

Press Release

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Notice convening the extraordinary general meeting of AB Electrolux

Stockholm, Sweden, September 28, 2020

The shareholders of AB Electrolux, reg. no. 556009-4178, are hereby given notice of the Extraordinary General Meeting to be held on Tuesday, November 3, 2020.

Due to the coronavirus, the Board of Directors has decided that the Extraordinary General Meeting should be conducted without the physical presence of shareholders, representatives or third parties and that the shareholders before the meeting should be able to exercise their voting rights only by post. Information on the resolutions passed at the meeting will be disclosed on November 3, 2020, as soon as the outcome of the postal voting has been finally confirmed.

Registration and notification

Shareholders who wish to participate in the Extraordinary General Meeting by postal voting must

- be recorded in the share register kept by Euroclear Sweden AB on Monday, October 26, 2020, and
- give notice of their intention to participate no later than Monday, November 2, 2020, by casting their postal votes in accordance with the instructions under the heading *Postal voting* below so that the postal voting form is received by Euroclear Sweden AB no later than that day. Please note that the notification to the Extraordinary General Meeting can only be made by postal voting.

For shareholders who have their shares registered through a bank or other nominee, the following applies in order to be entitled to participate in the meeting. In addition to giving notice of participation by submitting its postal vote, such shareholder must re-register its shares in its own name so that the shareholder is registered in the share register kept by Euroclear Sweden AB as of the record date Monday, October 26, 2020. Such re-registration may be temporary (so-called voting rights registration). Shareholders who wish to register their shares in their own names must, in accordance with the respective nominee's routines, request that the nominee make such registration. Voting rights registration that have been requested by the shareholder at such time that the registration has been completed by the nominee no later than Wednesday, October 28, 2020 will be taken into account in the preparation of the share register.

Postal voting

The Board of Directors has decided that shareholders should be able to exercise their voting rights only by postal voting in accordance with section 22 of the Act (2020:198) on temporary exceptions to facilitate the execution of general meetings in companies and other associations. A special form must be used for the postal vote. The form for postal voting is available on the Group's website www.electroluxgroup.com/egmnovember2020. Completed and signed forms for postal voting can be sent by mail to AB Electrolux (publ), c/o Euroclear Sweden, Box 191, 101 23 Stockholm or by e-mail to GeneralMeetingServices@euroclear.eu. Completed forms must be received by Euroclear no later than November 2, 2020. Shareholders who are natural persons may also cast their votes electronically through verification with BankID via the Euroclear

Sweden AB's website <https://anmalan.vpc.se/euroclearproxy>. Such electronic votes must be submitted no later than November 2, 2020.

The shareholders may not provide special instructions or conditions to the postal vote. If so, the entire postal vote is invalid. Further instructions and conditions can be found in the postal voting form and at <https://anmalan.vpc.se/EuroclearProxy>.

Powers of attorney

If the shareholder submits its postal vote by proxy, a written and dated Power of Attorney signed by the shareholder must be attached to the postal voting form. Proxy forms are available on the Group's website www.electroluxgroup.com/egmnovember2020. If the shareholder is a legal person, a registration certificate or other authorization document must be attached to the form.

Shareholders' right to receive information

The Board of Directors and the President and CEO shall, if any shareholder so requests and the Board of Directors believes that it can be done without material harm to the company, provide information regarding circumstances that may affect the assessment of an item on the agenda. A request for such information shall be made in writing to the company no later than ten days prior to the Extraordinary General Meeting, i.e. no later than October 24, 2020, at the address of AB Electrolux (publ), General Counsel, 105 45 Stockholm, or by e-mail to egm@electrolux.com. The questions and responses will be made available on the Group's website www.electroluxgroup.com/egmnovember2020 and at the company's head office, S:t Göransgatan 143 in Stockholm, no later than October 29, 2020. The information is also sent to the shareholders who requested it and stated their address.

Agenda

1. Election of Chairman of the Meeting.
2. Election of two minutes-checkers.
3. Preparation and approval of the voting list.
4. Approval of the agenda.
5. Determination as to whether the meeting has been properly convened.
6. Resolution on dividend and record date.
7. Resolution on implementation of a performance based, long-term share program for 2020.
8. Resolution on amendment to the articles of association.

