interest fixing period for long-term borrowings was 2.3 years (2.3). The calculation of the average interest-fixing period includes the effect of interest rate swaps used to manage the interest rate risk of the debt portfolio. The average interest rate for the total borrowings was 4.4% (3.4) at year-end. The fair value of the interest-bearing borrowings was SEK 32,620m (32,409). The fair value including swap transactions used to manage the interest fixing was approximately SEK 32,685m (32,662).

All amounts in SEKm unless otherwise stated

Changes in liabilities arising from financing

		Cash Flow			Non Cash flow				
	Opening Balance	Amortization	New debt	Net cash change	Acquisitions	Reclassi-fications	Additions/ Cancellations	Exchange rate differences	Closing Balance
2023									
Long-term borrowings (including short-term part of long-term)	31,343	-2,622	4,691	–	–	–	–	-136	33,276
Short-term borrowings (excluding short-term part of long-term)	5,772	–	–	-2,901	–	–	–	41	2,912
Lease liabilities	4,264	-1,139	–	–	–	–	1,711	-150	4,685
Total	**41,379**	**-3,761**	**4,691**	**-2,901**	–	–	**1,711**	**-245**	**40,873**
2022									
Long-term borrowings (including short-term part of long-term)	14,392	–6,158	22,244	–	–	–	–	864	31,343
Short-term borrowings (excluding short-term part of long-term)	1,375	–	–	4,148	–	–	–	249	5,772
Lease liabilities	3,055	–948	–	–	–	–	1,782	374	4,264
Total	**18,823**	**–7,106**	**22,244**	**4,148**	–	–	**1,782**	**1,487**	**41,379**

All amounts in SEKm unless otherwise stated

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

Borrowings

Issue/maturity date	Description of loan	Interest rate, %	Currency	Nominal value (in currency)	Carrying amount, December 31 2023	Carrying amount, December 31 2022
Bond loans						
2017–2024	Euro MTN Programme	Floating[1) 2)]	SEK	350	–	350
2018–2025	Euro MTN Programme	Fixed[1)]	USD	73	733	761
2019–2024	Euro MTN Programme	1.103	SEK	1,000	–	1,000
2019–2024	Euro MTN Programme	0.885	SEK	750	–	750
2019–2024	Euro MTN Programme	Stibor 3M + 0.75	SEK	750	–	753
2020–2025	Euro MTN Programme	Fixed[1) 3)]	NOK	500	474	502
2020–2027	Euro MTN Programme	Fixed[1)]	USD	150	1,506	1,564
2022–2027	Euro MTN Programme	Stibor 3M + 0.6[2)]	SEK	1,250	1,249	1,249
2022–2027	Euro MTN Programme	1.705	SEK	750	749	749
2022–2025	Euro MTN Programme	Stibor 3M + 0.85	SEK	1,000	1,000	1,000
2022–2026	Euro MTN Programme	4.125[3)]	EUR	500	5,596	5,507
2022–2024	Euro MTN Programme	Stibor 3M + 1.15	SEK	750	–	750
2022–2024	Euro MTN Programme	4.363	SEK	750	–	750
2022–2027	Euro MTN Programme	4.838	SEK	1,500	1,500	1,500
2022–2025	Euro MTN Programme	Stibor 3M + 1.4	SEK	1,000	1,000	1,000
2022–2025	Euro MTN Programme	4.42	SEK	2,000	2,000	2,000
2022–2030	Euro MTN Programme	2.5[3)]	EUR	500	5,403	5,270
2023–2028	Euro MTN Programme	Stibor 3M + 1.45	SEK	700	700	–
2023–2028	Euro MTN Programme	4.913	SEK	550	550	–
2023–2028	Euro MTN Programme	Fixed[1)]	EUR	300	3,305	–
Total bond loans[4)]					**25,765**	**25,455**
Other long-term loans						
2017–2026[4)]	Amortizing bank loan Nordic Investment Bank, long-term part	Fixed[6)]	USD	75	174	301
2022–2029[4)]	European Investment Bank	Fixed	USD	282	2,831	2,939
	Other long-term loans				30	42
Total other long-term loans					**3,035**	**3,282**
Long-term borrowings					**28,800**	**28,738**
Short-term part of long-term loans[5)]						
2018–2023[4)]	Euro MTN Programme	1.125	SEK	200	–	200
2018–2023[4)]	Euro MTN Programme	Stibor 3M + 0.75	SEK	800	–	294
2020–2023[4)]	Euro MTN Programme	Stibor 3M + 1.85	SEK	1,700	–	1,099
2020–2023[4)]	Euro MTN Programme	1.995	SEK	1,700	–	868
2017–2024[4)]	Euro MTN Programme	Floating[1) 2)]	SEK	350	350	–
2019–2024[4)]	Euro MTN Programme	1.103	SEK	1,000	1,000	–
2019–2024[4)]	Euro MTN Programme	0.885	SEK	750	750	–
2019–2024[4)]	Euro MTN Programme	Stibor 3M + 0.75	SEK	750	751	–
2022–2024[4)]	Euro MTN Programme	Stibor 3M + 1.15	SEK	750	750	–
2022–2024[4)]	Euro MTN Programme	4.363	SEK	750	750	–
2017–2026[4)]	Amortizing bank loan Nordic Investment Bank, short-term part	Fixed[6)]	USD	75	116	120
	Other short-term part of long-term loans				9	24
Total short-term part of long-term loans					**4,476**	**2,605**
Other short-term loans						
	Short-term bank loans in Canada	Floating	CAD	30	227	231
	Short-term bank loans in Brazil	Floating	BRL	716	1,485	1,946
	Short-term bank loans in Thailand	Floating	THB	1,897	555	221
	Short-term bank loans in Chile	Floating	CLP	17,734	203	230
	Other bank borrowings and commercial papers				394	3,105
Total other short-term loans					**2,864**	**5,732**
Trade receivables with recourse					48	40
Short-term borrowings					**7,388**	**8,377**
Long-term and short-term borrowings					**36,188**	**37,114**
Fair value of financial derivative liabilities					253	445
Accrued interest expenses and prepaid interest income					285	254
Total borrowings					**36,725**	**37,813**

1) Private placement
2) The interest rate fixing profile of the loans has been adjusted with interest rate swaps, where floating rate is swapped for fixed interest rate. The Group applies hedge accounting of cash flows on the relation, and the net effect on the income statement from this hedge for 2023 was SEK -2m (5).
3) The interest rate fixing profile of the loans has been adjusted with interest rate swaps, where fixed interest rate is swapped for floating interest rate. The Group applies hedge accounting of fair value on the relations, and the net effect on the income statement from these hedges for 2023 was SEK -243m (299).
4) Long-term borrowings raised on Parent Company level amount to a total of SEK 33,236m (31,277).
5) Long-term borrowings with maturities within 12 months are classified as short-term borrowings in the Group's balance sheet.
6) In April 2023, the interest rate was converted from floating to fixed.

All amounts in SEKm unless otherwise stated

Other short-term loans pertain mainly to countries with capital restrictions. The average maturity of the Group's long-term borrowings including long-term borrowings with maturities within 12 months was 3.5 years (4.0), at the end of 2023. The table below presents the repayment schedule of long-term borrowings.

Repayment schedule of long-term borrowings, December 31

	2024	2025	2026	2027	2028	2029–	Total
Debenture and bond loans	–	5,206	5,596	5,005	4,555	5,403	25,765
Bank and other loans	–	146	58	–	–	2,831	3,035
Short-term part of long-term loans	4,476	–	–	–	–	–	4,476
Total	**4,476**	**5,353**	**5,654**	**5,005**	**4,555**	**8,233**	**33,276**

Commercial flows

The table below shows the forecasted commercial flows, imports and exports, for the 12-month period of 2024 and hedges at year-end 2023.

The hedged amounts are dependent on the hedging policy for each flow considering the existing risk exposure. The effect of hedging on operating income during 2023 amounted to SEK –419m (–169). At year-end 2023, the unrealized fair value of forward contracts for hedging of forecasted commercial flows amounted to SEK -33m (34). Nominal amount of forecasted commercial flows hedged as per December 31, 2023, was SEK -13m (-689). The hedge accounting relations have an average maturity period of 3 months (8).

Forecasted commercial flows and hedges

	AUD	BRL	CAD	CHF	CLP	CNY	EUR	GBP	MXN	USD	Other	Total
Inflow of currency, long position	3,235	4,239	3,917	3,777	1,140	480	3,753	4,172	187	6,182	18,047	49,130
Outflow of currency, short position	-173	-662	–	-214	-58	-2,134	-8,280	-887	-1,868	-21,358	-13,495	-49,130
Net commercial flows	3,063	3,577	3,917	3,563	1,082	-1,655	-4,527	3,285	-1,681	-15,176	4,552	0
Hedges	-646	-1,006	-296	-321	-207	251	2,784	-108	131	2,865	-3,448	0
Net transaction flow	2,417	2,571	3,621	3,242	875	-1,404	-1,743	3,177	-1,550	-12,311	1,105	0

Maturity profile of financial liabilities and derivatives

The table below presents the undiscounted cash flows of the Group's contractual liabilities related to financial instruments based on the remaining period at the balance sheet date to the contractual maturity date. Floating interest cash flows with future fixing dates are estimated using the forward-forward interest rates at year-end. Any cash flow in foreign currency is converted to Swedish krona using the FX spot rates at year-end. The short-term liabilities from account payables are matched by positive cash flow from trade receivables. The loan maturities can be offset by the available liquidity and/or a combination by new issued bonds, commercial papers or bank loans. In addition Electrolux has unused committed revolving credit facilities of SEK 17,096 (16,622), see details stated above under 'Liquid funds'.

Maturity profile of financial liabilities and derivatives – undiscounted cash flows

	≤ 0.5 year	> 0.5 year < 1 year	> 1 year < 2 years	> 2 years < 5 years	> 5 years	Total
Loans	-4,316	-4,205	-6,284	-16,860	-8,668	-40,333
Net settled derivatives	-110	39	21	-9	-5	-64
Lease liabilities	-649	-620	-1,102	-2,080	-1,239	-5,690
Gross settled derivatives	-159	8	–	–	–	-151
whereof outflow	-37,442	-359	–	–	–	-37,801
whereof inflow	37,284	367	–	–	–	37,651
Accounts payable	-36,402	–	–	–	–	-36,402
Financial guarantees	-1,525	–	–	–	–	-1,525
Total	**–43,161**	**–4,778**	**–7,365**	**–18,949**	**–9,912**	**–84,166**

Net gain/loss, fair value and carrying amount on financial instruments

The tables below present net gain/loss on financial instruments, the effect in the income statement and equity, and the fair value and carrying amount of financial assets and liabilities. Net gain/loss can include both exchange rate differences and gain/loss due to changes in interest rate levels.

