Supplement to the prospectus regarding the admission to trading of the shares in Electrolux Professional AB on Nasdaq Stockholm
This document (the "Supplement") has been prepared by Electrolux Professional AB (publ), corporate ID No. 556003-0354, ("Electrolux Professional" or the "Company") and constitutes a supplement to the prospectus regarding the admission to trading of the shares in Electrolux Professional on Nasdaq Stockholm, which was approved by the Swedish Financial Supervisory Authority (Sw. Finansinspektionen) (the "SFSA") on March 10, 2020 (SFSA Reg. No. 20-1571) (the "Prospectus"). The Supplement forms part of, and must be read together with, the Prospectus. The definitions in the Prospectus apply to the Supplement as well.

The Supplement has been prepared by reason of Electrolux Professional, on March 15, 2020, having made public, through a press release, an update on the impact of the ongoing coronavirus outbreak on the Company. The press release is available on the Company’s website, www.electroluxprofessional.com.

The Supplement has been prepared in accordance with article 23 in the Prospectus Regulation (2017/1129) and was approved by the SFSA on March 20, 2020 (SFSA Reg. No. 20-6355).

The Prospectus and the Supplement are available on the Company’s website, www.electroluxprofessional.com. For information regarding the admission to trading on Nasdaq Stockholm, please refer to the Prospectus.
Supplement to Summary

The information in this Supplement causes “Electrolux Professional is subject to risks related to the outbreak of the coronavirus” under “What are the key risks that are specific to the issuer?” in “Summary” on page 6 in the Prospectus to be supplemented by a new last paragraph as set out below. Furthermore, “Electrolux Professional is exposed to credit risks” on page 7 in the same section is supplemented by a new second last sentence as set out below.

Key information on the issuer

What are the key risks that are specific to the issuer?

Electrolux Professional is subject to risks related to the outbreak of the coronavirus

In late December 2019, an outbreak of a novel coronavirus (later named as COVID-19) was detected in Wuhan City in the Hubei province, China. The coronavirus outbreak in China has led to governmental shutdowns of cities and various business operations, which has had an impact on the Group’s sourcing from, and production in, China. In late February 2020, the coronavirus spread rapidly also outside China, with the biggest outbreak outside Asia occurring in northern Italy, initially with the Lombardy and Veneto regions as epicenter and thereafter also spread to other regions. Since Electrolux Professional’s operational headquarters, including a large part of the Group’s management, manufacturing units and a logistics hub, is located in Pordenone in the neighboring Friuli-Venezia Giulia region, there is a risk that the outbreak of the coronavirus in northern Italy could have a significant adverse effect on the Group’s operations, manufacturing and distribution capacity.

So far, the outbreak of the coronavirus has negatively affected the Group’s sales in China and Italy, and is expected to impact Electrolux Professional’s business and its end markets in the first half of 2020. However, coronavirus outbreaks are highly likely to occur also in other parts of the world although, at present, the spread and consequences are very difficult to predict. A protracted uncertainty and a lack of containment of the virus could have several negative consequences for Electrolux Professional and its global footprint as well as subsequent impact on the Group’s cash flow, net sales and profitability. Depending on the spread of the coronavirus, it is also reasonable to assume that stock exchanges over the world will be very volatile and shares may be subject to extraordinary swings. There is thus a risk that the price for the Electrolux Professional share might follow general market volatility, regardless of the results and performance of the Group, and decline significantly in value after the listing on Nasdaq Stockholm.

Given the rapid spread of the coronavirus, impacting markets where Electrolux Professional has a significant presence in terms of production and sales, the Company believes the risks related to this have increased materially. Electrolux Professional currently believes that there is a considerable risk that the outbreak of the coronavirus will have a material financial impact during the first half of 2020.

Electrolux Professional is exposed to credit risks

Credit risk on financial transactions is the risk that the counterpart is not able to fulfil its contractual obligations related to the Group’s investments of liquid funds and derivatives. Credit risks also arise in connection with trade receivables. If Electrolux Professional is unable to fully collect its trade receivable from major customers, the Group’s results of operations would be adversely affected.

