



Information to the shareholders in AB Electrolux (publ)

Concerning proposal of share split
and automatic redemption of shares

Brief description of the redemption procedure

The Extraordinary General Meeting in AB Electrolux on August 27, 2021 is proposed to resolve on a share split and redemption of shares in accordance with the Board of Directors' proposal.

The proposal principally implies that:

- ▶ each class A share in Electrolux is split into two class A shares, one of which will be a class A redemption share. On the shareholders' securities accounts the redemption shares will be referred to as ELUX IL A.
- ▶ each class B share in Electrolux is split into two class B shares, one of which will be a class B redemption share. On the shareholders' securities accounts the redemption shares will be referred to as ELUX IL B.

The redemption shares will be traded on Nasdaq Stockholm from and including October 6, 2021 up to and including October 21, 2021. All redemption shares will then automatically be redeemed for SEK 17.00 per share, which amount will be distributed on or about October 28, 2021. Payment will be made via Euroclear Sweden AB ("Euroclear") into the yield account linked to the directly registered shareholders' securities accounts. Nominee-registered shareholdings will be processed in accordance with each nominee's routines.

Dates

- ▶ August 27, 2021 – The Extraordinary General Meeting is proposed to resolve on a share split and redemption of shares
- ▶ October 1, 2021 – Last day of trading in the share before share split and with right to receive redemption share
- ▶ October 5, 2021 – Record date for share split
- ▶ October 6, 2021 – Receipt of redemption shares
- ▶ October 6 – October 21, 2021 (*period adjusted*) – Trading in redemption shares
- ▶ On or about October 28, 2021 – Payment of redemption amount

Share information

Class A share

ISIN code for ELUX IL A	SE0016589154
New ISIN code for ELUX A	SE0016589170

Class B share

ISIN code for ELUX IL B	SE0016589162
New ISIN code for ELUX B	SE0016589188

The redemption procedure is conditional

The redemption procedure is conditional upon that the Extraordinary General Meeting on August 27, 2021 resolves the following:

- ▶ Split of each class A share and class B share (so-called share split) into two shares, one of which will be a redemption share.
- ▶ Reduction of the share capital for repayment to the shareholders by way of redemption of up to 308,920,308 redemption shares (whereby shares of class A and class B will be redeemed in proportion to the number of shares of the respective class issued).
- ▶ Increase of the share capital by SEK 772,300,770 by means of a bonus issue, whereby the Company's non-restricted equity is to be used.

Background and reasons

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 million¹⁾ 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.

For more information about the outcome of the Board's review of Electrolux's capital structure, please refer to the press release dated July 19, 2021, which includes information on Electrolux's adjusted dividend policy and intended share buybacks.

Stockholm, August 2021

AB Electrolux (publ)

BOARD OF DIRECTORS

1) 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.

Financial effects of the redemption procedure

Should the Extraordinary General Meeting resolve on the proposal of redemption, approximately SEK 4,886 million will be distributed through the procedure to the shareholders of Electrolux.

The redemption procedure will have the following financial effects on Electrolux:

- Shareholders' equity will be reduced by approximately SEK 4,886 million.
- Net debt, that is the difference between interest-bearing debt/provisions and liquid assets, will increase by approximately SEK 4,886 million.

Changes in shareholders' equity and number of shares in AB Electrolux as at December 31, 2020