Net gain/loss, income and expense on financial instruments

	2023				2022			
	Gain/loss in profit and loss	Gain/loss in OCI	Interest income	Interest expense	Gain/loss in profit and loss	Gain/loss in OCI	Interest income	Interest expense
Recognized in operating income								
Financial assets and liabilities at fair value through profit and loss	–419	-33	–	–	–169	34	–	–
Financial assets and liabilities at amortized cost	–644	–	–	–	–219	–	–	–
Total net gain/loss, income and expense	**–1,063**	**-33**	–	–	**–388**	**34**	–	–
Recognized in financial items								
Financial assets and liabilities at fair value through profit and loss	42	-2	231	–659	17	5	–	-727
Financial assets at amortized cost	–	–	388	–	–	–	88	–
Other financial liabilities at amortized cost	–	-72	–	-1,906	–	-41	299	-1,001
Total net gain/loss, income and expense	**42**	**–74**	**619**	**–2,565**	**17**	**–36**	**387**	**–1,728**

All amounts in SEKm unless otherwise stated

Fair value and carrying amount on financial assets and liabilities

		2023		2022	
	Fair value hierarchy level	Fair value	Carrying amount	Fair value	Carrying amount
Financial assets					
Financial assets at fair value through profit or loss		**427**	**427**	**425**	**425**
Whereof short-term investments	1	164	164	166	166
Whereof other financial assets	3	263	263	259	259
Financial assets at amortized cost		**37,580**	**37,580**	**39,048**	**39,048**
Whereof trade receivables		22,247	22,247	21,487	21,487
Whereof short-term investments		2	2	2	2
Whereof cash and cash equivalents		15,331	15,331	17,559	17,559
Derivatives		**167**	**167**	**99**	**99**
Whereof derivatives at fair value through profit or loss	2	-76	-76	60	60
Whereof derivatives in hedge relations	2	243	243	39	39
Total financial assets		**38,174**	**38,174**	**39,572**	**39,572**
Financial liabilities					
Financial liabilities at amortized cost		**71,976**	**72,590**	**74,123**	**75,472**
Whereof long-term borrowings		28,308	28,800	27,368	28,738
Whereof short-term borrowings		7,266	7,388	8,398	8,377
Whereof accounts payable		36,402	36,402	38,357	38,357
Derivatives		**368**	**368**	**578**	**578**
Whereof derivatives at fair value through profit or loss	2	333	333	279	279
Whereof derivatives in hedge relations	2	35	35	299	299
Total financial liabilities		**72,344**	**72,958**	**74,701**	**76,050**

Fair value estimation

Valuation of financial instruments at fair value is done at the most accurate market prices available. Instruments which are quoted on the market, e.g. the major bond and interest rate future markets, are all marked-to-market with the current price. The foreign exchange spot rate is used to convert the value into Swedish krona. For instruments where no reliable price is available on the market, cash flows are discounted using the deposit/swap curve of the cash flow currency. If no proper cash flow schedule is available, e.g. as in the case with forward-rate agreements, the underlying schedule is used for valuation purposes. To the extent option instruments are used, the valuation is based on the Black & Scholes formula.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The Group's financial assets and liabilities at fair value are measured according to the following hierarchy:

- Level 1: Fair value is based on quoted prices in active markets for identical assets or liabilities.
- Level 2: Fair Value is based on other than quoted prices included in level 1 that are observable for assets or liabilities either directly or indirectly such as interest rate curves and FX rates.
- Level 3: Inputs for Fair Value Calculations of the assets or liabilities that are not entirely based on observable market data.

All amounts in SEKm unless otherwise stated

Note 19 Assets pledged for liabilities to credit institutions

	Group December 31		Parent Company December 31	
	2023	2022	2023	2022
Pledged assets	–	–	–	–
Total	**–**	**–**	**–**	**–**

Note 20 Share capital, number of shares and earnings per share

The equity attributable to equity holders of the Parent Company consists of the following items:

Share capital
As per December 31, 2023 the share capital of AB Electrolux consisted of 8,191,804 Class A shares and 274,885,589 Class B shares with a quota value of SEK 5.46 per share. All shares are fully paid. One A share entitles the holder to one vote and one B share to one-tenth of a vote. All shares entitle the holder to the same proportion of assets and earnings, and carry equal rights in terms of dividends.

Share capital

Share capital, December 31, 2022	
8,192,348 Class A shares, quota value SEK 5.46	45
274,885,045 Class B shares, quota value SEK 5.46	1,500
Total	**1,545**
Share capital, December 31, 2023	
8,191,804 Class A shares, quota value SEK 5.46	45
274,885,589 Class B shares, quota value SEK 5.46	1,500
Total	**1,545**

Number of shares

	Owned by Electrolux	Owned by other shareholders	Total
Shares, December 31, 2022			
Class A shares	–	8,192,348	8,192,348
Class B shares	13,049,115	261,835,930	274,885,045
Total	**13,049,115**	**270,028,278**	**283,077,393**
Conversion of Class A shares into Class B shares			
Class A shares	–	-544	-544
Class B shares	–	544	544
Shares, December 31, 2023			
Class A shares	–	8,191,804	8,191,804
Class B shares	13,049,115	261,836,474	274,885,589
Total	**13,049,115**	**270,028,278**	**283,077,393**

Other paid-in capital
Other paid-in capital relates to payments made by owners and includes share premiums paid in connection with share issues.

Other reserves
Other reserves include the following items: cashflow hedges which refer to changes in valuation of currency contracts used for hedging future foreign currency transactions and exchange-rate differences on translation of foreign operations which refer to changes in exchange rates when net investments in foreign subsidiaries are translated to SEK. The amount of exchange-rate changes includes the value of hedging contracts for net investments. Finally, other reserves include tax relating to the mentioned items.

Retained earnings
Retained earnings, including income for the period, include the income of the Parent Company and its share of income in subsidiaries and associated companies. Retained earnings also include remeasurement of provision for post-employment benefits, reversal of the cost for share-based payments recognized in income, income from sales of own shares and the amount recognized for the common dividend.

Earnings per share

	2023	2022
Income for the period attributable to equity holders of the Parent Company	-5,227	-1,320
Earnings per share, SEK		
Basic	-19.36	-4.81
Diluted	-19.36	-4.81
Average number of shares, million		
Basic	270.0	274.7
Diluted	272.7	278.0

Basic earnings per share is calculated by dividing the income for the period attributable to the equity holders of the Parent Company with the average number of shares. The average number of shares is the weighted average number of shares outstanding during the year, after repurchase of own shares. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding with the estimated number of shares from the share programs. Share programs are included in the dilutive potential ordinary shares as from the start of each program. The dilution in the Group is a consequence of the Electrolux long-term incentive programs.

The average number of shares during the year has been 270,028,278 (274,658,318) and the average number of diluted shares has been 272,651,397 (277,996,529).

All amounts in SEKm unless otherwise stated

Note 21 Untaxed reserves, Parent Company

	December 31, 2023	Appropriations	December 31, 2022
Accumulated depreciation in excess of plan			
Brands and other intangible assets	361	-21	382
Licenses	0	0	0
Machinery and equipment	136	-32	168
Buildings	0	0	0
Other	68	-50	118
Total	**565**	**-103**	**668**
Group contributions		-99	
Total appropriations		**-202**	

Note 22 Post-employment benefits

Post-employment benefits

The Group sponsors pension plans in many of the countries in which it has significant activities. Pension plans can be defined contribution or defined benefit plans or a combination of both. Under defined benefit pension plans, the company enters into a commitment to provide post-employment benefits based upon one or several parameters for which the outcome is not known at present. For example, benefits can be based on final salary, on career average salary, or on a fixed amount of money per year of employment. Under defined contribution plans, the company's commitment is to make periodic payments to independent authorities or investment plans, and the level of benefits depends on the actual return on those investments. Some plans combine the promise to make periodic payments with a promise of a guaranteed minimum return on the investments. These plans are also defined benefit plans.

In some countries, Electrolux makes provisions for compulsory severance payments. These provisions cover the Group's commitment to pay employees a lump sum upon reaching retirement age, or upon the employees' dismissal or resignation.

In addition to providing pension benefits and compulsory severance payments, the Group provides healthcare benefits for some of its employees in certain countries, predominantly so in the U.S. The cost for pension is disaggregated into three components; service cost, financing cost or income and remeasurement effects. Service cost is reported within Operating income and classified as Cost of goods sold, Selling expenses or Administrative expenses depending on the function of the employee. Financing cost or income is recognized in the Financial items and the remeasurement effects in Other comprehensive income. The Projected Unit Credit Method is used to measure the present value of the obligations and costs.

Net provisions for post-employment benefits in the balance sheet represent the present value of the Group's obligations less market value of plan assets. The remeasurements of the obligations are made using actuarial assumptions determined at the balance sheet date. Changes in the present value of the obligations due to revised actuarial assumptions and experience adjustments on the obligation are recorded in Other comprehensive income as remeasurements. The actual return less calculated interest income on plan assets is also recorded in other comprehensive income as remeasurements. Past-service costs are recognized immediately in income for the period.

Some features of the defined benefit plans in the main countries are described below.

U.S.

The number of pension plans in the U.S. has been significantly reduced over the years. The defined benefit plans are closed for future accruals and employees are offered defined contribution plans.

United Kingdom

The defined benefit plan is closed for future accruals and employees are offered defined contribution. The funding position is reassessed every three years and a schedule of contributions is agreed between the Trustee and the company, if so required. The Trustee decides the investment strategy and consults with the company. Benefits are paid from the plan assets.

Sweden

The main defined benefit plan in Sweden is the collectively agreed pension plan for white collar employees, the ITP 2 plan. The pension is based on final salary. Benefits in payment are indexed according to decisions of the Alecta insurance company, typically those follow inflation. The plan is semi-closed, meaning that only new employees born before 1979 can be covered by the ITP 2 solution. Electrolux has chosen to secure the pension obligation (ITP 2) by a pension foundation. A defined contribution solution (ITP 1) is offered to new hires provided they fulfill the criteria for this.

Germany

There are several defined benefit plans based on final salary in Germany. Benefits in payment are indexed every three years according to inflation levels. All plans are closed for new participants. Electrolux has arranged a Contractual Trust Arrangement (CTA) and the funds are held by a local bank who acts as the trustee for the scheme.

Switzerland

In Switzerland benefits are career average in nature, with indexation of benefits following decisions of the foundation board, subject to legal minima. Contributions are paid to the pension foundation and a recovery plan has to be set up if the plans are underfunded on local funding basis. Swiss laws do not state any specific way of calculating an employer's additional contribution and because of that there is normally no minimum funding requirement. Benefits are paid from the plan assets.

Other countries

There is a variety of smaller plans in other countries and the most important of those are in France, Italy and Canada. The pension plans in France and Italy are mainly unfunded. In Canada there are both funded and unfunded pension plans. A mix of final salary and career average exists in these countries. Some plans are open for new entrants.

All amounts in SEKm unless otherwise stated

Explanation of amounts in the financial statements relating to defined benefit obligations.

Information by country December 31, 2023

	U.S.	U.S. Medical	UK	Sweden	Germany	Switzer-land	Other	Total
Amounts included in the balance sheet								
Present value of funded and unfunded obligations	446	1,507	5,713	2,646	3,478	2,781	735	17,306
Fair value of plan assets (after change in asset ceiling)	-302	-1,905	-5,924	-2,544	-2,422	-3,377	-163	-16,636
Total (surplus)/deficit	**144**	**-398**	**-211**	**103**	**1,057**	**-596**	**572**	**670**
Whereof reported as:								
Pension plan assets	–	-398	-211	–	–	-596	–	-1,205
Provisions for post-employment benefit plans	144	–	–	103	1,057	–	572	1,876
Total funding level for all pension plans, %	68	126	104	96	70	121	22	96
Average duration of the obligation, years	11.4	7.7	11.4	19.1	11.6	11.2	–	12.2
Amounts included in total comprehensive income								
Service cost	–	–	–	95	17	36	2	151
Net interest cost	16	1	-31	2	37	-1	14	37
Remeasurements (gain)/loss	-309	–	512	285	-242	-575	26	-304
Total expense (gain) for defined benefit plans	**-293**	**1**	**481**	**381**	**-188**	**-540**	**41**	**-117**
Expenses for defined contribution plans								798
Amounts included in the cash flow statement								
Contributions by the employer	–	23	–	–	–	78	2	103
Reimbursement	-1,037	–	–	-5	-182	–	–	-1,224
Benefits paid by the employer	7	153	327	–	–	190	14	691
Major assumptions for the valuation of the liability								
Longevity, years[1]								
Male	20.6	20.6	21.6	21.2	20.7	21.8	–	21.3
Female	22.6	22.6	24.2	23.4	24.1	23.5	–	23.8
Inflation, %[2]	–	–	3.25	2.00	2.20	1.50	–	2.43
Discount rate, %	5.00	5.00	4.50	3.20	3.20	1.30	–	3.53

Information by country December 31, 2022

	U.S.	U.S. Medical	UK	Sweden	Germany	Switzer-land	Other	Total
Amounts included in the balance sheet								
Present value of funded and unfunded obligations	313	1,589	5,693	2,334	3,623	2,517	154	16,223
Fair value of plan assets (after change in asset ceiling)	-1,446	-1,573	-6,370	-2,302	-2,374	-2,522	119	-16,468
Total (surplus)/deficit	**-1,133**	**16**	**-677**	**31**	**1,249**	**-5**	**273**	**-245**
Whereof reported as:								
Pension plan assets	-1,446	–	-676	–	–	-5	-6	-2,133
Provisions for post-employment benefit plans	313	16	–	31	1,249	–	279	1,888
Total funding level for all pension plans, %	462	99	112	99	66	100	-77	102
Average duration of the obligation, years	9.0	8.0	12.0	20.0	14.0	13.0	–	12.0
Amounts included in total comprehensive income								
Service cost	-33	–	–	124	22	15	3	131
Net interest cost	-28	0	0	6	9	0	3	-9
Remeasurements (gain)/loss	33	13	691	912	236	-337	66	1,614
Total expense (gain) for defined benefit plans	**-28**	**13**	**691**	**1,042**	**267**	**-322**	**72**	**1,736**
Expenses for defined contribution plans								849
Amounts included in the cash flow statement								
Contributions by the employer	–	22	–	–	–	70	0	92
Reimbursement	–	–	–	-80	-507	–	–	-587
Benefits paid by the employer	6,086	141	282	–	–	137	12	6,659
Major assumptions for the valuation of the liability								
Longevity, years[1]								
Male	20.5	20.3	20.8	23.0	20.5	21.8	–	21.0
Female	22.4	22.0	23.7	24.8	24.0	23.5	–	23.4
Inflation, %[2]	–	–	3.25	2.00	2.50	1.50	–	2.54
Discount rate, %	5.20	5.20	4.40	3.50	3.10	1.80	–	3.66

[1] Expressed as the average life expectancy of a 65-year-old person in number of years.
[2] General inflation impacting salary and pensions increase. For U.S.Medical, the number refers to the inflation of healthcare benefits.

