Shape living for the better

Annual Report 2022

Electrolux Group

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Our corporate reporting

Annual Report
The Annual Report for AB Electrolux (publ), 556009-4178, consists of pages 31-50, 67-108. The Annual Report is adopted in Swedish. The English version is a translation of the Swedish original.

Remuneration Report
The Electrolux Remuneration Report is available online at www.electroluxgroup.com/en/remuneration-report-2022

Sustainability Reporting
The Electrolux sustainability framework and execution are described in the Statutory sustainability report on pages 47-48, 56-66. The full Electrolux Sustainability report is published online in March 2023 at: www.electroluxgroup.com/sustainabilityreport2022

electroluxgroup.com
Please find more information about business development, strategy and business areas on the Electrolux Investor Relations webpage: electroluxgroup.com/ir

Forward looking statements
This report contains 'forward-looking' statements that reflect the company's current expectations. Although the company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations prove to have been correct as they are subject to risks and uncertainties that could cause actual results to differ materially due to a variety of factors. These factors include, but are not limited to, changes in consumer demand, changes in economic, market and competitive conditions, supply and production constraints, currency fluctuations, developments in product liability litigation, changes in the regulatory environment and other government actions. Forward-looking statements speak only as of the date they were made, and, other than as required by applicable law, the company undertakes no obligation to update any of them considering new information or future events.

Electrolux purpose is to shape living for the better by reinventing lifetime taste, care and wellbeing experiences for more enjoyable and sustainable living around the world. As a leading global appliance company, Electrolux places the consumer at the heart of everything it does, with a focus on delivering outstanding consumer experiences within the three innovation areas:

Taste
As a kitchen appliance leader, we want our products to enable consumers to prepare food with the right taste and texture, minimize food waste, and create healthy and nutritious meals. We continuously add new functionalities in terms of control, interaction and innovative digital technologies.

Care
Our laundry products aim to offer consumers outstanding garment care, water and energy efficiency, and effective low temperature washing. Demand for Electrolux washing machines and tumble dryers is driven by innovations that promote user-friendliness and garment care through tailored and adaptive programs combined with leading resource efficiency.

Wellbeing
We strive to create wellbeing products that are differentiated by their visual appeal, and how they promote healthy indoor environments and sustainable living. Electrolux wellbeing products enable more people to sustainably benefit from comfortable temperatures as well as fewer particles in the air, in the water and on surfaces.

Electrolux in brief

A global leader in household appliances

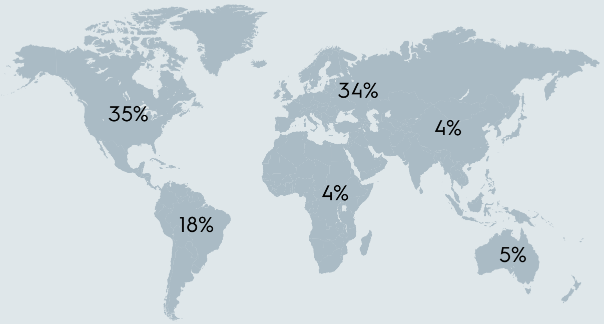
Sustainable consumer experience innovation is a key driver for long term profitable growth, enabling users to prepare great-tasting food, care for their clothes so they stay new for longer and achieve healthy wellbeing at home.

Profitable growth is also enabled by consistently increasing operational efficiency through digitalization, automation and modularization. Sustainability is an integral part of Electrolux strategy. A solid balance sheet facilitates profitable growth.

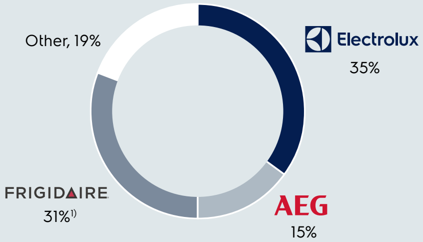
Electrolux headquarters are located in Stockholm, Sweden, and the Electrolux share is listed on Nasdaq Stockholm.