As a consequence of the ongoing coronavirus outbreak, payment cycles are expected to be prolonged, which may have a negative effect on the Group’s liquidity and cash flow and require an increase of provisions for expected credit losses. Any significantly higher than expected defaults or changes in the financial situation of an important customer would have a material adverse effect on the Group’s credit losses and, in turn, its liquidity, results of operations or financial position.
Supplement to Risk factors

“Electrolux Professional is subject to risks related to the outbreak of the coronavirus” in “Risk factors” on page 11 in the Prospectus is supplemented by a new last paragraph as set out below. Furthermore, “Electrolux Professional is exposed to credit risks” on page 19 in the same section is supplemented by a new second last sentence as set out below.

Risks related to Electrolux Professional

Risks relating to Electrolux Professional’s operations and industry

Electrolux Professional is subject to risks related to the outbreak of the coronavirus

In late December 2019, an outbreak of a novel coronavirus (later named as COVID-19) was detected in Wuhan City in the Hubei province, China. On January 30, 2020, the World Health Organization declared the outbreak a “Public Health Emergency of International Concern”. Cases of the coronavirus have been reported in several countries worldwide, including in Asia, Europe, North America, South America and Australia.

The coronavirus outbreak in China has led to governmental shutdowns of cities and various business operations, which has had an impact on the Group’s sourcing from, and production in, China. As Electrolux Professional is sourcing certain components from China, and has a manufacturing unit in Shanghai (which was closed a during few weeks in January and February 2020), any prolonged shutdowns of the Chinese industry could have a significant negative impact the Group’s sourcing of components and manufacturing capacity. In addition, the situation may also affect demand in China and in neighboring regions.

In late February 2020, the coronavirus spread rapidly also outside China, with the biggest breakout outside Asia occurring in northern Italy, initially with the Lombardy and Veneto regions as epicenter and thereafter also spread to other regions, which led to lockdowns of cities, closure of schools, universities and public institutions as well as cancellations of public events. Since Electrolux Professional’s operational headquarter (including a large part of the Group’s management) as well as manufacturing units and a logistics hub is located in Pordenone in the neighboring Friuli-Venezia Giulia region, and some suppliers are located in northern Italy, there is a risk that the outbreak of the coronavirus in northern Italy could have a significant adverse effect on the Group’s operations, manufacturing and distribution capacity.

So far, the outbreak of the coronavirus has negatively affected the Group’s sales in China and Italy, and is expected to impact Electrolux Professional’s business and its end markets in the first half of 2020. However, coronavirus outbreaks are highly likely to occur also in other parts of the world although, at present, the spread and consequences are very difficult to predict. A protracted uncertainty and a lack of containment of the virus could have several negative consequences for Electrolux Professional and its global footprint as well as subsequent impact on the Group’s cash flow, net sales and profitability. In the short term, the Group has decided to restrict employees from traveling and such restrictions may need to be prolonged depending on the spread of the coronavirus, which may, for example, limit sales, marketing or service activities carried out by the Group. Furthermore, any negative impact on the hospitality industry as a result of, for example, decreased travel activity, out-of-home food and beverage consumption and tourism may cause customers to cancel and/or postpone investments, orders and projects. In addition, Electrolux Professional may have to adapt operations, inventory levels and manufacturing units to decreased activity or to any disruptions in the supply chain, which may negatively impact several functions, including sales, marketing, distribution and manufacturing. There is also a risk that the measures announced by the Italian government on March 8, 2020 (and extended on March 9, 2020) to contain the coronavirus, including travel restrictions where travel within Italy is only permitted for work or family emergencies, and any similar measures taken by other countries, may have a significant adverse impact on the Group’s manufacturing capacity. Ultimately, the coronavirus could also hinder market demand for the Group’s products.

Depending on the spread of the coronavirus, it is also reasonable to assume that stock exchanges over the world will be very volatile and that share prices may be subject to extraordinary swings. There is thus a risk that the price for the Electrolux Professional share may follow general market volatility, regardless of the results and performance of the Group, and decline significantly in value after the listing on Nasdaq Stockholm.

Given the rapid spread of the coronavirus, impacting markets where Electrolux Professional has a significant presence in terms of production and sales, the Company believes the risks related to this have increased materially. These risks are related to supply chain disruptions, government countermeasures and changing customer behavior. The Company has started to experience difficulties in receiving components to its manufacturing units, as well as in the outbound flow of products, currently primarily in Italy (including Vallenoncello, which is the Company’s largest hub for production of food service products) and France, but such difficulties may arise also in the rest of the world going forward. The development may have a material impact on Electrolux Professional’s manufacturing capacity and ability to serve customers. Additionally, the overall development related to the spread of the coronavirus is expected to lead to canceled or postponed orders and investments among customers, especially hotels and restaurants. Electrolux Professional currently believes that there is a considerable risk that the outbreak of the coronavirus will have a material financial impact during the first half of 2020.
Financial risks