All amounts in SEKm unless otherwise stated

Reconciliation of change in present value of funded and unfunded obligations

	2023	2022
Opening balance, January 1	**16,223**	**27,611**
Current service cost	152	164
Special events	-1	—
Interest expense	612	467
Remeasurement arising from changes in financial assumptions	62	–6,902
Remeasurement from changes in demographic assumptions	11	310
Remeasurement from experience	258	533
Contributions by plan participants	41	39
Benefits paid [2]	-1,012	–6,914
Exchange differences	186	2,029
Settlements and other	775	–1,114
Closing balance, December 31	**17,306**	**16,223**

Reconciliation of change in the fair value of plan assets

	2023	2022
Opening balance, January 1	**16,468**	**26,720**
Interest income[1]	611	492
Return on plan assets, excluding amounts included in interest[1]	-232	–4,361
Effect of asset ceiling	1,309	–853
Net contribution by employer	-1,162	–533
Contribution by plan participants	41	39
Benefits paid [2]	-691	–6,658
Exchange differences	267	2,167
Settlements and other	25	–545
Closing balance, December 31	**16,636**	**16,468**

[1] The actual return on plan assets amounts to SEK 379m (3,869).
[2] During Q4 2022 a U.S. pension plan buyout was completed with pension obligations transferred to a third party. This resulted in a reduction of gross pension liabilities and assets of SEK 6bn respectively at year-end 2022.

Risks
There are mainly three categories of risks related to defined benefit obligations and pension plans. The first category relates to risks affecting the actual pension payments. Increased longevity and inflation of salary and pensions are risks that may increase the future pension payments and, hence, increase the pension obligation. The second category relates to investment return. Pension plan assets are invested in a variety of financial instruments and are exposed to market fluctuations. Poor investment return may reduce the value of investments and render them insufficient to cover future pension payments. The third category relates to measurement and affects the accounting for pensions. The discount rate used for measuring the present value of the obligation may fluctuate which impacts the valuation of the Defined Benefit Obligation (DBO). The discount rate also impacts the size of the interest income and expense that is reported in the Financial items and the service cost. Expected inflation and mortality assumptions are based on local conditions in each country and changes in those assumptions may also affect the measured obligation and, therefore, the accounting entries.

Investment strategy and risk management
The Group supervises the allocation and investment of pension plan assets with the aim of decreasing the total pension cost over time. This means that certain risks are accepted in order to increase the return. The investment horizon is long-term and the allocation ensures that the investment port-folios are well diversified. In some countries, a so called trigger-points scheme is in place, whereby the investment in fixed income assets increases as the funding level improves. The Board of Electrolux annually approves the limits for asset allocation. The final investment decision often resides with the local trustee that consults with Electrolux. The risks related to pension obligations, e.g., mortality exposure and inflation, are monitored on an ongoing basis. Buy-out premiums are also monitored and other potential liability management actions are also considered to limit the exposure to the Group.

Below is the sensitivity analysis for the main actuarial assumptions and the potential impact on the present value of the defined pension obligation. Note that the sensitivities are not meant to express any view by Electrolux on the probability of a change.

Sensitivity analysis on defined benefit obligation

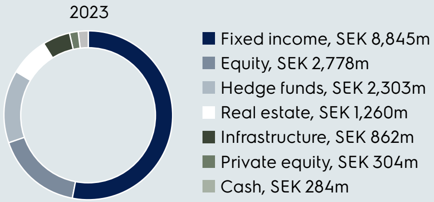
	U.S.	U.S. Medical	UK	Sweden	Germany	Switzerland	Other	Total
Longevity +1 year	8	82	265	66	200	83	5	709
Inflation +0.5%[1]	—	—	140	262	190	29	10	631
Discount rate +1%	-30	-107	-587	-446	-370	-290	-45	-1,875
Discount rate –1%	37	121	685	550	436	341	51	2,221

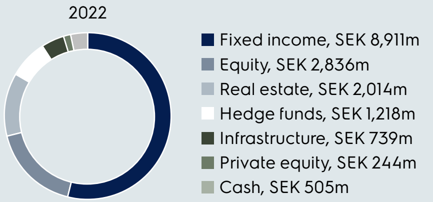
[1] The inflation change feeds through to other inflation-dependent assumptions, for example future pension increases and salary growth.

In the coming year, the Group expects to pay a total of SEK 343m (274) in contributions to the pension funds and as payments of benefits directly to the employees.

All amounts in SEKm unless otherwise stated

Market value of plan assets by category





Market value of plan assets without quoted prices

	December 31	
	2023	2022
Fixed income	1,577	1,629
Real estate	1,268	2,014
Infrastructure	862	739
Private equity	304	244

Governance

Defined benefit pensions and pension plan assets are governed by the Electrolux Pension Board, which resumes 3 to 4 times per year and has the following responsibilities:

- Implementation of pension directives of the AB Electrolux Board of Directors.
- Evaluation and approval of new plans, changes to plans or termination of plans.
- Approval of the Group's and local pension funds' investment strategies.
- Approval of the Group's global and local benchmarks for follow up of pension plan assets.
- Approval of the election of company representatives in the Boards of Trustees.
- Approval of the financial and actuarial assumptions to be used in the measurement of the defined benefit obligations.

Parent Company

According to Swedish accounting principles adopted by the Parent Company, defined benefit liabilities are calculated based upon officially provided assumptions, which differ from the assumptions used in the Group under IFRS. The pension benefits are secured by contributions to a separate fund or recorded as a liability in the balance sheet. The accounting principles used in the Parent Company's separate financial statements differ from the IFRS principles, mainly in the following:

- The pension liability calculated according to Swedish accounting principles does not take into account future salary increases.
- The discount rate used in the Swedish calculations is set by the Swedish Pension Foundation (PRI) and was for 2023 3,0% (3,0). The rate is the same for all companies in Sweden.
- Changes in the discount rate and other actuarial assumptions are recognized immediately in the profit or loss and the balance sheet.
- Deficit must be either immediately settled in cash or recognized as a liability in the balance sheet.
- Surplus cannot be recognized as an asset, but may in some cases be refunded to the company to offset pension costs.

Change in the present value of defined benefit pension obligation for funded and unfunded obligations

	Funded	Unfunded	Total
Opening balance, January 1, 2022	**969**	**424**	**1,393**
Current service cost	331	33	364
Interest cost	34	13	47
Benefits paid	–5	–36	–41
Closing balance, December 31, 2022	**1,329**	**434**	**1,763**
Current service cost	206	71	277
Interest cost	43	14	57
Benefits paid	-9	-39	–48
Closing balance, December 31, 2023	**1,569**	**480**	**2,049**

Change in fair value of plan assets

	Funded
Opening balance, January 1, 2022	**2,464**
Actual return on plan assets	–106
Contributions and compensation to/from the fund	–80
Closing balance, December 31, 2022	**2,278**
Actual return on plan assets	185
Contributions and compensation to/from the fund	-5
Closing balance, December 31, 2023	**2,458**

Amounts recognized in the balance sheet

	December 31	
	2023	2022
Present value of pension obligations	–2,049	–1,763
Fair value of plan assets	2,458	2,278
Surplus/deficit	**409**	**515**
Limitation on assets in accordance with Swedish accounting principles	-889	–949
Net provisions for pension obligations	**–480**	**–434**
Whereof reported as provisions for pensions	-480	–434

Amounts recognized in the income statement

	2023	2022
Current service cost	277	364
Interest cost	57	47
Total expenses for defined benefit pension plans	**334**	**411**
Insurance premiums	153	193
Total expenses for defined contribution plans	**153**	**193**
Special employer's contribution tax	57	40
Cost for credit insurance FPG	3	2
Total pension expenses	**547**	**646**
Compensation from the pension fund	-5	–80
Total recognized pension expenses	**542**	**566**

The Swedish Pension Foundation

The pension liabilities of the Group's Swedish defined benefit pension plan (PRI pensions) are funded through a pension foundation established in 1998. The market value of the assets of the foundation amounted at December 31, 2023, to SEK 2,458m (2,278) and the pension commitments to SEK 1,569m (1,329). The Swedish Group companies recorded a liability to the pension fund as per December 31, 2023, in the amount of SEK 0m (0). Contributions to the pension foundation during 2023 amounted to SEK 0m (0). Contributions from the pension foundation during 2023 amounted to SEK 5m (80).

All amounts in SEKm unless otherwise stated

Note 23 Other provisions

	Group					Parent Company			
	Provisions for restructuring	Warranty commitments	Claims	Other	Total	Provisions for restructuring	Warranty commitments	Other	Total
Opening balance, January 1, 2022	**1,240**	**2,427**	**1,118**	**2,584**	**7,368**	**365**	**610**	**97**	**1,072**
Acquisitions of operations	–	–	–	–	–	–	–	–	–
Provisions made	1,543	271	424	994	3,231	805	–	8	813
Provisions used	–520	–307	–293	–1,130	–2,250	–146	–180	–11	–337
Unused amounts reversed	–176	–156	–	–125	–457	–113	–	–15	–128
Reclassifications	–	–	–	–	–	–	–	–	–
Exchange-rate differences	136	181	144	340	801	38	30	4	72
Closing balance, December 31, 2022	**2,222**	**2,416**	**1,391**	**2,664**	**8,693**	**949**	**460**	**83**	**1,492**
Of which current provisions	1,660	1,272	346	759	4,037	778	111	8	897
Of which non-current provisions	562	1,144	1,045	1,905	4,657	171	349	75	595
Opening balance, January 1, 2023	**2,222**	**2,416**	**1,391**	**2,664**	**8,693**	**949**	**460**	**83**	**1,492**
Acquisitions of operations	–	–	–	–	–	–	–	–	–
Provisions made	3,117	164	436	1,929	5,646	1,935	–	644	2,579
Provisions used	-1,253	-186	-490	-1,011	-2,940	-656	-95	-60	-811
Unused amounts reversed	-301	-44	–	-56	-401	-79	–	–	-79
Reclassifications	–	–	–	-3	-3	–	–	–	–
Exchange-rate differences	-75	-73	-40	-78	-266	-37	2	2	-33
Closing balance, December 31, 2023	**3,712**	**2,278**	**1,296**	**3,443**	**10,729**	**2,112**	**367**	**669**	**3,148**
Of which current provisions	3,024	1,194	334	1,392	5,944	1,748	97	26	1,871
Of which non-current provisions	688	1,084	962	2,051	4,785	364	270	643	1,277

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date. Where the effect of time value of money is material, the amount recognized is the present value of the estimated expenditures.

Provisions for warranty are recognized at the date of sale of the products covered by the warranty and are calculated based on historical data for similar products. Provisions for warranties are based on the Group's commitment to cover the cost of repair of defective products. Warranty is normally granted for one to two years after the sale.

Restructuring provisions are recognized when the Group has both adopted a detailed formal plan for the restructuring and either started the plan implementation or communicated its main features to those affected by the restructuring. Provisions for restructuring represent the expected costs to be incurred as a consequence of the Group's decision to close some factories, rationalize production and reduce personnel, both for newly acquired and previously owned companies. The amounts are based on management's best estimates and are adjusted when changes to these estimates are known. The larger part of the restructuring provision as per December 31, 2023, is expected to be consumed in 2024 and 2025.