Item 1 – Chairman of the Meeting

The Board of Directors of the company proposes Eva Hägg, member of the Swedish Bar Association, as Chairman of the Extraordinary General Meeting, or in the event she is prevented from participating, the person appointed by the Board of Directors.

Item 2 – Election of two minutes-checkers

The Board of Directors proposes Ramsay Brufer, Alecta, and Anders Oscarsson, AMF, or if one or both of them are prevented from participating, the person(s) appointed by the Board of Directors, to check the minutes. The assignment to check the minutes also include checking the voting list and that the received postal votes are correctly reflected in the minutes of the meeting.

Item 3 – Preparation and approval of voting list

The voting list proposed to be approved is the voting list prepared by Euroclear Sweden AB on behalf of the company, based on the general meeting share register and received postal votes, controlled and checked by the persons assigned to check the minutes.

Item 6 – Dividend and record date

On March 23, 2020, the Board of Directors announced its decision to withdraw the dividend proposal to the Annual General Meeting 2020 in light of the considerable uncertainty relating to the medium-term effects from the spread of the coronavirus. In addition, the Board of Directors also withdrew its proposal for a long-term incentive program for 2020. However, the Board of Directors also stated that the Board would consider calling an Extraordinary General Meeting later this year in order to resolve on a dividend should the global situation and the market conditions stabilize.

After assessing the company's financial position and the impact of the coronavirus pandemic, the Board of Directors has decided to propose a dividend for the financial year 2019.

The Board of Directors proposes a dividend for the financial year 2019 of SEK 7.00 per share. The dividend is proposed to be paid in one instalment with the record date Thursday, November 5, 2020. Subject to resolution by the Extraordinary General Meeting in accordance with this proposal, the dividend is expected to be distributed by Euroclear Sweden AB on Tuesday, November 10, 2020.

As of December 31, 2019, Electrolux non-restricted equity amounted to SEK 22,893,842 thousand. On February 21, 2020, an Extraordinary General Meeting resolved on a distribution of all the shares in the wholly-owned subsidiary Electrolux Professional AB (publ), reg.no. 556003-0354, including the underlying group, which reduced the non-restricted equity by SEK 7,749,120 thousand. Accordingly, the amount available for distribution under Chapter 17, Section 3, Paragraph 1 of the Swedish Companies Act, is SEK 15,144,722 thousand.

Item 7 – Implementation of a performance based long-term share program for 2020

The Board of Directors has also decided to propose a long-term incentive program for 2020. The proposal is identical to the proposal that was cancelled ahead of the Annual General Meeting 2020.

The Board is convinced that the proposed program will be beneficial to the company's shareholders as it will contribute to the possibilities to recruit and retain competent employees, is expected to increase the commitment and the motivation of the program participants and will strengthen the participants' ties to the Electrolux Group and its shareholders.

The Board of Directors proposes, in view of the above, that the Extraordinary General Meeting resolves to implement a performance based, long-term share program for 2020 (the "Share Program 2020") with the following principal terms and conditions:

- a) The program is proposed to include up to 350 senior managers and key employees of the Electrolux Group, who are divided into six groups; the President and CEO ("Group 1"), other members of Group Management ("Group 2"), and four additional groups for other senior managers and key employees ("Group 3-6"). Invitation to participate in the program shall be provided by Electrolux no later than on November 17, 2020.
- b) Participants are offered to be allocated Performance Shares, provided that the participant remains employed until January 1, 2023. Exemptions to this requirement may be prescribed in specific cases, including a participant's death, disability, retirement or the divestiture through a sale, spin-off or otherwise of the participant's employing company from the Electrolux Group.
- c) The Performance Shares shall be based on maximum performance values for each participant category. The maximum performance value for the participants

in Group 1 will be 100 per cent of the participant's annual base salary for 2020, for participants in Group 2, 90 per cent of the participant's annual base salary for 2020, for participants in Group 3, 80 per cent of the participant's annual base salary for 2020, for participants in Group 4, 60 per cent of the participant's annual base salary for 2020, for participants in Group 5, 50 per cent of the participant's annual base salary for 2020, and for participants in Group 6, 40 per cent of the participant's annual base salary for 2020. The total sum of the maximum values of the Performance Shares thus defined for all participants will not exceed SEK 376m excluding social costs.