*Electrolux Professional is exposed to credit risks.*

Credit risk on financial transactions is the risk that the counterpart is not able to fulfill its contractual obligations related to the Group’s investments of liquid funds and derivatives. Credit risks also arise in connection with trade receivables. Electrolux Professional’s client base is characterized by a mix of recurring customers such as distributors and one-time customers, as well as multi operator stores or spare-parts customers. If Electrolux Professional is unable to fully collect its trade receivable from major customers, the Group’s results of operations would be adversely affected. As of December 31, 2019, trade receivables, net of provisions for expected credit losses, amounted to SEK 1,687m, and the total provision for expected credit losses was SEK 66m. If the expected credit loss rates on trade receivables between 16 and 60 days past due had been 10 percent higher/lower as of December 31, 2019, the loss allowance on trade receivables would have increased/decreased SEK 0m. If the expected credit loss rates on trade receivables between 61 and 180 days past due had been 10 percent higher/lower as of December 31, 2019, the loss allowance on trade receivables would have increased/decreased SEK 1m.

As a consequence of the ongoing coronavirus outbreak, payment cycles are expected to be prolonged, which may have a negative effect on the Group’s liquidity and cash flow and require an increase of provisions for expected credit losses (see further “Electrolux Professional is subject to risks related to the outbreak of the coronavirus” above). Any significantly higher than expected defaults or changes in the financial situation of an important customer would have a material adverse effect on the Group’s credit losses and, in turn, its liquidity, results of operations or financial position.
Supplement to Operating and financial review

“Recent trends” in “Operating and financial review” on page 65 in the Prospectus is supplemented by a new subheading, “Update in respect of the coronavirus outbreak”, as set out below. Furthermore, “Significant changes since December 31, 2019” on page 65 in the same section is supplemented by a new second last paragraph as set out below.

Recent trends
In the fourth quarter 2019, overall market demand for professional food-service and laundry equipment is estimated to have shown growth compared to the previous year, but at a slower pace than previous quarters. Professional users, including food service chains, prolonged their decision period for new investments.

Net sales for the fourth quarter 2019 declined organically. This was primarily driven by lower volumes in food and beverage in the United States, as well as lower sales in Asia-Pacific due to projects being put on hold by customers. In addition, the work on preparing the Company for separation and listing has been very time-consuming and has demanded significant management attention. This has, to some extent, also impacted the performance of the Company.

The overall market development in the fourth quarter 2019 has continued in the first quarter 2020. The large chain roll-out that the Company carried out in the first half of 2019 will put some pressure on the growth rate in the first half of 2020. During the first half 2020, the Electrolux Professional office in the United States will move from Charlotte, North Carolina to Louisville, Kentucky. This might have some impact on sales development in the United States.

During the third quarter 2019, the Group launched a program to manage its cost structure, but also to compensate increased costs related to the separation and listing (the add-on costs for Electrolux Professional as a stand-alone company is estimated at approximately SEK 100m per year). The efficiency program is running according to plan and is expected to generate annual savings of approximately SEK 100m with full effect in the second half of 2020.

The coronavirus outbreak
The ongoing coronavirus outbreak, which initially started in China and thereafter has spread into Europe (with the biggest outbreak outside Asia occurring in northern Italy) and also to the rest of the world, is expected to impact Electrolux Professional’s business and its end markets in the first half of 2020. For the time being, Electrolux Professional does not foresee any major impact on its ability to deliver products to its customers, but if the uncertain situation continues or deteriorates, the Company’s manufacturing capacity may be affected, as, for example, Electrolux Professional has manufacturing units as well as certain suppliers located in China and northern Italy.

The Group’s sales to institutional customers (hospitals, elderly homes, schools, etc.) and, within the Laundry segment, to certain other customer categories (such as launderettes, coin shops and multi-housing laundry), are expected to have a lower risk of being impacted by the coronavirus outbreak than sales to restaurants and hotels, which could experience a higher impact as well as canceled or postponed orders and investments. Within Laundry, the Group’s most profitable segment, Electrolux Professional has a relatively low exposure to restaurants and hotels, and sells products mainly to, for example, hospitals, other care facilities as well as launderettes and coin shops. Within the Food & Beverage segment, a relatively large share of sales is to institutional customers. In total, the Group’s sales to institutional customers together with sales to the above-mentioned other customer categories within the Laundry segment are estimated to represent approximately 50 percent of the Group’s net sales.