The provisions for claims refer to the Group's insurance companies and include technical provision for both unearned premium and outstanding claims reserves including claims incurred but not reported (IBNR). Further, these captive provisions are related to the different insurance classes included in the Group's insurance companies. Other provisions include mainly provisions for environmental liabilities, asbestos claims or other liabilities. The timing of any resulting outflows for provisions for claims and other provisions is uncertain.

All amounts in SEKm unless otherwise stated

Note 24 Other liabilities

	Group December 31		Parent Company December 31	
	2023	2022	2023	2022
Accrued holiday pay	1,259	1,107	329	314
Other accrued payroll costs	1,182	1,183	149	156
Accrued interest expenses	285	254	279	249
Contract liabilities[1]	7,215	7,516	316	275
Other accrued expenses	2,982	3,607	357	371
Deferred government grants	17	484	–	–
Other prepaid income	95	179	0	2
VAT liabilities	1,047	1,017	–	–
Personnel related liabilities	956	854	–	–
Other operating liabilities	951	1,342	–	–
Total	**15,989**	**17,543**	**1,430**	**1,367**

1) Specification of the movement in contract liabilities is presented in Note 4.

Other accrued expenses include for example accruals for fees, advertising and sales promotion. Other operating liabilities include for example credit balances for costumers.

Note 25 Contingent assets and liabilities

	Group December 31		Parent Company December 31	
	2023	2022	2023	2022
Guarantees and other commitments				
On behalf of subsidiaries	–	–	–	–
On behalf of external counterparties	1,525	1,491	1,120	1,097
Total	**1,525**	**1,491**	**1,120**	**1,097**

A large part of the guarantees and other commitments on behalf of external counterparties, is related to pension commitments.

In addition to the above contingent liabilities, guarantees for fulfillment of contractual undertakings are given as part of the Group's normal course of business. There was no indication at year-end that payment will be required in connection with any contractual guarantees.

Legal proceedings

Litigation and claims related to asbestos are pending against the Group in the U.S. Almost all of the cases refer to externally supplied components used in industrial products manufactured by discontinued operations prior to the early 1970s. The cases involve plaintiffs who have made substantially identical allegations against other defendants who are not part of the Electrolux Group.

As of December 31, 2023, the Group had a total of 3,625 (3,365) cases pending, representing approximately 3,630 (approximately 3,371) plaintiffs. During 2023, 1,161 new cases with approximately 1,161 plaintiffs were filed and 901 pending cases with approximately 902 plaintiffs were resolved.

The Group continues to operate under a 2007 agreement with certain insurance carriers who have agreed to reimburse the Group for a portion of its costs relating to certain asbestos lawsuits. The agreement is subject to termination upon 60 days notice and if terminated, the parties would be restored to their rights and obligations under the affected insurance policies. It is expected that additional lawsuits will be filed against Electrolux Group. It is not possible to predict the number of future lawsuits. In addition, the outcome of asbestos lawsuits is difficult to predict and AB Electrolux cannot provide any assurances that the resolution of these types of lawsuits will not have a material adverse effect on its business or on results of operations in the future.

In October 2013, Electrolux Group became subject of an investigation by the French Competition Authority regarding a possible violation of antitrust rules. The Authority has thereafter decided to conduct two separate investigations whereof one was completed in December 2018. In February 2023, the Authority issued a Statement of Objections relating to the other investigation and Electrolux France is alleged to have breached the antitrust rules by conducting resale price maintenance in the home appliance sector between 2009 and 2014 and by exchanging with other parties competitively sensitive information relating small appliances in France between 2009 and 2014. During the second quarter 2023, a settlement has been agreed with the Competition Authority and Electrolux Group has therefore in accordance with accounting principles set a provision of SEK 643m. A minor part of the provision relates to the settlement of another legal matter in Europe. The final amount will be decided at the end of the procedure.

In the fourth quarter 2023 the Brazilian Supreme Federal Court issued a ruling regarding a specific state value added tax for the fiscal year 2022. It cannot be ruled out that the consequences of this ruling could have a material impact on Electrolux Group's financial result. As the written ruling has not yet been released, it is however at this stage not possible to evaluate the consequences of this ruling for Electrolux Group's subsidiaries in Brazil. No provision relating to this matter has been set.

In 2019 an order was issued by the Italian Environmental Authorities for certain remediation actions connected to contamination at a manufacturing site in Aviano (Italy), a site that Electrolux subsidiary INFA s.p.a. ("INFA") divested to the current operator of the site, Sarinox s.p.a. ("Sarinox"), in 2001. Following certain court proceedings, the order became final against Sarinox in the fourth quarter of 2021. Pursuant to the order, Sarinox shall, inter alia, participate in projects to improve the groundwater quality in the Friuli region, Italy (whereby interventions for a cost of EUR 42m are mentioned in the order), and take certain other measures to clean 42m cubic meters of contaminated groundwater in the region. Although INFA is not liable to perform the obligations under the order from the Environmental Authority, it is possible that the situation can evolve and result in a liability for INFA in its capacity as former owner and operator or seller of the site. However, it is at this stage not possible to evaluate the extent of such a potential liability. No provision relating to this matter has been set.

Note 26 Acquired and divested operations

Acquisitions

There were no acquisitions completed during 2023 or 2022.

Divestments

Electrolux decided to exit Russia and divested the business to local management through a sale of the Russian subsidiary on September 9, 2022. A capital loss of SEK 350m was recorded as a non-recurring item affecting the operating income for business area Europe in the third quarter of 2022.

Divestment of Russia

Divested operations	2023	2022
Fixed assets	–	12
Other non-current assets	–	26
Current assets	–	39
Cash	–	546
Non-current liabilities	–	-12
Current liabilities	–	-20
Currency effects	–	-53
Other	–	-10
Capital loss	–	-350
Proceeds	–	**179**
Divested cash	–	-546
Cash flow effect divested operations	–	**-367**

All amounts in SEKm unless otherwise stated

Note 27 Employees and remuneration

Employees and employee benefits

In 2023, the average number of employees was 45,452 (50,769), of which 27,901 (31,350) were men and 17,551 (19,419) were women.

A detailed specification of the average number of employees by country has been submitted to the Swedish Companies Registration Office and is available upon request from AB Electrolux, Investor Relations. See also Electrolux website www.electroluxgroup.com.

Average number of employees, by geographical area

	Group	
	2023	2022
Europe	17,878	19,574
North America	6,830	8,215
Latin America	12,514	14,339
Asia-Pacific, Middle East and Africa	8,230	8,641
Total	**45,452**	**50,769**

Salaries, other remuneration and employer contributions

	2023			2022		
	Salaries and remuneration	Employer contributions	Total	Salaries and remuneration	Employer contributions	Total
Parent Company	1,449	726	2,175	1,538	832	2,370
whereof pension costs[1]	–	271	271	–	349	349
Subsidiaries	18,655	3,470	22,125	18,106	3,342	21,448
whereof pension costs	–	678	678	–	624	624
Total	**20,104**	**4,196**	**24,300**	**19,644**	**4,174**	**23,818**
whereof pension costs	–	949	949	–	973	973

[1] Includes SEK 25m (11) refering to the President's predecessors according to local GAAP.

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

	2023			2022		
	Board members and senior managers[1]	Other employees	Total	Board members and senior managers[1]	Other employees	Total
Parent Company	73	1,376	1,449	71	1,467	1,538
Other	472	18,183	18,655	467	17,639	18,106
Total	**545**	**19,559**	**20,104**	**538**	**19,106**	**19,644**

[1] According to the definition of Senior managers in the Swedish Annual Accounts Act.

Of the Board members in Group companies, 69 (79) were men and 24 (25) women, of whom 4 (4) men and 3 (3) women in the Parent Company. According to the definition of Senior managers in the Swedish Annual Accounts Act, the number of Senior managers in the Group consisted of 172 (187) men and 79 (70) women, of whom 5 (5) men and 3 (2) women in the Parent Company. The total pension cost for Board members and Senior managers in the Group amounted to SEK 31m (38).

All amounts in SEKm unless otherwise stated

Compensation to Board members

	2023			2022		
´000 SEK	Ordinary compensation	Compensation for committee work	Total compensation	Ordinary compensation	Compensation for committee work	Total compensation
Staffan Bohman, Chairman	2,456	318	2,774	2,371	233	2,604
Petra Hedengran	715	372	1,087	691	274	965
Henrik Henriksson	715	–	715	691	–	691
Ulla Litzén	715	322	1,037	691	270	961
Karin Overbeck	715	124	839	691	90	781
Fredrik Persson	715	209	924	691	188	879
David Porter	715	–	715	691	–	691
Jonas Samuelson, President	–	–	–	–	–	–
Mina Billing (up to May 5 2022)	–	–	–	–	–	–
Viveca Brinkenfeldt Lever	–	–	–	–	–	–
Peter Ferm	–	–	–	–	–	–
Wilson Quispe (as from May 9 2022)	–	–	–	–	–	–
Total compensation	**6,746**	**1,345**	**8,091**	**6,517**	**1,055**	**7,572**

Compensation to the Board of Directors

The Annual General Meeting (AGM) determines the compensation to the Board of Directors for a period of one year until the next AGM. The compensation is distributed between the Chairman, other Board Members and remuneration for committee work. The Board decides the distribution of the committee fee between the committee members. Compensation is paid out in advance each quarter. Compensation paid in 2023 refers to one fourth of the compensation authorized by the AGM in 2022 and three fourths of the compensation authorized by the AGM in 2023. Total compensation paid in cash in 2023 amounted to SEK 8.1m, of which SEK 6.7m referred to ordinary compensation and SEK 1.3m to committee work.

Remuneration guidelines for Group Management

The current remuneration guidelines were approved by the AGM in 2020. The guidelines apply until the AGM 2024 and are described below. The detailed guidelines can be found on pages 43-44 in the Annual Report.

Electrolux Group has a clear strategy to deliver profitable growth and create shareholder value. A prerequisite for the successful implementation of the The Goups business strategy and safeguarding of its long-term interests, including its sustainability, is that Electrolux Group is able to recruit and retain qualified personnel. To this end, it is necessary that Electrolux Group offers competitive remuneration in relation to the country or region of employment of each Group Management member. These guidelines enable The Group to offer the Group Management a competitive total remuneration. The total remuneration for the Group Management shall be in line with market practice and may comprise the following components: fixed compensation, variable compensation, pension benefits and other benefits. Following the 'pay for performance' principle, variable compensation shall represent a significant portion of the total compensation opportunity for Group Management. Variable compensation shall always be measured against pre-defined targets and have a maximum above which no payout shall be made. Variable compensation shall mainly relate to financial performance targets. Non-financial targets may also be used in order to strengthen the focus on delivering on Electrolux Group business strategy and long-term interests, including its sustainability. The targets shall be specific, clear, measurable and time bound and be determined by the Board of Directors.

Since 2004, AB Electrolux has offered long-term performance share programs for senior managers. The alignment of Electrolux top management incentives with the interest of shareholders is a longstanding priority of the Board of Directors. Ownership of Electrolux shares by the Group's CEO and other Group Management members is an important measure to strengthen this alignment.

Thus the Board recommends that the CEO shall build up a personal holding of B-shares representing a value of one gross annual base salary and for Group Management members to build up a personal holding of B-shares representing a value of 50% of one gross annual base salary.

Remuneration and terms of employment for the President in 2023

The remuneration package for the President comprises fixed salary, variable salary based on annual targets, a long-term performance-share program and other benefits such as pension and insurance.

For the President, the annualized base salary for 2023 has been set at SEK 13.3m.

The variable salary is based on annual financial and non-financial targets for The Group. Each year, a performance range is determined with a minimum and a maximum. If the performance outcome for the year is below or equal to the minimum level, no pay-out will be made. If the performance outcome is at or above the maximum, pay-out is capped at 100% of the annualized base salary. If the performance outcome is between minimum and maximum, the pay-out shall be determined on a linear basis.

The President participates in the Group's long-term performance based share programs. For further information on these programs, see below.