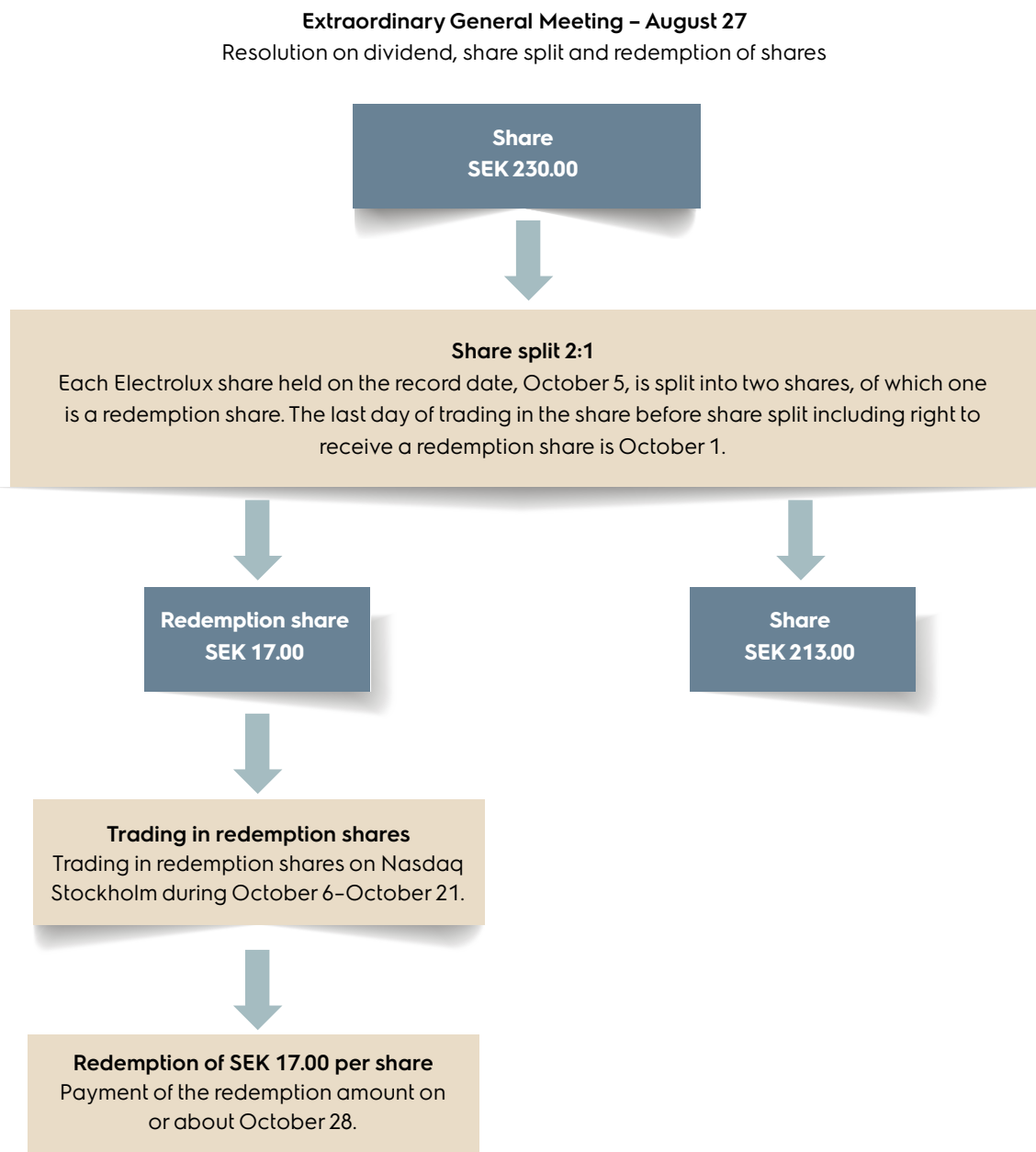
	Before the transaction	Share split 2:1	Effect of share redemption	Effect of bonus issue	After the transaction
Shareholders' equity, MSEK	25,177*	25,177*	-4,886		20,291*
Share capital, MSEK	1,545	1,545	-772	772	1,545
Shares outstanding, total	308,920,308	617,840,616	-308,920,308		308,920,308
of which class A	8,192,539	16,385,078	-8,192,539		8,192,539
of which class B	300,727,769	601,455,538	-300,727,769		300,727,769
of which class A held by Electrolux	-	-	-		-
of which class B held by Electrolux	21,522,858	43,045,716	-21,522,858		21,522,858
Total shares outstanding, excluding shares held by Electrolux**	287,397,450	574,794,900	-287,397,450		287,397,450

* Based on calculations of Shareholders' equity per December 31, 2020

** Holding as of December 31, 2020

The redemption procedure step by step

This example below is based on an assumed share price of SEK 230.00. The effects on the share price following dividend, share split and redemption are only theoretical. The stock market's actual pricing (the share price) of the Electrolux share may deviate. All dates refer to the year 2021.