As regards manufacturing, distribution and logistics, the coronavirus outbreak might impact delivery and service to customers. However, the Group has implemented precautionary measures and contingency plans aimed at ensuring orderly operations and business continuity during the current circumstances. Furthermore, Electrolux Professional has a global manufacturing base, which may provide some manufacturing flexibility. The measures announced by the Italian government on March 8, 2020 (and extended on March 9, 2020) to contain the coronavirus, including travel restrictions where travel within Italy is only permitted for work or family emergencies, and any similar measures taken by other countries, may have a significant impact on the Group’s manufacturing capacity.

Currently, the Company estimates that the outbreak of the coronavirus will impact the business activities in the second quarter 2020 more significantly than currently expected for the first quarter of 2020. Given the high degree of uncertainty, it is currently not possible to estimate the total impact for the full year 2020.

Furthermore, government subsidies and fiscal stimulus measures, as they are currently being discussed in many countries as a response to any prolonged virus spread, can have positive effect on investments in the hospitality industry and serve as a potential mitigating factor. Over the long term, Electrolux Professional may even see a positive impact on demand for certain product categories and in certain regions. For example, on emerging markets where the Group’s market presence and sales are low, an increased focus on hygiene and sanitation and therefore invest-
The Company has taken precautionary measures to ensure business continuity as well as protection of its employees. For example, the inventory planning and management has been adjusted. In order to mitigate a potential supply chain disruption, stock levels have been increased in the Group’s major warehouses and also decentralized to local warehouses. In addition, measures like increased access restrictions and controls at certain manufacturing units and offices, staff travel restrictions as well as remote working arrangements have been taken.

In summary, the development of the coronavirus outbreak has high focus and priority within the Group. Electrolux Professional is doing the utmost to secure the health and safety of its employees and to reduce any impact on the operations.

**Update in respect of the coronavirus outbreak**

Electrolux Professional currently believes that there is a considerable risk that the outbreak of the coronavirus will have a material financial impact during the first half of 2020. The business activities in the second quarter 2020 will be significantly more impacted than the first quarter 2020. The development may have a material impact on Electrolux Professional’s manufacturing capacity and ability to serve customers. Additionally, the overall development related to the spread of the coronavirus is expected to lead to canceled or postponed orders and investments among customers, especially hotels and restaurants.

Given the rapid spread of the coronavirus, impacting markets where Electrolux Professional has a significant presence in terms of production and sales, the Company believes the risks related to this have increased materially. These risks are related to supply chain disruptions, government countermeasures and changing customer behavior. Given the fluid situation, it is not at this point possible to predict the duration or scope of the health crisis, and therefore the full potential impact.

While Electrolux Professional since the beginning has taken extensive measures to ensure the health and safety of its employees, the spread of the coronavirus has not yet caused major disruptions to Electrolux Professional’s manufacturing units. The situation is, however, developing rapidly, and the Company has started to experience difficulties in receiving components to its manufacturing units, as well as in the outbound flow of products, currently primarily in Italy (including Vallenoncello, which is the Company’s largest hub for production of food service products) and France, but such difficulties may arise also in the rest of the world going forward. Therefore, the Company is now implementing additional measures to adapt manufacturing at the affected sites to reduce production, including temporary closures, and may need to implement further measures at these and other sites going forward.

**Significant changes since December 31, 2019**

On February 18, 2020, the Annual General Meeting of Electrolux Professional resolved on a bonus issue. The purpose of the bonus issue was to increase the share capital as well as the number of shares to reflect the share capital structure of Electrolux ahead of the separation of Electrolux Professional from Electrolux. See “Bonus issue” in “Capitalization, indebtedness and other financial information” and “Share capital development” in “Shares and ownership structure”.

On February 21, 2020, Electrolux Professional entered a EUR 250m multicurrency revolving credit facilities agreement, and on March 6, 2020, Electrolux Professional entered into a SEK 600m bilateral term loan. See “Credit facilities and loans” above.

On March 15, 2020, Electrolux Professional announced that there is a considerable risk that the outbreak of the coronavirus will have a material financial impact during the first half of 2020. See “The coronavirus outbreak” above.

Other than as set out above, no significant changes in the financial position or financial performance of Electrolux Professional have occurred since December 31, 2019.