The notice period from the employer is 12 months, and from the President 6 months. The President is entitled to 12 months severance pay based on base salary with deduction for other income during the 12 months severance period. Severance pay is applicable if the employment is terminated by the employer. It is also applicable if the employment is terminated by the President provided serious breach of contract by the employer or if there has been a major change in ownership structure in combination with changes in management and changed individual accountability.

Pensions for the President

The President is covered by the collectively agreed ITP plan, the alternative rule of the plan, and Electrolux Pension Plan for CEO. The Electrolux Pension Plan for CEO is a defined contribution plan. The employer contribution to the plan for the President is equivalent to 35% of annual base salary, which also includes the contributions for the benefits of the ITP-plan, alternative ITP and any insurable supplementary disability and survivor's pension.

In addition, a disability pension is provided of maximum SEK 1.2m per year if long term disability occurs. The retirement age for the President is 65.

The capital value of pension commitments for the President in 2023, prior Presidents, and survivors is SEK 207m (185), whereof SEK 52m (44) relates to the current President.

Remuneration and terms of employment for other members of Group Management in 2023

Like the President, other members of Group Management receive a remuneration package that comprises fixed salary, variable salary based on annual targets, long-term performance-share programs and other benefits such as pensions and insurance.

Base salary is revised annually per January 1. The average base-salary increase for members of Group Management in 2023 was 2.8% (7.9).

Variable salary in 2023 is based on financial and non-financial targets on business area and Group level. Variable salary for Business Area heads and head of Group Operations varies between a minimum (no pay-out) and a maximum of 100% of annual base salary, which is also the cap. Group Management members in the USA have a maximum of up to 150% of annual base salary.

Group Management members that are Group staff heads receive variable salary that varies between a minimum (no pay out) and a maximum of 80%, which is also the cap.

The members of Group Management participate in The Group's long-term performance based share programs. For further information on these programs, see below.

The notice period for Group Management members employed in Sweden is 12 months for the employer and 6 months for the employee. Certain members of Group Management are entitled to 12 months' severance pay based on base salary with deduction for other income during the 12 months severance period. Severance pay is applicable if the employment is terminated by the employer. It is also applicable if the employment is terminated by the Group Management member provided serious breach of contract by the employers or if there has been a major change in ownership structure in combination with changes in management and changed individual accountability.

For members of Group Management employed outside of Sweden, varying terms of employment and benefits, such as company car, may apply depending upon the country of employment.

Pensions for other members of Group Management

Group Management members employed in Sweden as from 2012 receive a pension entitlement where the aggregated contribution is 35% of annual base salary. New members of Group Management employed in Sweden as of 2023 receive a pension entitlement where the aggregated contribution is 30% of annual base salary. The retirement age is 65 years. One member employed in Sweden before 2012 is covered by the risk benefits provided with the ITP plan, as well as a supplementary plan. The contribution to the supplementary plan is 35% of annual base salary. Accrued capital is subject to a real rate of return of 3.5% per year. The retirement age (60) has been amended and the member's employment and pension entitlement is continued post age 60.

For members of Group Management employed outside of Sweden, varying pension terms and conditions apply, depending upon the country of employment.

Share-based compensation

Over the years, AB Electrolux has implemented several long-term incentive programs (LTI) for senior managers. These programs are intended to attract, motivate, and retain the participating managers by providing long-term incentives through benefits linked to the share price. They have been designed to align management incentives with shareholder interests.

For AB Electrolux, the share-based compensation programs are classified as equity settled transactions, and the cost of the granted instrument's fair value at grant date is recognized over the vesting period which is 3.0 years. At each balance sheet date, the Group revises the estimates to the number of shares that are expected to vest. Electrolux recognizes the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

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

Performance-share programs 2021, 2022 and 2023

The Annual General Meeting in March 2023, approved a long-term incentive program for 2023. The program is in line with the Group's principles for remuneration based on performance, and is an integral part of the total compensation for Group Management and other senior managers. Electrolux shareholders benefit from this program since it facilitates recruitment and retention of competent executives and aligns management interest with shareholder interest as the program drives executive shareholding and the participants are more aligned with the long-term strategy of the Electrolux Group. The General Meetings of AB Electrolux have also approved long-term incentive programs for 2021 and 2022.

The allocation of shares in the 2021 program is determined by the position level and the outcome of three objectives; (1) earnings per share, (2) return on net assets and (3) CO_2 reduction. Performance outcome of (1) and (2) is determined by the Board after the expiry of the one-year performance period and (3) after the expiry of the three-year performance period. The allocation of shares in the 2022 and 2023 programs is determined by the position level and the outcome of two objectives; (1) cumulative earnings per share and (2) CO_2 reduction. Performance outcome of (1) and (2) is determined by the Board after the expiry of the three-year performance period.

For the 2021, 2022 and 2023 programs allocation is linear from minimum to maximum. There is no allocation if the minimum level is not reached. If the maximum is reached, 100% of shares will be allocated. Should the achievement of the objectives be below the maximum but above the minimum, a proportionate allocation will be made. For the President and other members of Group Management in the 2022 and 2023 programs the granted shares will be multiplied by 0.75-1.25 depending on the outcome of a relative total shareholder return target. The shares will be allocated after the three-year period free of charge.

If a participant's employment is terminated during the three-year program period, the participant will be excluded from the program and will not receive any shares or other benefits under the program. However, under certain circumstances, including for example a participant's death, disability, retirement or the divestiture of the participant's employing company, a participant could be entitled to reduced benefits under the program.

2021 and 2022 program covers 282 respectively 817 senior managers and key employees whilst the 2023 program covers 846 participants in almost 30 countries. Participants in the 2021 program comprise six groups, i.e., the President, other members of Group Management, and four groups of other senior managers. Participants in the 2022 and 2023 program comprise seven groups, i.e., the President, other members of Group Management, and five groups of other senior managers. All programs comprise Class B shares.

The performance outcome for the financial targets and the CO_2 target in the share program for 2023 will be determined after the expiry of the three year performance period.

For 2023, LTI programs resulted in a cost of SEK 84m (including a cost of SEK 3m in employer contribution) compared to a cost of SEK 179m in 2022 (including a cost of SEK 19m in employer contribution). The total provision for employer contribution in the balance sheet amounted to SEK 29m (67).

Repurchased shares for LTI programs

The Annual General Meeting in 2022 resolved that the company shall be entitled to sell B shares in the company for the purpose of covering costs, including social security charges, that may arise as a result of the 2022 program, but this mandate has not been used by the company.

Allocation of shares for the 2020 program

The 2020 performance-share program met 98.8% of the maximum performance and performance shares were allocated during 2020 to the participants according to the terms and conditions of the 2020 share program in 2023 .

All amounts in SEKm unless otherwise stated

Remuneration to Group Management

'000 SEK	2023 Annual fixed salary[1]	2023 Variable salary[2]	2023 Long-term PSP (cost)[3]	2023 Other remuner-ation[4]	2023 Total pen-sion con-tribution	2023 Social contribu-tion	2022 Annual fixed salary[1]	2022 Variable salary[2]	2022 Long-term PSP (cost)[3]	2022 Other remuner-ation[4]	2022 Total pen-sion con-tribution	2022 Social contribu-tion
President and CEO	13,757	2,484	5,554	8	4,664	4,736	13,310	1,300	9,359	9	4,550	8,080
Other members of Group Management[5]	53,789	12,809	12,084	15,202	10,490	14,192	46,322	5,497	21,029	5,578	10,389	16,324
Total	**67,546**	**15,293**	**17,638**	**15,210**	**15,154**	**18,928**	**59,632**	**6,797**	**30,388**	**5,587**	**14,939**	**24,404**

[1] The annual fixed salary includes vacation salary, paid vacation days and salary deductions for company car.
[2] For 2023: variable salary earned 2023 and to be paid in 2024, and for 2022: variable salary earned 2022 and paid in 2023.
[3] Cost for share-based incentive programs are accounted for according to IFRS 2, Share-based payments. If the expected cost of the program is reduced, the previous recorded cost is reversed and an income is recorded in the income statement. The cost includes social contribution cost for the program.
[4] Includes allowances and other benefits such as gross-up of tax, housing, company car, severance and termination pay, costs for extraordinary arrangements.
[5] Other members of Group Management comprised of 9 people at the end of 2023, and of 9 people at the end of 2022.

Number of potential shares per participant, per category and year

	Maximum number of B shares[1,2]			Maximum value, SEK[1,2]		
	2023	2022	2021	2023	2022	2021
Group 1, President and CEO	142,251	133,854	59,702	16,656,170	16,249,876	12,400,000
Group 2, other members of Group Management	53,061	44,990	18,213	6,212,952	5,461,725	3,782,796
Group 3	22,960	19,228	10,609	2,688,397	2,334,331	2,203,430
Group 4	12,364	11,333	6,029	1,447,657	1,375,778	1,252,228
Group 5	8,865	7,952	4,437	1,037,985	965,312	921,495
Group 6	6,095	5,213	2,841	713,691	632,840	590,054
Group 7	2,394	2,082	–	280,283	252,709	–

[1] The maximum performance value for the participant in Group 1 will be 100%, Group 2, 90%, Group 3, 80%, Group 4, 60%, Group 5, 50% and Group 6, 40% of the participants annual base salary in 2021 program. The maximum performance value for the participant in Group 7 in 2022 and 2023 program will be 20% of the participants annual base salary. For participants in Group 1 and 2 in 2022 and 2023 program the granted number of shares will be multiplied by 0.75-1.25 depending on the outcome of a relative total shareholder return target. At maximum performance the aggregated value is converted to the average number of shares and average value per participant in respective category. The calculation was based on a share price of SEK 224.67 for 2021 and SEK 121.40 for 2022 and SEK 117.09 for 2023 which is the average closing price of the Electrolux Class B share on the Nasdaq Stockholm during a period of ten trading days before the day participants were invited to participate in the program, adjusted for net present value of dividends for the period until shares are allocated. Due to the extra cash distribution that was distributed during 2021, it was decided to adjust the maximum number of shares in the 2021 program. The maximum number of shares in the above table represents the adjusted numbers.
[2] For the 2021 program the outcome of the financial targets was 100%. The outcome under the 2021 program for the CO_2 reduction target was 77,3 % after the expiry of the three year performance period which resulted in a total allocation of 1.023.587 shares. Maximum value refers to value at grant. For the 2022 and 2023 program the allocation will be determined by the Board in 2025 and 2026 after the expiry of the three year performance period in 2024 and 2025.

Performance-share program 2023

	Objectives			Allocation of shares		
	Minimum	Maximum	Actual[1]	Outcome, %	Weight, %	Allocation, %
Cumulative earnings per share, SEK[1]			TBD	TBD	80	
CO_2 Reduction, %[1]			TBD	TBD	20	
Total shareholder return (TSR) multiplier[2]						
Total allocation					**100**	

[1] Measured over 2023 – 2025, outcome will be presented in the 2025 annual report.
[2] For Group Management members a multiplier is applied. The multiplier is relative Electrolux B-share TSR to the TSR of the FTSE EMEA Consumer Discretionary Index during the period 2023 – 2025. The multiplier at maximum TSR performance is 1.25 times vested number of shares and at minimum TSR performance 0.75 times vested number of shares.

Note 28 Fees to auditors

At the 2022 Annual General Meeting PwC was appointed auditor for the period until the end of the 2023 Annual General Meeting.

	Group		Parent Company	
	2023	2022	2023	2022
PwC				
Audit fees[1]	62	56	13	12
Audit-related fees[2]	1	0	–	–
Tax fees[3]	0	1	–	–
All other fees[4]	1	10	1	8
Total fees to PwC	**64**	**67**	**14**	**20**
Audit fees to other audit firms	0	0	–	–
Total fees to auditors	**64**	**67**	**14**	**21**

[1] Audit fees consist of fees for the annual audit services engagement and other audit services, which are those services that only the external auditors reasonably can provide, and include the Group audit, statutory audits, comfort letters and consents, and attest services.
[2] Audit related fees consist of fees for assurance and related services that are reasonably related to the performance of the audit of the accounts and annual reports of the Group and group companies traditionally performed by the external auditors, and include consultations concerning financial accounting and reporting standards, internal control reviews as well as review of interim reports.
[3] Tax fees include for example tax compliance and tax consultation services.
[4] All other fees include fees for transaction support services, financial advisory and other services.

