

Press Release

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Cost reduction program and management changes

Stockholm, Sweden, September 12, 2022

Electrolux is initiating a cost reduction program on the back of weaker-than-expected market demand and weak earnings in the third quarter. The cost measures are expected to result in a material positive earnings contribution in 2023. Ricardo Cons, currently Head of Business Area Latin America, has been appointed Head of Business Area North America.

Market demand for core appliances in Europe and the US so far in the third quarter is estimated to have decreased at a significantly accelerated pace compared with the second quarter, driven by the impact of high inflation on consumer durables purchases and low consumer confidence. High retailer inventory levels have amplified the impact of the slowdown in consumer demand.

In combination with supply chain imbalances resulting in significant production inefficiencies and increased costs, the third quarter earnings for the Group are expected to decline significantly compared to the second quarter 2022, also excluding the one-time cost to exit the Russia market. This has been driven mainly by Europe and North America. Business Area North America is expected to report an operating loss in the third quarter exceeding the loss in the second quarter.

Since market demand for 2023 is expected to continue to be weak in both regions, the Board has today decided to initiate a Group-wide cost reduction program addressing both variable and structural costs. The program, which starts immediately, will focus on reducing variable costs, with special attention to eliminating cost inefficiencies in our supply chain and production. The structural cost reductions will primarily take place in Europe and North America and include prioritization and efficiency measures leveraging recent organizational changes which took effect July 1. The measures include increasing productivity in operations as well as optimizing the R&D portfolio, administration, sales and marketing activities.

In business area North America, the strategy to strengthen and broaden our product offering with consumer experience innovations remains. However, the production transformation with two new facilities and several new product platforms, in combination with the particularly challenging supply chain conditions in the region, require additional measures to return to stability and profitability. A turnaround program will therefore be conducted under the leadership of Ricardo Cons, who has been appointed new Head of Business Area North America. Ricardo Cons has successfully led the transformation of the Electrolux business in Latin America over the last six years. He succeeds Nolan Pike, who takes up a new position continuing to report to Anna Ohlsson-Leijon. A new leader of Electrolux Latin America is anticipated to be appointed shortly.

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The Group cost reduction program and the North American turnaround program are expected to result in a material positive earnings contribution from both Cost efficiency and Investments in innovation and marketing in 2023. More information on cost reduction targets for 2023, as well as a potential material restructuring cost, will be communicated in the third quarter interim report published on October 28.

The share buyback program initiated on May 2, 2022, was completed on September 2. Given the current market environment, the Board does not intend to initiate additional share buybacks before the AGM 2023.

Telephone conference

Electrolux will today hold a telephone conference at 10.00 CET, with comments from Jonas Samuelson, President and CEO, followed by a Q&A session.

- To only listen to the telephone conference, use the link:
<https://edge.media-server.com/mmc/p/pwgmft2a>

OR

- To both listen to the telephone conference and ask questions, use the link:
<https://register.vevent.com/register/B1c57651ebee34a75896b1afb4eb8c3cc>

This is information that AB Electrolux is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 08.45 CET on September 12, 2022.

Electrolux is a leading global appliance company that has shaped living for the better for more than 100 years. We reinvent lifetime 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 2021 Electrolux had sales of SEK 126 billion and employed 52,000 people around the world. For more information go to www.electroluxgroup.com.