Timetable for share split and redemption of shares

Activity	Date 2021	Please note that
Extraordinary General Meeting in Electrolux. Resolution on share split and redemption of shares.	August 27	Shareholders participate in the Extraordinary General Meeting by postal voting no later than August 26, 2021. Please see the notice for further information.
Last day of trading in the Electrolux share including right to receive redemption share.	October 1	Last day with the possibility of acquiring shares in Electrolux with the purpose of obtaining redemption shares.
First day of trading in the Electrolux share following share split.	October 4	Shares purchased as from this day will not entitle to participate in the redemption procedure. As from this day the Electrolux share will be traded with a new share price (following share split) and with new ISIN code.
Record date for share split and for receipt of redemption shares.	October 5	All Electrolux shares held by shareholders this day will be split into two shares, one of which will be a redemption share.
First day of trading in redemption shares.	October 6	The redemption share is booked into the shareholders' securities account.
Last day of trading in redemption shares.	October 21 (date adjusted)	Last day for sale or acquisition of redemption shares on Nasdaq Stockholm.
Record date for redemption.	October 25	Shareholders holding redemption shares this day will automatically receive the redemption amount.
Payment of redemption amount.	On or about October 28	The redemption amount will be distributed through Euroclear into the yield account linked to the securities account, for shareholders with securities accounts directly registered with Euroclear. Payments with respect to nominee-registered shareholdings will be processed in accordance with each nominee's routines.
Declaration of redemption or sale of redemption shares.	2022 (in the tax return for the income year 2021)	Please see summary of tax considerations, pages 7-8.

Tax considerations in Sweden

Below is a summary of certain Swedish tax regulations relevant to shareholders in Electrolux as a result of the redemption procedure.

Tax considerations for shareholders in Sweden

Receipt of redemption shares

The receipt of redemption shares in connection with a share split does not as such give rise to any taxation. Instead, the acquisition cost of the original Electrolux shares of each class (A and B shares respectively) will be allocated between the redemption shares and the ordinary shares after the share split. The allocation will be carried out based on the market values of the redemption shares and the ordinary class A and B shares, respectively, at the time of the share split and the separation of the redemption shares from the original shares. Electrolux will seek recommendations from the Swedish Tax Agency on how this allocation should be carried out. The Swedish Tax Agency's recommendations will then be published on Electrolux's website (www.electroluxgroup.com) and on the Swedish Tax Agency's website (www.skatteverket.se), ahead of the tax return for the income year 2021.

Redemption and sale of redemption shares

Redemption of shares and sale of redemption shares normally gives rise to capital gains taxation. A capital gain or capital loss is calculated as the difference between the payment received, after deduction of any sales costs, and the tax basis. The payment received for redeemed shares is the redemption amount. For shares sold in the market, the payment received is the sales price.

The tax basis for redemption shares that are received through the share split is calculated by allocating the acquisition cost as described above under the heading "Receipt of redemption shares". The tax basis of shares acquired in the market is the actual acquisition cost for the shares. The tax basis of all shares "of the same series and type" are added together and calculated collectively in accordance with the "average cost method". It should be noted that the redemption shares of class A and B respectively are not considered to be of the same series and type as the ordinary Electrolux shares. For listed shares, the tax basis may alternatively be determined in accordance with a notional method (Sw. *schablonmetoden*) to 20% of the sales price after deduction of sales costs.

For **individuals**, **capital gains** are taxed as capital income. The tax rate is 30%. **Capital losses** on listed shares are fully deductible against taxable capital gains during the same year

EXAMPLE

Please note that the example is based only on assumptions and that the example is also applicable to holders of series A shares in Electrolux.

Assume in this example, that a shareholder has 100 series B shares in Electrolux with an average acquisition cost of SEK 100 immediately before the share split, that the trading price at the time of the share split is SEK 230.00 and that the price of the redemption share is SEK 17.00.

Furthermore, assume in this example, that the Swedish Tax Agency in its forthcoming general advice determines that 7.4% (approx. SEK 17.00/230.00) of the acquisition cost for one original series B share will be allocated to the series B redemption share and 92.6% to the ordinary series B share. The acquisition cost of the redemption share will consequently be SEK 7.40 (7.4% of SEK 100).

Thus, when the redemption shares are redeemed or sold this will result in a capital gain of $(17.00 \times 100) - (7.40 \times 100) = \text{SEK } 960.00$.