All amounts in SEKm unless otherwise stated

Note 29 Shares and participations

Investments in associated companies

The holdings in the South African associated companiy Llitha Solar remained unchanged during the year. The holdings in Next-Tech BVBA/SPRL, Belgium, was impaired during 2022 and sold 2023. The holding in Mila Cares was reduced to 17% in 2022 thus no longer associated. Mila Cares changed name during 2023 from Vitality Ventures.

All associated companies are unlisted.

Investments in associated companies

	2023			2022		
Company	Holding, %	Carrying amount	Net income[1]	Holding, %	Carrying amount	Net income[1]
Llitha Solar (Pty) LTD, South Africa	49	21	–	49	24	–
Next-Tech BVBA/SPRL, Belgium	n/a	n/a	-1	49	0	-54
Mila Cares, Hong Kong	n/a	n/a	n/a	n/a	n/a	-3
Tradeplace B.V., The Netherlands	20	0	0	20	0	0
Total		**21**	**-1**		**24**	**-57**

[1] Represents the Group's share of net income and is reported in the line Other operating income and expenses in the consolidated statement of comprehensive income.

Group companies

The following table lists the major companies included in the Electrolux Group. A detailed specification of Group companies has been submitted to the Swedish Companies Registration Office and is available upon request from AB Electrolux Investor Relations.

Subsidiaries		Holding, %
Major Group companies		
Argentina	Frimetal S.A.	100
Australia	Electrolux Home Products Pty. Ltd	100
Austria	Electrolux Austria GmbH	100
Belgium	Electrolux Home Products Corporation N.V.	100
Brazil	Electrolux do Brasil S.A.	100
Canada	Electrolux Canada Corp.	100
Chile	Electrolux de Chile S.A.	99.89
China	Electrolux (Hangzhou) Domestic Appliances Co. Ltd	100
	Electrolux (China) Home Appliance Co. Ltd	100
	Guangdong De Yi Jie Appliances Co., Ltd	100
Denmark	Electrolux Home Products Denmark A/S	100
Egypt	Electrolux Egypt for Home Appliances S.A.E.	99.97
Finland	Oy Electrolux Ab	100
France	Electrolux France SAS	100
	Electrolux Home Products France SAS	100
Germany	Electrolux Deutschland GmbH	100
	Electrolux Rothenburg GmbH Factory and Development	100
Hungary	Electrolux Lehel Kft	100
Italy	Electrolux Appliances S.p.A.	100
	Electrolux Italia S.p.A.	100
Mexico	Electrolux de Mexico S.A. de C.V.	100
The Netherlands	Electrolux Associated Company B.V.	100
	Electrolux Home Products (Nederland) B.V.	100
Norway	Electrolux Home Products Norway AS	100
Poland	Electrolux Poland Spolka z.o.o.	100
Romania	SC Electrolux Romania SA	99.83
Singapore	Electrolux SEA Pte Ltd	100
South Africa	Electrolux South Africa (Pty) Ltd.	100
Spain	Electrolux España, S.A.U.	100
Sweden	Electrolux HemProdukter AB	100
	Electrolux Appliances AB	100
Switzerland	Electrolux AG	100
Thailand	Electrolux Thailand Co. Ltd.	100
Ukraine	DC Electrolux LLC	100
United Kingdom	Electrolux Plc	100
USA	Electrolux Home Products, Inc.	100
	Electrolux North America, Inc.	100

All amounts in SEKm unless otherwise stated

Note 30 Transactions with related parties

Transactions with associated companies

	Group		Parent Company	
	2023	2022	2023	2022
Net sales to associates	–	6	–	–
Purchases from associates	–	6	–	–
Receivables on associates	–	–	–	–
Payables to associates	0	3	0	3
Loans to associates	–	16	–	16

The Group's related parties are its associated companies, joint ventures, the Parent company's largest shareholder Investor AB, Board members of AB Electrolux and Group Management members. Commercial terms and market prices apply to all transactions with related parties.

Investment details in associated companies are disclosed in Note 29. Transactions and balances with associated companies are disclosed in the table above.

Investor AB controls approximately 30% (30) of the voting rights in AB Electrolux. The Group has not had any transactions with Investor AB during the year and there are no outstanding balances with Investor AB. Investor AB has controlling or significant influence over companies with which Electrolux Group may have transactions within the normal course of business. Commercial terms and market prices apply to any such transactions.

Remuneration to members of the Board of Directors and Group Management are disclosed in Note 27.

Note 31 Proposed distribution of earnings

	'000 SEK
The Board of Directors proposes that income for the period and retained earnings be distributed as follows:	5,735,425
To be carried forward	5,735,425
Total	**5,735,425**

According to the company's dividend policy, Electrolux target is for the dividend to correspond to approximately 50% of the annual income. As the annual income for 2023 was negative, the Board of Directors has proposed that the Annual General Meeting 2024 resolves that no payment of dividend will be made for the fiscal year 2023 and that the company's available funds shall be carried forward to the new accounts.

The Board of Directors declare that the consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU and give a true and fair view of the Group's financial position and results of operations. The financial statements of the Parent Company have been prepared in accordance with generally accepted accounting principles in Sweden and give a true and fair view of the Parent Company's financial position and results of operations.

The statutory Administration Report of the Group and the Parent Company provides a fair review of the development of the Group's and the Parent Company's operations, financial position and results of operations and describes material risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm, February 19, 2024
AB ELECTROLUX (PUBL)
556009-4178

Staffan Bohman
Chairman of the Board of Directors

Jonas Samuelson
Board member and President and Chief Executive Officer

Petra Hedengran
Board member

Henrik Henriksson
Board member

Ulla Litzén
Board member

Karin Overbeck
Board member

Fredrik Persson
Board member

David Porter
Board member

Viveca Brinkenfeldt Lever
Board member, employee representative

Peter Ferm
Board member, employee representative

Wilson Quispe
Board member, employee representative

Our audit report was submitted on February 21, 2024
PricewaterhouseCoopers AB

Peter Nyllinge
Authorized Public Accountant
Partner in charge

Helena Kaiser de Carolis
Authorized Public Accountant

Auditor’s report

To the general meeting of the shareholders of AB Electrolux (publ), corporate identity number 556009-4178

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of AB Electrolux (publ) for the year 2023. The annual accounts and consolidated accounts of the company are included on pages 33-52 and 69-110 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of 31 December 2023 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the Group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor’s Responsibilities section. We are independent of the parent company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

Our audit approach

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The financial statements of the Electrolux Group consist of some 200 reporting units operating in 55 countries all over the world.

The operations are managed and monitored through the regional Business areas – Europe, North America, Latin America and Asia-Pacific Middle East and Africa. We have therefore scoped our audit procedures for the reporting units within each Business area, taking into account control environment and business processes at the individual reporting unit level but also by assessing business performance reviews and management oversight and follow-up activities on Business area level.

In establishing the overall Group audit strategy and plan, we determined the type of work that needed to be performed at the reporting units in scope by component auditors. For the most significant entities we required a full audit on their complete financial reporting, for others we required specified audit procedures for the most significant profit and loss and/or balance sheet accounts depending on the nature of operations conducted at the reporting unit.

The group consolidation, financial statement disclosures and a number of complex transactions were audited by the Group engagement team. These include pensions, restructuring provision for the new restructuring program announced in Q4 2023, tax provisions and impairment of goodwill.

In addition, we have applied a centralized Group audit approach with respect to the Electrolux Control System (ECS), where key processes and controls are documented and tested by management and quality assured by internal audit, all of which is evidenced in a global internal control tool. The result from the centralized testing regarding ECS and centralized IT systems was shared with local auditors. Local teams was then instructed how to carry out their audit procedures based on the shared information.

The reporting units in scope for the Group audit procedures represent approximately 77 percent of Group net sales. In addition, the Group audit team have carried out analytical procedures on Business area level to include also smaller reporting units. Local statutory audit procedures are conducted for all companies in the Group subject to statutory audit requirements by law.

Our audit is carried out continuously during the year. In connection with the issuance of the interim report for the second quarter, we report our observations to Group management, Business area management and the Audit Committee. At year end, we also report our main observations to the entire Board of Directors. For the second quarter, we issue a public interim review report.

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgement, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Revenue recognition in the appropriate period

Revenue is an important measure in terms of business follow-up and execution on the Electrolux Group strategies and comprise mainly of sales of appliances to retailers. The vast majority of the Group’s revenue consists of straight-forward product sales where revenue is recognized when the significant risks and rewards connected with ownership of goods have been transferred to the buyer. In our audit of revenue recognition, management judgements and estimates of discounts and rebates is considered a matter of high importance also considering the increasing amounts for these in 2023. Disclosures in Note 4 Net sales and operating income, provides additional information on how the Group accounts for its revenue.

Our audit included a combination of testing of selected internal controls over financial reporting with respect to revenue recognition, analytical procedures and detailed tests of significant customer contracts. Different contracts may contain different delivery and pricing terms that need to be considered in terms of revenue recognition. Our audit also included, if considered material, a sample tests of proof of delivery to confirm that risk had been transferred to the customers. We also perform data analytics relating to manual and automated journal entries to ascertain accuracy in the reporting of discounts and rebates.

Valuation of inventory

Electrolux keeps a significant stock of raw materials, components and work-in-progress at its production units and stores finished goods mostly at its sales units and distribution centres. Valuation of inventory is important for a fair presentation of gross margin. Inventory is also a significant item in the consolidated balance sheet and amounted to SEK 20bn as of December 31, 2023. In 2023 high cost inflation and decreasing customer demand have been specific considerations. Provisions for obsolescence are subject to management's estimates and of high importance in our audit enhanced the importance of having an appropriate method for estimating reserves for slow-moving and obsolete goods. Provisions for obsolescence require clear policies and are subject to management's estimates. Note 15 Inventories, provides information about the Group's accounting principles for measuring inventory and additional information on the line item.

In our audit we have assessed the companies' inventory processes including routines for valuation and methods used to estimate reserves for slow-moving and obsolete goods in order to gain an understanding of risks and controls. Considering the company's operations, system support, inventory turnover and other relevant factors we have tested the obsolescence models in the subsidiaries against accounting principles. We have traced the disclosures information included in Note 15 Inventories to the accounting records and other supporting documentation and ensured that they are in line with the disclosure requirements.

Costs for efficiency measures

Electrolux has announced a cost reduction and organisational simplification program in Q4 2023. The purpose of the program is to step up its cost reduction efforts to restore margins. In 2023, the Group recorded costs for the program amounting to SEK 2.8bn. The vast majority of the costs are provisions involving management estimates on the timing and measurement of costs for reducing the number of employees. An accurate reporting of an efficiency program involves management estimates on the timing and measurement of costs for reducing the number of employees. This includes impact on other costs that the efficiency measures give rise to as well as the presentation of the effects on the business going forward. Note 23 Other provisions, provides information on the Group's accounting principles for measuring restructuring costs and additional information on the line item.

Our audit included reading the detailed plans for efficiency measures presented to the board as documentation to support the decisions. We also obtained evidence on a sample basis that the criteria for recording provisions were met and properly recorded as well as assessed management's measurement of provisions through evaluation of a sample of supporting documentation. In addition we traced disclosure information to accounting records and other supporting documentation and read the presentation of the costs relating to programs for efficiency measures in the annual report.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 2-16, 53-57 and 114-124. Other information also refers to the remuneration report to which we had access prior to the date of this auditor's report.

The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, the Board of Directors and the Managing Director are responsible for the assessment of the company's and the Group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Directors' responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of AB Electrolux (publ) for the year 2023 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the Group's type of operations, size and risks place on the size of the parent company's and the Group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the Group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

PricewaterhouseCoopers AB, Stockholm, was appointed auditor of AB Electrolux by the general meeting of the shareholders on the 29 March 2023 and has been the company's auditor since the 30 March 2022.

The auditor's examination of the Esef report

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for AB Electrolux (publ) for the financial year 2023.