~60 million products sold annually in ~120 markets for a total of SEK 135bn in sales

Sales by region

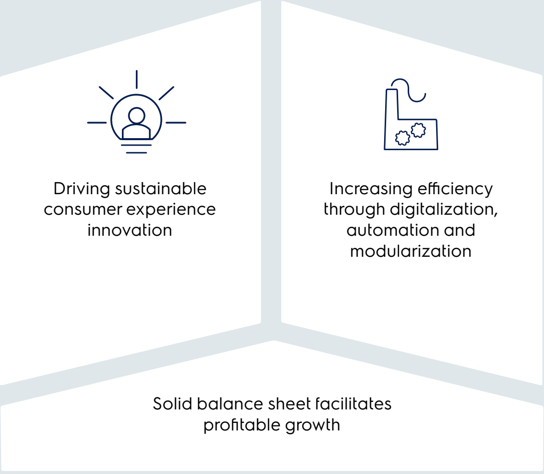


Sales by brand



[1] Includes Frigidaire Gallery and Frigidaire Professional.

Strategy for profitable growth



Our three innovation areas

Taste 64% of sales

Product categories: Cookers, hobs, ovens, hoods, microwave ovens, refrigerators and freezers.

Care 29% of sales

Product categories: Washing machines, tumble dryers and dishwashers.

Wellbeing 7% of sales

Product categories: Vacuum cleaners, air-conditioning equipment, water heaters, heat pumps and small domestic appliances.

"A successful implementation of the Group-wide cost reduction and North America turnaround program will be our number one priority for 2023."

"Adapting to rapidly changing circumstances"

As the past few years have shown, swift adaptation to new circumstances is vital for Electrolux continuous success. In 2022, a new set of tough challenges presented themselves, in addition to supply chain constraints: high general inflation, raised interest rates, soaring energy prices, and increased geopolitical tensions. Of course, this multitude of economic constraints has had a negative impact on consumer demand for household appliances.

For Electrolux, this meant a significantly weakened market demand with lower volumes, particularly in Europe and North America during the second half of 2022. Net sales for the Group increased by 7.4% to SEK 135bn, positively impacted by currency translation effects. Organic sales however declined by 2.8%. Operating income excluding non-recurring items was SEK 831m (7,528). The decline in operating income was partly driven by the lower volumes in all business areas. In addition, we had significantly elevated cost levels, mainly from production and logistics inefficiencies in our North American operations, to some extent triggered by supply chain constraints.

Significant cost inflation, mainly from raw material and logistics, was offset by price increases as our price execution remained strong across all regions.

In light of the elevated cost levels and weaker market environment, we initiated a Group-wide cost reduction and North America turnaround program in September that aims to reduce our cost base with an excess of SEK 7bn once fully implemented. For the full year of 2023, the program is expected to result in a positive year-over-year earnings contribution of SEK 4–5bn.

The program targets increased efficiency in production and supply chain, leveraging on our stronger global organization and optimizing investments in innovation and marketing. The majority of the savings will be realized in North America, where a number of actions will be taken to ensure cost competitiveness in the new production facilities in Anderson and Springfield, U.S.

A successful implementation of the Group-wide cost reduction and North America turnaround program will be our number one priority for 2023. The execution of the turnaround will demand a strong and diligent leadership, and the new Business Area leader Ricardo Cons has a strong track record of improving margins as the former Head of Business Area Latin America.

Executing the Group-wide cost reduction and North America turnaround program does indeed include some demanding challenges. However, I have a firm. →

conviction in our long-proven ability to adapt and I know that we have the right strategy, the experience and the organizational structure needed to resolve these issues successfully. The already strengthened global organization as well as the nearly completed SEK 8bn re-engineering investment initiative, provide a solid foundation for the measures within the cost reduction and turnaround program.

On a positive note, I am pleased with how well received our product launches across all regions have been during 2022. This strengthens my confidence in our ability to drive product mix improvement also going forward. In recent years, mix improvements have contributed an average of SEK 1bn annually to operating income. At this point, I would like to take the opportunity to convey my warm thanks to all colleagues for their tireless and hard work.

Strategy for profitable growth

Electrolux shapes living for the better by reinventing taste, care and wellbeing experiences, making life more enjoyable and sustainable for millions of people. Around the world, our products are an essential part of daily life. Our strategy for profitable growth is firmly based in the industry trends that drive the development of a changing household appliance market.

Today's consumers are more empowered and have greater expectations than ever before. Sustainable product innovation that is built on deep consumer insight is therefore essential in driving profitable growth. By leveraging our scale through global innovation processes and modularized product architectures we have the ability to rapidly and efficiently bring attractive products to the market that meet the needs and desires →

Industry trends: our long-term strategy is based on five key industry trends which impact our operations over time.