The average acquisition cost of the remaining ordinary series B shares will then be SEK 92.60 per share (92.6% of SEK 100).

on shares and other equity-related listed securities except for units in Swedish investment funds that consist solely of Swedish receivables (Sw. *räntefonder*). Capital losses on shares that cannot be offset in this way are to 70% deductible against other income from capital. If there is an overall deficit of capital income, a reduction of tax on income from employment and business operations, as well as real estate tax and municipal property charges, is allowed. A tax reduction of 30% is allowed for deficits that do not exceed SEK 100,000 and of 21% as regards any remaining deficit. Deficits cannot be carried forward to subsequent fiscal years. If the redemption shares are held through an investment savings account (Sw. *investeringsspar-konto*), special rules on notional taxation apply instead of the rules described above.

For **limited liability companies**, **capital gains** on shares that are not deemed to be held for "business purposes" are taxed as income from business operations at a tax rate of 20.6%. Deductible **capital losses** on shares and other equity-related securities may normally be offset only against taxable capital gains on shares and other equity-related securities. However, if certain conditions are met, such capital losses may be offset against capital gains in other companies within the same corporate group, provided that the requirements for group

contributions (Sw. *koncernbidrag*) are met. A capital loss that cannot be utilised during a given year may be carried forward and be utilised against eligible capital gains in subsequent fiscal years.

Certain tax considerations for shareholders outside Sweden

For shareholders who are not tax resident in Sweden, the redemption of shares is treated as a dividend, which means that Swedish withholding tax is normally imposed on the received redemption amount. The withholding tax rate is 30% but is usually reduced under tax treaties between Sweden and other countries. The withholding tax is normally deducted by Euroclear or, in the case of nominee-registered shares, by the nominee. Swedish withholding tax is imposed regardless of whether redemption shares have been received through the share split or have been acquired in the market. However, a refund of such part of the withholding tax that is referable to the shareholder's acquisition cost for the shares or, provided that the shares are listed, 20% of the redemption amount, may be obtained if a request for a refund is filed with the Swedish Tax Agency. The acquisition cost is usually allocated between the redemption shares and the ordinary shares as mentioned in the example on the previous page. A request for a refund must be made in writing and be submitted to the Swedish Tax Agency no later than during the fifth calendar year following the redemption payment.

For shareholders that are legal entities resident within the EU, there is normally no Swedish withholding tax if the shareholder holds 10% or more of the capital in the company whose shares are redeemed, provided that certain conditions are met.

Shareholders not tax resident in Sweden and who are not conducting business operations from a permanent establishment in Sweden are generally not subject to capital gains taxation in Sweden on the sale of shares. However, such shareholders may be liable for tax in their country of residence. Under a specific rule, individuals that are not tax resident in

Sweden may be subject to capital gains taxation in Sweden on the sale of Swedish shares if they have been resident or lived permanently in Sweden at any time during the year of the sale or the ten calendar years immediately preceding the year of the sale. However, the application of this rule may be limited by tax treaties between Sweden and other countries.

IT SHOULD BE NOTED THAT NORMALLY NO SWEDISH WITHHOLDING TAX IS IMPOSED IF THE REDEMPTION SHARES ARE SOLD ON NASDAQ STOCKHOLM.

The summary of Swedish tax considerations is based on regulations and practice currently in force and is intended as general information only for shareholders in Electrolux. The summary does not cover situations in which securities are held as current assets in business operations or are held by partnerships. Neither does it cover the special tax regulations that apply to certain corporate categories, nor the rules on tax-exempt capital gains (including non-deductibility in the event of capital losses) and dividends on shares considered to be held for "business purposes". Nor does the summary cover the special rules that may apply to holdings in companies that have previously been closely-held companies or to shares that have been acquired based on such a holding. Shares held in a so-called investment savings account (Sw. *investeringssparkonto*) and that are subject to special rules on notional taxation are not covered by the summary. For shareholders that are not tax resident in Sweden, regulations in the shareholder's country of residence and in tax treaties between Sweden and other states may also have an impact on the tax consequences. The tax implications for each shareholder depend on the shareholder's specific circumstances. Each shareholder should thus consult a tax adviser for information on the specific tax consequences that may arise in the individual case.

Questions and answers

What are the consequences of the share split and redemption procedure for me as a shareholder?

Assuming that the Extraordinary General Meeting on August 27, 2021 resolves on a share split and redemption of shares in accordance with the Board of Directors' proposal, each Electrolux share will be split into two shares, one of which will be a redemption share that automatically will be redeemed for SEK 17.00. On the shareholders' securities accounts the class A redemption share will be referred to as ELUX IL A and the class B redemption share will be referred to as ELUX IL B. The redemption procedure may result in an obligation for you to declare the sale or redemption of redemption shares next year, 2022, in the tax return for the income year 2021.