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

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

Basis for opinion

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

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

Responsibilities of the Board of Directors and the Managing Director

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

Auditor's responsibility

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

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

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the ESEF report.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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

The procedures mainly include a validation that the Esef report has been prepared in a valid XHMTL format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, statement of financial position, statement of changes in equity and the statement of cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

Stockholm, February 21, 2024

PricewaterhouseCoopers AB

Signature on Swedish original

Peter Nyllinge
Authorized Public Accountant
Partner in charge

Helena Kaiser de Carolis
Authorized Public Accountant

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

Additional information

Eleven-year review

SEKm	2013	2014	2015	2016	2017[1]	2018	2018[7]	2019	2020	2021	2022	2023	Compound annual growth rate, % 5 years	Compound annual growth rate, % 10 years
Net sales and income														
Net sales	109,151	112,143	123,511	121,093	120,771	124,129	115,463	118,981	115,960	125,631	134,880	134,451	1.6	2.1
Organic growth, %	4.5	1.1	2.2	-1.1	-0.4	1.3	1.2	-1.0	3.2	14.2	-2.8	-4.0		
Depreciation and amortization	3,356	3,671	3,936	3,934	3,977	4,150	3,981	4,821	4,587	4,489	5,390	6,277		
Items affecting comparability[2]/ Non-recurring items[6]	-2,475	-1,199	—	—	—	-1,343	-1,343	-1,344	—	-727	-1,046	-3,401		
Operating income	1,580	3,581	2,741	6,274	7,407	5,310	4,176	3,189	5,778	6,801	-215	-2,988	-189.1	n.m.
Income after financial items	904	2,997	2,101	5,581	6,966	4,887	3,754	2,456	5,096	6,255	-1,672	-5,111	-200.9	n.m.
Income for the period	672	2,242	1,568	4,493	5,745	3,805	2,854	1,820	3,988	4,678	-1,320	-5,227	-206.6	n.m.
Cash flow														
Cash flow from operations	4,455	7,822	8,267	10,165	10,024	8,046	—	7,314	11,932	7,059	-2,274	4,003	-13.0	-1.1
Cash flow from investments	-4,734	-3,759	-3,403	-2,557	-8,200	-6,506	—	-6,994	-5,115	-6,815	-6,962	-4,358		
of which capital expenditure in property, plant and equipment	-3,535	-3,006	-3,027	-2,830	-3,892	-4,650	—	-5,320	-4,325	-4,847	-5,649	-4,069		
Cash flow from operations and investments	-279	4,063	4,864	7,608	1,824	1,540	—	321	6,816	244	-9,236	-355	-174.6	2.4
Cash flow from operations and investments excluding acquisitions and divestment of operations	-74	4,132	4,955	7,432	5,229	2,149	—	348	6,824	1,250	-8,868	-355		
Dividend, redemption and repurchase of shares	-1,860	-1,861	-1,870	-1,868	-2,155	-2,385	-2,385	-2,443	-2,012	-8,079	-4,659	—		
Capital expenditure in property, plant and equipment as % of net sales	3.2	2.7	2.5	2.3	3.2	3.7	3.9	4.5	3.7	3.9	4.2	3.0		
Margins[3]														
Operating margin, %	3.7	3.2	2.2	5.2	6.1	4.3	3.6	2.7	5.0	5.4	-0.2	-2.2		
Income after financial items as % of net sales	3.1	2.7	1.7	4.6	5.8	3.9	3.3	2.1	4.4	5.0	-1.2	-3.8		
Financial position														
Total assets	76,001	85,688	83,471	85,848	89,542	97,312	—	106,808	99,604	107,607	127,102	120,053	4.3	4.7
Net assets	24,961	26,099	21,412	18,098	20,678	23,574	20,306	26,172	20,265	27,201	40,297	37,500	9.7	4.2
Working capital	-5,800	-8,377	-12,234	-14,966	-15,873	-16,848	-17,077	-17,390	-19,191	-17,726	-13,731	-16,925		
Trade receivables	19,441	20,663	17,745	19,408	20,747	21,482	19,824	20,847	19,944	23,110	21,487	22,247	0.7	1.4
Inventories	12,154	14,324	14,179	13,418	14,655	16,750	15,451	16,194	13,213	20,478	24,374	19,965	3.6	5.1
Accounts payable	20,607	25,705	26,467	28,283	31,114	34,443	32,996	33,892	31,306	38,182	38,357	36,402	1.1	5.9
Total equity	14,308	16,468	15,005	17,738	20,480	21,749	—	22,574	18,709	18,610	16,449	11,274	-12.3	-2.4
Interest-bearing liabilities	14,905	14,703	13,097	10,202	9,537	9,982	—	10,989	15,412	15,681	37,075	36,140	29.3	9.3
Provisions for post-employment benefits, net	2,980	4,763	4,509	4,169	2,634	3,814	—	3,866	3,679	891	-245	670	-29.4	-13.9
Net debt	10,653	9,631	6,407	360	197	1,825	—	7,683	1,556	8,591	23,848	26,226	70.4	9.4

Footnotes, see next page.

SEKm	2013	2014	2015	2016	2017[1]	2018	2018[7]	2019	2020	2021	2022	2023	Compound annual growth rate, % 5 years	10 years
Data per share, SEK														
Income for the period	2.35	7.83	5.45	15.64	19.99	13.24	9.93	6.33	13.88	16.31	–4.81	-19.36	-207.9	n.m.
Equity	50	57.52	52.21	61.72	71.26	75.67	—	78.55	65.10	65.74	60.92	41.75	-11.2	-1.8
Dividend[4]	6.50	6.50	6.50	7.50	8.30	8.50	8.50	7.00	8.00	9.20	—	—	n.m.	n.m.
Trading price of B-shares at year-end	168.50	228.80	205.20	226.30	264.30	187.10	187.10	229.90	191.35	219.50	140.78	108.10	-10.4	-4.3
Key ratios														
Return on equity, %	4.4	15.7	9.9	29.4	31.9	18.2	—	11.4	34.1	24.4	-7.0	33.7		
Return on net assets, %	5.8	14.2	11.0	29.9	36.0	22.7	20.2	12.0	22.6	28.5	-0.6	-6.9		
Net assets as % of net sales[5]	21.8	20.4	17.3	14.2	17.5	19.0	17.5	22.3	22.0	19.0	27.2	32.3		
Trade receivables as % of net sales[5]	17.0	16.2	14.3	15.2	17.5	17.3	17.1	17.7	18.6	17.9	15.6	17.4		
Inventories as % of net sales[5]	10.6	11.2	11.5	10.5	12.4	13.5	13.4	13.8	12.3	15.9	17.7	15.6		
Net debt/EBITDA	1.4	1.1	1.0	0.0	0.0	-	0.2	0.8	0.2	0.7	3.8	3.9		
Net debt/equity ratio	0.74	0.58	0.43	0.02	0.01	0.08	—	0.34	0.08	0.46	1.45	2.33		
Interest coverage ratio	2.11	5.16	3.75	3.75	12.16	9.05	—	2.57	5.04	7.29	0.18	-0.63		
Dividend as % of total equity	13.0	11.3	12.4	10.5	11.6	11.2	—	10.8	10.8	12.4	—	—		
Other data														
Average number of employees	60,754	60,038	58,265	55,400	55,692	54,419	51,253	48,652	47,543	51,590	50,769	45,452	-3.5	-2.9
Salaries and remuneration	13,521	14,278	15,858	15,886	16,470	17,363	15,829	16,318	15,666	16,829	19,644	20,104	3.0	4.0
Number of shareholders	51,500	46,500	45,485	48,939	45,295	49,870	49,870	50,544	59,401	73,578	83,248	75,049	8.5	3.8
Average number of shares after buy-backs, million	286.2	286.3	287.1	287.4	287.4	287.4	287.4	287.4	287.4	286.9	274.7	270.0		
Shares at year end after buy-backs, million	286.2	286.3	287.4	287.4	287.4	287.4	287.4	287.4	287.4	283.1	270.0	270.0		

1) Amounts for 2017 have been restated as a consequence of the introduction of IFRS 15 Revenue from Contracts with Customers.
2) As of 2015 the accounting concept of Items affecting comparability is no longer in use. As from 2018, non-recurring items are presented, see page 118 for definition.
3) Items affecting comparability are excluded for the year 2013. 2014 has been restated.
4) 2023: Proposed by the Board.
5) Annualized net sales, calculated at end of period exchange rates.
6) For more information, see Note 7.
7) Certain amounts have been restated for discontinued operations as a consequence of the distribution of the Professional business area in 2020.

Operations by business area yearly

SEKm	2019[1]	2020	2021	2022	2023
Europe					
Net sales	45,420	46,038	49,384	46,573	45,349
Operating income	2,493	3,643	4,002	683	-1,602
Margin, %	5.5	7.9	8.1	1.5	-3.5
North America					
Net sales	38,954	38,219	40,468	47,021	45,072
Operating income	–516	1,215	688	–2,394	–2,341
Margin, %	–1.3	3.2	1.7	–5.1	–5.2
Latin America					
Net sales	19,653	16,915	19,958	24,303	28,920
Operating income	1,821	666	1,336	1,058	1,624
Margin, %	9.3	3.9	6.7	4.4	5.6
Asia-Pacific, Middle East and Africa					
Net sales	14,954	14,788	15,820	16,984	15,109
Operating income	446	1,038	1,511	1,308	460
Margin, %	3.0	7.0	9.6	7.7	3.0
Other					
Operating income, Group common costs, etc.	–1,055	–783	–737	–870	–1,129
Total Group					
Net sales	118,981	115,960	125,631	134,880	134,451
Operating income	3,189	5,778	6,801	–215	-2,988
Margin, %	2.7	5.0	5.4	–0.2	-2.2

[1] Earlier years presented have been restated due to changes in the business area structure in 2019.

Non-recurring items[1]

	2019[3]	2020	2021[4]	2022[5]	2023[6]
Europe	–752	–	–	–774	-2,705
North America	–1,071	–	–727	241	148
Latin America	1,101	–	–	–80	-51
Asia-Pacific, Middle East and Africa	–398	–	–	–66	-323
Group common cost	–224	–	–	–367	-470
Total Group[2]	**–1,344**	**–**	**–727**	**–1,046**	**–3,401**

[1] IFRS 16 was applied from 2019 without restatement of comparatives, see Annual Report 2018 for more information.
[2] For more information, see Note 7.
[3] Non-recurring items 2019 include SEK -829m related to the consolidation of North America cooking production and SEK -225m to the closure of a refrigeration production line in Latin America, recovery of overpaid sales tax in Brazil of SEK 1,403m, a legal settlement in the U.S. of SEK -197m and restructuring charges for efficiency measures and outsourcing projects across business areas and Group common costs of SEK -1,496m.
[4] Non-recurring item of SEK -727m in the fourth quarter of 2021 refers to business area North America and arbitration in U.S. tariff case on washing machines imported into the U.S. from Mexico in 2016/2017.
[5] Non-recurring items of SEK -1,046m in 2022 whereof SEK 656m refers to a settlement regarding the arbitration in a U.S. tariff case, SEK -350m to a loss from the exit from the Russian market, SEK -1,536m to restructuring charges across business areas and Group common cost for the Group-wide cost reduction and North America turnaround program, SEK 394m to the divestment of the office facility in Zürich, Switzerland, and SEK -210m to the termination of a U.S pension plan, transferred to a third party.
[6] Non-recurring items of SEK -3,401m in 2023 whereof SEK -561m refers to a restructuring charge related to the discontinuation of production at the Nyíregyháza factory in Hungary, SEK-643m refers to a provision mainly related to a French antitrust case, SEK 294m to the gain from the divestment of the Nyíregyháza factory, SEK -2,548m to a restructuring charge for the expanded Group-wide cost reduction and North America turnaround program, SEK 262m to a capital gain from the divestment of the factory in Memphis, USA, and SEK -205m to impairment of assets driven by the formation of the new business area Europe, Asia-Pacific, Middle East & Africa.