Consumer power
Greater consumer awareness and access to information increasingly empowers consumers. Consumers are increasingly choosing brands with a purpose that they feel matches their own values.

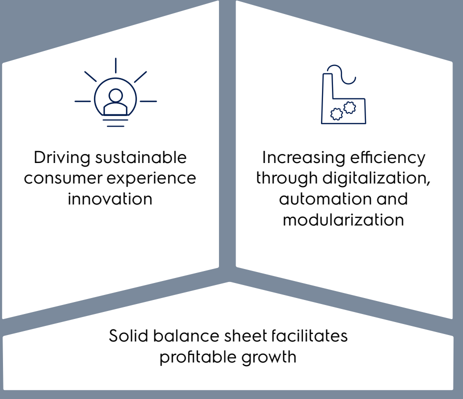
Digitalization
enhances consumer power, while enabling increasingly advanced products and direct contact with consumers, as well as greater productivity and flexibility in industrial operations.

Sustainability
Consumers and authorities are increasing the demands on manufacturers to develop and offer more sustainable products that meet demands in areas such as energy efficiency and circularity.

Global scale
is necessary due to the increasing pace of innovation and investments requirements.

Growing global middle class
drives market growth in Africa, the Middle East, Eastern Europe, Latin America and Southeast Asia. Emerging markets represent a potential universe of over 6 billion consumers.

Strategy for profitable growth



Financial targets for profitable growth (over a business cycle).

The primary financial priority is achieving our financial targets of an operating margin of at least 6% and a return on net assets of over 20%, over a business cycle. Once established, our objective is sales growth of at least 4% annually, over a business cycle.

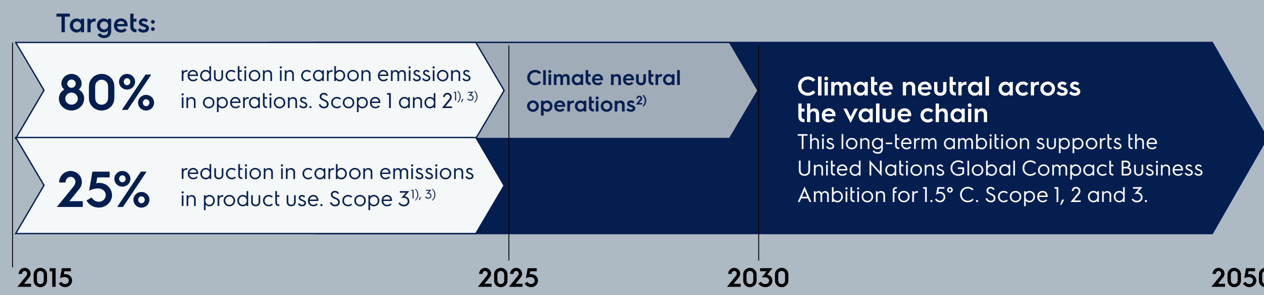
Operating margin	Return on net assets (RONA)	Sales growth
≥6%	>20%	≥4%

"I am confident that our long-term strategy is the right path to follow, today and for the years to come."

of our targeted consumer groups. Digitalization and automation are additional important elements in providing cost-competitive products with high quality. We focus our investments to create a solid foundation for these two pillars – driving sustainable consumer experience innovation and increasing efficiency – in our strategy for profitable growth.

I am confident that our long-term strategy is the right path to follow, today and for the years to come. Likewise, I am confident that sustainability is a key business driver for Electrolux which grows our sales, lowers our costs, and strengthens relations with our stakeholders. More environmental-friendly and resource efficient appliances attract a growing range of consumers, contributing to improved margins. At our production plants, increased efficiency also entails energy savings and reduced water consumption. Our overall target to have a climate neutral value chain by 2050 is thus a firmly integrated part of our strategy. →

The Electrolux climate neutrality roadmap



[1] Science based target (SBT)
[2] Company target (Scope 1 + 2 = 0)
[3] Includes contributions from energy use and greenhouse gas fugitive emissions.