- d) Each maximum value shall thereafter be converted into a maximum number of Performance Shares¹, based on the average closing price paid for Electrolux B-shares on Nasdaq Stockholm during a period of ten trading days before the day the participants are invited to participate in the program, reduced by the present value of estimated dividend payments for the period until shares are allotted.
- e) The calculation of the number of Performance Shares shall be connected to performance targets for the Group established by the Board for (i) earnings per share, (ii) return on net assets,² and (iii) CO₂ reduction³. The performance targets adopted by the Board will stipulate a minimum level and a maximum level, with the relative weight of the performance targets (i), (ii) and (iii) being 60 per cent, 20 per cent and 20 per cent respectively.
- f) The performance period is the financial year 2020 with respect to performance targets (i) and (ii) and the financial years 2020–2022 with respect to performance target (iii). Performance outcome of the established performance targets will be determined by the Board after the expiry of the performance period for the respective performance target. If the maximum performance level is reached or exceeded, the allocation will amount to (and will not exceed) the maximum number of Performance Shares following from c) and d). If performance is below the maximum level but exceeds the minimum level, a proportionate allocation of shares will be made. No allocation will be made if performance amounts to or is below the minimum level. Information on the performance targets and the outcome will be provided no later than in connection with the allocation of Performance Shares in accordance with h).
- g) The total award of Performance Shares may never exceed one (1) per cent of the total number of shares in Electrolux. If required, allotments shall be reduced to ensure that this dilution cap is observed.
- h) If all conditions in the Share Program 2020 are met, allocation of Performance Shares will take place in the first half of 2023. Allocation will be free of charge except for tax liabilities.
- i) Certain deviations in or adjustments of the terms and conditions for the Share Program 2020 may be made based on local rules and regulations as well as applicable market practice or market conditions or where appropriate due to group re-organizations, including cash settlement instead of delivery of shares under certain circumstances.
- j) The Board of Directors, or a committee established by the Board for these purposes, shall be responsible for the preparation and management of the Share Program 2020, within the framework of the aforementioned terms and conditions.

¹ With a possibility for the Board of Directors to make adjustments for extraordinary events such as bonus issue, split, rights issue and/or other similar events.

² With a possibility for the Board of Directors to make adjustments to (i) and (ii) for extraordinary events.

³ The CO₂ reduction target refers to greenhouse gas reductions within the following three areas: (i) manufacturing, (ii) energy for product use, and (iii) use of hydrofluorocarbons (HFCs), and will be measured on selected predefined product categories and regions.

- k) If material changes would occur within the Electrolux Group or on the market that, according to the Board's assessment, would lead to the conditions for allocation of Performance Shares no longer being reasonable, the Board will have the right to make also other adjustments of the Share Program 2020, including e.g. a right to resolve on a reduced allotment of shares.

Costs for the Share Program 2020

The total costs for the Share Program 2020 if the maximum number of Performance Shares are delivered, are estimated to a maximum of SEK 409m, which corresponds to approximately 2.0 per cent of total employment cost for 2019. The costs will be recognized over the years 2020-2022. The costs have been calculated as the sum of salary costs, including social costs, and administration costs for the program. Administration costs are estimated to be less than SEK 1m. If no allotment of shares is made, only administration costs will arise.

The costs have been calculated based on the value, at the start of the program, of the Performance Shares that may be allotted at maximum performance, with a reduction of the present value of estimated dividend payments during a three-year period. The estimate on maximum costs assumes maximum performance and that the number of participants that will leave the Group during the performance period is the same as the historical average since the introduction of share programs in 2004. In the calculation, a maximum share price of SEK 270 per share has been applied.

If repurchased shares are allocated under the program the number of outstanding shares is estimated to increase with not more than 2,733,000 B-shares.⁴ Such maximum increase would have a dilutive effect on earnings per share of approximately 0.94 per cent. The total maximum increase in the number of outstanding shares of all outstanding share programs is estimated to not more than 2,754,500 B-shares, corresponding to a dilutive effect on earnings per share of approximately 0.95 per cent. In this calculation, maximum allotment of shares has been assumed for Share Program 2020 and expected allotment has been assumed for the share programs for 2018 and 2019.

Hedging measures for the Share Program 2020

The Board of Directors does not currently propose any method for securing the undertakings under the Share Program 2020. Delivery of Performance Shares in accordance with the terms of the Share Program 2020 will take place in 2023.