Quarterly information

Net sales and income by business area per quarter

SEKm	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Full year 2023	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Full year 2022
Europe										
Net sales	11,339	10,791	10,618	12,601	45,349	11,535	11,345	11,107	12,586	46,573
Operating income	-41	-346	483	-1,697	-1,602	602	142	75	–135	683
Operating margin, %	-0.4	-3.2	4.5	-13.5	-3.5	5.2	1.2	0.7	–1.1	1.5
North America										
Net sales	11,504	11,238	11,896	10,434	45,072	9,940	11,905	12,909	12,266	47,021
Operating income	-439	-160	-440	-1,302	-2,341	752	-270	-1,227	-1,649	-2,394
Operating margin, %	-3.8	-1.4	-3.7	-12.5	-5.2	7.6	-2.3	-9.5	-13.4	-5.1
Latin America										
Net sales	6,196	6,915	7,193	8,616	28,920	4,761	6,628	6,518	6,755	24,303
Operating income	236	333	405	649	1,624	85	303	440	229	1,058
Operating margin, %	3.8	4.8	5.6	7.5	5.6	1.8	4.8	6.8	3.4	4.4
Asia-Pacific, Middle East and Africa										
Net sales	3,695	3,709	3,720	3,985	15,109	3,882	4,231	4,710	4,162	16,984
Operating income	124	200	245	-108	460	284	426	511	88	1,308
Operating margin, %	3.3	5.4	6.6	-2.7	3.0	7.3	10.1	10.8	2.1	7.7
Other										
Operating income, common group costs, etc.	-136	-150	-86	-757	-1,129	-148	-41	-184	-497	-870
Total Group										
Net sales	32,734	32,653	33,427	35,636	134,451	30,118	33,749	35,244	35,769	134,880
Operating income	-256	-124	608	-3,215	-2,988	1,575	560	-385	-1,964	-215
Operating margin, %	-0.8	-0.4	1.8	-9.0	-2.2	5.2	1.7	-1.1	-5.5	-0.2
Income for the period	-588	-648	123	-4,113	-5,227	950	257	-605	-1,922	-1,320
Earnings per share, SEK[1]	-2.18	-2.40	0.46	-15.23	-19.36	3.40	0.93	-2.23	-7.12	-4.81
Number of shares after buy-backs, million	270.0	270.0	270.0	270.0	270.0	278.0	274.3	270.0	270.0	270.0
Average number of shares after buy-backs, million	272.3	272.1	273.4	273.0	272.7	279.5	276.3	272.0	270.0	274.7

[1] Basic, based on average number of shares, excluding shares owned by Electrolux.

Non-recurring items[1]

	Q1 2023[2]	Q2 2023[3]	Q3 2023[4]	Q4 2023[5]	Full year 2023	Q1 2022[6]	Q2 2022	Q3 2022[7]	Q4 2022[8]	Full year 2022
Europe	-561	-643	294	-1,795	-2,705	—	—	–350	–424	–774
North America	—	—	—	148	148	656	—	—	–415	241
Latin America	—	—	—	-51	-51	—	—	—	–80	–80
Asia-Pacific, Middle East and Africa	—	—	—	-323	-323	—	—	—	–66	–66
Common Group cost	—	—	—	-470	-470	—	—	—	–367	–367
Total Group	**-561**	**-643**	**294**	**-2,491**	**-3,401**	**656**	—	**–350**	**–1,352**	**–1,046**

[1] For more information, see Note 7.
[2] The non-recurring item of SEK -561m in the first quarter of 2023 refers to business area Europe and the restructuring charge related to the discontinuation of production at the Nyíregyháza factory in Hungary from the beginning of 2024. The cost is included in Cost of goods sold.
[3] The non-recurring item of SEK-643m in the second quarter of 2023 refers to business area Europe and a provision mainly related to a French antitrust case. The cost is included in Other operating income/expenses.
[4] The non-recurring item of SEK 294m in the third quarter of 2023 refers to business area Europe and the gain from the divestment of the Nyíregyháza factory in Hungary. The gain is included in Other operating income/expenses.
[5] The non-recurring items of SEK -2,491m in the fourth quarter of 2023 refer to a restructuring charge of SEK -2,548m for the expanded Group-wide cost reduction and North America turnaround program, a capital gain of SEK 262m for the divestment of the factory in Memphis, U.S., and SEK -205m in impairment of assets driven by the formation of the new business area Europe, Asia-Pacific, Middle East & Africa. The gain is included in Other operating income/expenses. The costs related to restructuring and impairment of assets are included in the applicable functional lines of the income statement.
[6] The non-recurring item of SEK 656m in the first quarter of 2022 refers to business area North America and a settlement regarding the arbitration in U.S. tariff case on washing machines imported into the U.S. from Mexico in 2016/2017. The positive NRI is included in Other operating income/expenses.
[7] The non-recurring item of SEK -350m in the third quarter of 2022 refers to business area Europe and the exit from the Russian market. The cost is included in Other operating income/expenses.
[8] The non-recurring items of SEK -1,352m in the fourth quarter of 2022 refer to a restructuring charge of SEK -1,536m for the Group-wide cost reduction and North America turnaround program, a capital gain of SEK 394m for the divestment of Electrolux office facility in Zürich, Switzerland, and SEK -210m from the termination of a U.S. pension plan, transferred to a third party. The capital gain from the facility divestment and the cost for the pension plan termination are included in Other operating income/expenses, the restructuring costs for the Group-wide cost reduction and North America turnaround program are included in the applicable functional lines of the income statement.

Definitions

This report includes financial measures as required by the financial reporting framework applicable to Electrolux, which is based on IFRS. In addition, Electrolux presents certain measures that are not defined under IFRS (alternative performance measures – "APMs"). These are used by management to assess the financial and operational performance of the Group. Management believes that these APMs provide useful information regarding the Group's financial and operating performance. Such measures may not be comparable to similar measures presented by other companies. Consequently, APMs have limitations as analytical tools and should not be considered in isolation or as a substitute for related financial measures prepared in accordance to IFRS. The APMs have been derived from the Group's internal reporting and are not audited. The APM reconciliations can be found on the Group's website www.electroluxgroup.com/ir/definitions

Computation of average amounts and annualized income statement measures
In computation of key ratios where averages of capital balances are related to income statement measures, the average capital balances are based on the opening balance and all quarter-end closing balances included in the reporting period, and the income statement measures are annualized, translated at average rates for the period. In computation of key ratios where end-of-period capital balances are related to income statement measures, the latter are annualized, translated at end-of-period exchange rates. Adjustments are made for acquired and divested operations.

Growth measures

Change in net sales
Current year net sales for the period less previous year net sales for the period as a percentage of previous year net sales for the period.

Sales growth
Change in net sales adjusted for currency translation effects.

Organic growth
Change in net sales, adjusted for changes in exchange rates, acquisitions and divestments.

Acquisitions
Change in net sales, adjusted for organic growth, changes in exchange rates and divestments. The impact from acquisitions relates to net sales reported by acquired operations within 12 months after the acquisition date.

Divestments
Change in net sales, adjusted for organic growth, changes in exchange rates and acquisitions. The impact from divestments relates to net sales reported by the divested operations within 12 months before the divestment date.

Profitability measures

EBITA
Operating income excluding amortization of intangible assets.

EBITA margin
EBITA expressed as a percentage of net sales.

EBITDA
Operating income excluding depreciation and amortization.

Operating income excluding non-recurring items
Operating income adjusted for non-recurring items.

Operating income excluding non-recurring items for the period
Operating income adjusted for non-recurring items for the period.

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

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

Return on net assets
Operating income (annualized) expressed as a percentage of average net assets.

Return on equity
Income for the period (annualized) expressed as a percentage of average total equity.

Capital measures

Net debt/equity ratio
Net debt in relation to total equity.

Net debt/EBITDA
Net debt at end of period in relation to 12-months rolling EBITDA, excluding non-recurring items.

Equity/assets ratio
Total equity as a percentage of total assets less liquid funds.

Capital turnover-rate
Net sales (annualized) divided by average net assets.

Share-based measures

Earnings per share, Basic
Income for the period attributable to equity holders of the Parent Company divided by the average number of shares excluding shares held by Electrolux.

Earnings per share, Diluted
Income for the period attributable to equity holders of the Parent Company divided by the average number of shares after dilution, excluding shares held by Electrolux.

Equity per share
Total equity divided by total number of shares excluding shares held by Electrolux.

Capital indicators

Liquid funds
Cash and cash equivalents, short-term investments, financial derivative assets[1] and prepaid interest expenses and accrued interest income[1].

Liquid funds in relation to net sales
The sum of liquid funds and non-utilized credit facilities divided by annualized net sales.

Operating working capital
Inventories and trade receivables less accounts payable.

Working capital
Total current assets exclusive of liquid funds, less non-current other provisions and total current liabilities exclusive of total short-term borrowings.

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.

Total borrowings
Long-term borrowings and short-term borrowings, financial derivative liabilities[1], accrued interest expenses and prepaid interest income[1].

Total short-term borrowings
Short-term borrowings, financial derivative liabilities[1], accrued interest expenses and prepaid interest income[1].

Interest-bearing liabilities
Long-term borrowings and short-term borrowings exclusive of liabilities related to trade receivables with recourse[1].

Financial net debt
Total borrowings less liquid funds.

Net provision for post-employment benefits
Provisions for post-employment benefits less pension plan assets.

Net debt
Financial net debt, lease liabilities and net provision for post-employment benefits.

Other measures

Operating cash flow
Operating income adjusted for depreciation, amortization and other non-cash items plus/minus change in operating assets and liabilities.

Operating cash flow after investments
Cash flow from operations and investments adjusted for financial items paid, taxes paid and acquisitions/divestments of operations.

Operating cash flow after structural changes
Operating cash flow adjusted for structural changes.

Cash flow excluding change in loans and short-term investments for the period
Cash flow adjusted for change in loans and short-term investments for the period.

Interest coverage ratio
Operating income plus interest income in relation to total interest expenses.

Non-recurring items
Material profit or loss items in operating income[2] which are relevant for understanding the financial performance when comparing income for the current period with previous periods.

[1] See table Net debt on page 39.
[2] See Note 7 for more information.

Annual General Meeting

AB Electrolux Annual General Meeting will be held on March 27, 2024 at 4.00 p.m. CET at Nalen, Regeringsgatan 74, Stockholm, Sweden.

Additional information about the Annual General Meeting and instructions for participation have been published in the notice convening the Annual General Meeting.

Proposed dividend

According to the company's dividend policy, AB Electrolux target is for the dividend to correspond to approximately 50% of the annual income. As the annual income for 2023 was negative, the Board of Directors proposes that no dividend shall be distributed for the fiscal year 2023.

Proposal for election of board

The Nomination Committee has proposed re-election of Petra Hedengran, Ulla Litzén, Karin Overbeck, David Porter, and Jonas Samuelson, as Board members and has proposed election of Torbjörn Lööf, Geert Follens, Daniel Nodhäll and Michael Rauterkus as new members of the Board of Directors. Torbjörn Lööf is proposed to be elected as the new Chairman of the Board since Staffan Bohman has announced that he will not be available for re-election. Board members Henrik Henriksson and Fredrik Persson have also declined re-election.

The Nomination Committee's complete proposals is presented in the notice convening the Annual General Meeting.

Kay dates regarding the AGM 2024

2023

September

14 Nomination Committee appointed for the AGM 2024

October

25 Proposal from the Nomination Committee for election of Chairman of the Board of Directors was published

2024

January

25 Proposal from the Nomination Committee regarding election of members of the Board of Directors was published

February

28 Notice to AGM published at the latest

March

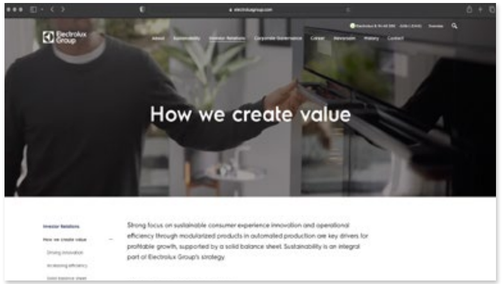
19 Deadline for registration in share register

21 Deadline for notice of intent to participate in AGM

27 AGM 2024

Reports and events

The Electrolux Group website electroluxgroup.com/ir contains additional and updated information about such items as business development, strategy and the Electrolux share, as well as a platform for financial statistics.



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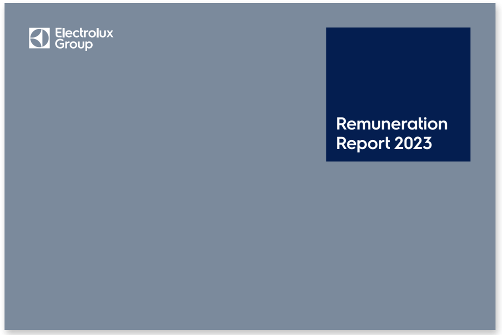

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Year-end report 2023

Mar 27
Annual General Meeting

Apr 26
Interim report January–March

Jul 19
Interim report January–June

Oct 25
Interim report January–September

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