When will the payment occur under the redemption procedure?

All redemption shares (regardless of class) will automatically be redeemed for SEK 17.00 per share, which amount will be distributed on or about October 28, 2021. Shareholders that want to receive payment earlier, may choose to sell their redemption shares on Nasdaq Stockholm during the period from and including October 6 up to and including October 21, 2021, at the prevailing market price.

Why does Electrolux propose a share redemption procedure?

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.

Why does Electrolux not propose an additional dividend instead?

Dividend to the shareholders is paid annually in accordance with Electrolux's dividend policy, which was recently adjusted to a target of a dividend corresponding to approximately 50% of the annual income. Redemption of shares is an additional measure taken to adjust Electrolux's capital structure. Compared to a dividend, redemption of shares may, from a taxation point of view, be of advantage to certain shareholders.

Why does not Electrolux instead repurchase shares over the market?

The objective of the share redemption procedure is to distribute capital to all shareholders of Electrolux in a quick and efficient manner. As announced in the press release dated on July 19, 2021, the Board, however, also intends to propose increased share buybacks with subsequent share cancellations to the shareholders' meetings over several years with the aim of reducing Electrolux's share capital. As a first step, the Board intends to exercise the authorization from the AGM 2021 to buy back shares in connection with completion of the redemption procedure.

What are the majority requirements for the decision by the Extraordinary General Meeting?

The decision must be supported by shareholders holding at least two-thirds of the votes cast and the shares represented at the Extraordinary General Meeting.

What are my options in connection with the redemption procedure?

You can choose either to:

1. do nothing. You will automatically receive SEK 17.00 per share for your redemption shares following the redemption of these shares, or
2. sell all or some of your redemption shares on Nasdaq Stockholm during the period from and including October 6 up to and including October 21, 2021.

What are the tax consequences for me as a Swedish holder at redemption of the redemption shares?

Shareholders resident in Sweden must report the redemption of the redemption shares as a sale of shares, see "*Tax considerations in Sweden*" on pages 7-8. A capital gain or capital loss is calculated, which means that shareholders may deduct part of the acquisition cost for the original share from the redemption amount.

What are the tax consequences for me as a Swedish shareholder upon a sale of the redemption shares?

The tax consequences are the same as for redemption of shares. Please see the answer to the previous question.

What are the tax consequences for me as a non-Swedish shareholder upon redemption of redemption shares?

Shareholders that are not tax resident in Sweden and participate in the redemption procedure and redeem their share, are normally subject to Swedish withholding tax, please see "*Tax considerations in Sweden*" on pages 7-8. Withholding tax will thus be withheld in connection with the payment of the redemption amount.

What are the tax consequences for me as a non-Swedish shareholder upon a sale of the redemption shares?

No Swedish withholding tax is imposed if the redemption shares are sold in the market, please see "*Tax considerations in Sweden*" on pages 7-8.

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Questions regarding the proposed redemption procedure and the Extraordinary General Meeting will be answered by telephone at +46 8 402 92 79.

This document does not constitute an offer but contains information on the Board of Directors' of AB Electrolux (publ) ("Electrolux" or the "Company") proposal of a share split and capital distribution to the shareholders in Electrolux through an automatic share redemption. The purpose of this document is to provide the shareholders in Electrolux with information before the Extraordinary General Meeting on August 27, 2021 which is proposed to resolve on the procedure. The document is not a prospectus under the Prospectus Regulation EC 2017/1129 or any other regulation.

This information brochure is not intended for shareholders whose participation in the redemption procedure requires additional information or the implementation of registration measures or other measures beyond those required by Swedish law. This document may not be distributed to countries requiring additional information or measures pursuant to the preceding sentence or to countries in which distribution would conflict with applicable regulations. It is the responsibility of each individual to observe the restrictions according to non-Swedish law.

The Board of Directors' complete proposal, which includes, share split, reduction of the share capital and the restoring of the share capital through a bonus issue, is stated in the notice convening the Extraordinary General Meeting which is available at the Company and on the Company's website, www.electroluxgroup.com/egm2021, and will be sent to those shareholders who request this and state their address.

This document is a translation of the Swedish version. In the event of any discrepancies between this translation and the Swedish version, the Swedish version shall prevail.



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