Preparation of the proposal for the Share Program 2020

The proposal regarding the Share Program 2020 has been prepared by the Remuneration Committee and the Board of Directors.

Previous incentive programs in Electrolux

For a description of the company's other share related incentive programs, reference is made to the Annual Report for 2019, note 27, and the company's website, www.electroluxgroup.com. In addition to the programs described, no other share related incentive programs have been implemented in Electrolux.

Item 8 – Amendment to the articles of association

According to Chapter 7, Section 4 of the Swedish Companies Act (2005:551) the Board of Directors may collect proxies for the general meeting if it is specified in the articles of association. According to Chapter 7, Section 4 a of the Swedish Companies Act it may also be stated in the articles of association that the Board of Directors may decide that

⁴ With a possibility for the Board of Directors to make adjustments for extraordinary events such as bonus issue, split, rights issue and/or other similar events.

the shareholders shall be able to exercise their voting rights by post before the general meeting.

In order to be able to use the alternatives provided by the Swedish Companies Act to decide on proxy collection and postal voting, the Board of Directors proposes that a new article 11 is included in the articles of association, with the wording set out below, and that the articles of association be re-numbered so that the current article 11 becomes article 12 and the current article 12 becomes article 13.

Article 11

The Board of Directors may collect proxies pursuant to the procedure stated in Chapter 7, Section 4, second paragraph of the Swedish Companies Act (2005:551).

The Board of Directors may decide before a General Meeting that the shareholders shall be able to exercise their voting rights by post before the General Meeting pursuant to the procedure stated in Chapter 7, Section 4 a of the Swedish Companies Act (2005:551).

Furthermore, the Board of Directors proposes that article 1 and the current article 12 be amended as set out below as a result of legislative amendments (the amendment to article 1 only applies to the Swedish language version of the articles of association).

Current wording	Proposed wording
Article 1 The name of the Company is Aktiebolaget Electrolux. The Company is a public company (publ).	Article 1 (no amendment in the English version) The name of the Company is Aktiebolaget Electrolux. The Company is a public company (publ).
Article 12 The Company's shares shall be registered in a Central Securities Depository Register under the Financial Instruments Act (Sw: lagen (1998:1479) om kontoföring av finansiella instrument).	Article 12 13 The Company's shares shall be registered in a Central Securities Depository Register under the <i>Swedish Central Securities Depositories and Financial Instruments Accounts Act</i> (Sw: lagen (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument).

The Board of Directors proposes that the President and CEO shall be authorized to make the minor adjustments to the above resolution that may prove to be necessary in connection with the registration of the articles of association with the Swedish Companies Registration Office.

Documents

The Board of Directors' complete proposals are set out above. The company's Annual Report and the Auditor's Report for the financial year 2019, the Board of Directors' statements pursuant to Chapter 18, Sections 4 and 6 of the Swedish Companies Act and a statement from the auditor pursuant to Chapter 18, Section 6 of the Swedish Companies Act are available at AB Electrolux, S:t Göransgatan 143, Stockholm, Sweden and on the Group's website, www.electroluxgroup.com/egmnovember2020. The documents are presented by being available at the company and on the Group's website. They will also be sent to shareholders who so request and state their address. The general meeting share register will be available at the company's head office, S:t Göransgatan 143, Stockholm, Sweden.

Majority requirements

In order for the Extraordinary General Meeting's resolution in accordance with the Board of Directors' proposal under item 8 to be valid, the resolution must be accepted by shareholders holding no less than two thirds of the votes cast as well as the shares represented at the Extraordinary General Meeting.

Shares and votes

There are in total 308,920,308 shares in the company of which, as of September 28, 2020, 8,192,539 are A-shares, each carrying one vote, and 300,727,769 are B-shares, each carrying one-tenth of a vote, corresponding to in total 38,265,315.9 votes. As of the same date the company holds 21,522,858 own B-shares, corresponding to 2,152,285.8 votes that may not be represented at the Extraordinary General Meeting.

Processing of personal data

For information on how your personal data is processed, see <https://www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf>

Stockholm in September 2020
AB Electrolux (publ)
THE BOARD OF DIRECTORS

Electrolux 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, 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 approximately 60 million household products in approximately 120 markets every year. In 2019 Electrolux had sales of SEK 119 billion and employed 49,000 people around the world. For more information go to www.electroluxgroup.com.