

## **The Board of Directors' proposal for resolution regarding automatic share redemption procedure including a) share split 2:1, b) reduction of the share capital through redemption of shares and c) increase of the share capital through a bonus issue**

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### **Background**

Electrolux has during recent years generated strong cash flow through improved profitability and high capital efficiency, despite large investments in strengthening its product and service offering as well as consumer interaction to boost organic growth. The Board has conducted a thorough review of the Group's strategic plans and current capital structure, where its first prioritisation is to maintain a high level of capacity for value creating organic investments and selective acquisitions. Since the Group's financial position is today very strong, the Board has decided to propose that the Extraordinary General Meeting resolves on an automatic share redemption, by a so called share split of 2:1, whereby each existing share will be split into two shares. One of those shares will automatically be redeemed at SEK 17.00, which corresponds to a maximal total redemption amount of approximately SEK 4,886 million to be distributed to the shareholders. To achieve a quick and efficient redemption procedure the Board further proposes that the company's share capital is restored to its current amount by means of a bonus issue. In view of hereof, the Board proposes that the Extraordinary General Meeting resolves in accordance with the following proposal.

#### **A. Share split 2:1**

The Board proposes that the Extraordinary General Meeting resolves on a share split 2:1, meaning that each existing share is divided into two shares, of which one is to be referred to as redemption share in the VPC system and be redeemed in the manner described under item (B) below. The suggested record date at Euroclear for the share split is October 5, 2021. The last trading day for the company's shares including the right to receive redemption shares will therefore be October 1, 2021 and the first trading day for the company's shares excluding the right to receive redemption shares will be October 4, 2021. After the share split, the number of shares in the company will increase from 308,920,308 to 617,840,616, of which 16,385,078 are A shares and 601,455,538 are B shares, each share with a quota value of SEK 2.50.

#### **B. Reduction of the share capital through redemption of shares**

The Board proposes that the Extraordinary General Meeting resolves that the company's share capital shall be reduced by SEK 772,300,770 (the reduction amount) for repayment to the shareholders and, to the extent that the reduction of the share capital is implemented by way of redemption of shares held by the company, for transfer to non-restricted equity. The reduction will be made by means of redemption of 308,920,308 shares, of which 8,192,539 are A shares and 300,727,769 are B shares.

The shares to be redeemed shall be those shares that, after the share split in accordance with item (A) above, are referred to as redemption shares in the VPC system, whereby the record date for the right to receive redemption shares according to item (A) above is October 5, 2021. Trading in the redemption shares is estimated to take place as from October 6, 2021 up to October 22, 2021.

For each redeemed share (irrespective of the series of shares) a redemption amount of SEK 17.00 will be paid, of which approximately SEK 14.50 exceeds the quota value of the share. However, no payment is to be made in respect of redeemed shares held by the company. The total redemption amount is estimated to SEK 4,885,756,650<sup>1</sup>. In addition to the reduction amount of SEK 772,300,770, an estimated total amount of SEK 4,113,455,880 will be distributed, by use of the company's non-restricted equity.

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<sup>1</sup> The final redemption amount will be calculated based on the number of own shares held by the company on the record date, hence the amount to be distributed may be lower as no payment is to be made in respect of redeemed shares held by the company.

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The record date for the right to receive the redemption amount is proposed to be October 25, 2021. Payment of the redemption amount is estimated to be made by Euroclear on October 28, 2021.

Following the reduction, the company's share capital will amount to SEK 772,300,770, allocated on a total of 308,920,308 shares, of which 8,192,539 are A shares and 300,727,769 are B shares, each share with a quota value of approximately SEK 2.50. Apart from the reduction of the share capital, the company's restricted equity will not be affected.

The Annual General Meeting resolved on March 25, 2021 on a dividend for the financial year 2020 of SEK 8.00 per share (of which SEK 4.00 per share has been distributed to the shareholders). No other resolutions have been made regarding value transfers after the presentation of the 2020 Annual Report. The disposable amount according to Chapter 17, Section 3, first paragraph of the Swedish Companies Act (2005:551) amounts to SEK 17,154 million.

### **C. Increase of the share capital through a bonus issue**

Further, the Board proposes that the Extraordinary General Meeting resolves on a bonus issue to increase the company's share capital by SEK 772,300,770, to SEK 1,544,601,540, through a transfer of SEK 772,300,770 from the company's non-restricted equity. No new shares are to be issued in connection with the bonus issue.

The number of shares will, after implementation of the increase of the share capital, be 308,920,308, of which 8,192,539 are A shares and 300,727,769 are B shares, each share with a quota value of SEK 5.00.

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A separate information brochure regarding the proposed automatic share redemption procedure in accordance with this item 6 will be provided before the Extraordinary General Meeting.

Finally, the Board proposes that the Extraordinary General Meeting authorises the company's President to make the minor adjustments to the resolutions in this item 6 that may be required in connection with the registration of the resolutions with the Swedish Companies Registration Office or Euroclear.

The company's Annual Report and the Auditor's Report for the financial year 2020, the Board's motivated statement pursuant to Chapter 20, Section 8 of the Swedish Companies Act, the Board's report over matters of significance for the company's position pursuant to Chapter 12, Section 7 and Chapter 20, Section 12 of the Swedish Companies Act, the Board's report pursuant to Chapter 20, Section 13, fourth paragraph of the Swedish Companies Act, as well as the Auditor's statements pursuant to Chapter 12, Section 7, Chapter 20, Section 8, Chapter 20, Section 12 and Chapter 20, Section 14 of the Swedish Companies Act are being made available separately.

### **Majority requirements**

The resolutions by the Extraordinary General Meeting in accordance with items 6(A)–(C) above are conditional upon each other and shall therefore be adopted as one resolution. In order for the resolution by the Extraordinary General Meeting to be valid, the resolution must be approved by shareholders representing at least two thirds of the votes cast as well as the shares represented at the Extraordinary General Meeting.

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Stockholm, July 2021  
AB Electrolux (publ)  
*The Board of Directors*