Driving innovation

At Electrolux, innovation is built on deep consumer insights in the specific target groups for our three main brands. These insights provide the foundation for how we develop attractive products that meet the demands of each consumer group and have had a positive contribution to sales and operating profit over the past few years. The three main brands – Electrolux, AEG and Frigidaire – represent 80% of our total sales. Sharing the same ambition to offer solutions that enable more sustainable living, each brand has its distinctive market position. The typical Electrolux consumer wants a progressive, sustainable premium brand, whereas the AEG consumers seek innovation, performance and premium quality. The general Frigidaire consumer looks for practical and affordable household solutions to improve the lives of family and friends.

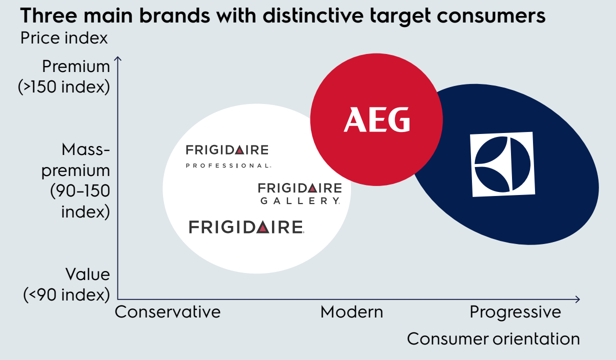
Our innovation efforts are focused within three areas: Taste, Care and Wellbeing. Taste innovation includes our different kitchen appliances and is directed towards solutions for preparing great-tasting, healthier and more nutritious meals, and reducing food waste. User-friendly, resource-efficient washing machines and tumble dryers that enable clothes to be cared for, so they stay new longer is a focus of Care innovation, while the innovative efforts within Wellbeing are targeted on visually appealing vacuum cleaners and air-conditioning equipment that promote healthy homes.

24/39% Our most resource-efficient products accounted for 24% of units sold and 39% of gross profit in 2022.

Recognized as a sustainability leader in the appliance industry, a big part of our innovation efforts are aimed at developing new environmentally friendly and resource-efficient products that can be brought to market on a large scale. Our most resource-efficient products also make good business sense, as they accounted for 24% of total units sold and 39% of gross profit in 2022.

As product usage accounts for approximately 85% of the total carbon footprint of appliances, product efficiency is our greatest contribution to tackling climate change. We realize that this is a long-term undertaking, and it is a commitment we take very seriously. To inspire conscious behavior, we design products that intuitively help consumers to use them in ways that reduce the environmental footprint. For example, selecting smart washing programs with lower temperatures, steaming clothes for reduced water consumption, using more sustainable cooking techniques, or reducing food waste through intelligent refrigeration solutions. To give one example from this year's launches, Electrolux presented its new range of food waste-saving fridges and freezers, that generate up to 20% less CO_2 emissions than the previous range. Cutting-edge innovation is a crucial part of our long-term ambition for our entire value chain to be net zero emission by 2050.

Circularity is also a key area. In addition to developing resource-efficient products, we strive to use a higher degree of recycled or recyclable materials in our appliances, thus reducing the greenhouse gas emissions from production, as well as incorporating more sustainable packaging. →



Beyond the product purchase, we are broadening our focus to develop a stronger consumer relationship throughout the consumer journey. This wider scope opens profitable growth opportunities within our aftermarket business, including services and spares as well as consumables and accessories. By further developing our direct interaction possibilities with consumers, we can also increase consumer loyalty, benefitting sales overall.

In 2022, Electrolux deployed a new Commercial & Consumer Journey Organization. Through this change, we can leverage our global scale to improve the purchase experience, how we onboard and connect new consumers, and how we support people in using their products in the best and most sustainable way. From a business perspective, it will strengthen our aftermarket offering, as well as build closer ties with our consumers over time.

Increasing efficiency

To be successful in today's market, efficient operations are required to offer products that are produced in a sustainable way, with quality and at competitive cost. It is also crucial for Electrolux to be able to efficiently and rapidly introduce new and innovative products to the market. Here, our experience, focus on modularization and global scale enable us to meet the evolving needs and desires of our targeted consumer groups.

Electrolux is in the final stage of executing its SEK 8bn re-engineering investments, which focus on modularization and automation of selected production facilities in Europe and the Americas. Now in its ramp-up phase, the investment initiative →

Strengthened consumers relations and higher margins with stronger aftermarket presence

Today's consumers expect more than high-quality appliances – they are expecting a positive experience throughout the life span of the products.

Being truly consumer-centric, Electrolux innovation focus has expanded to delivering not just an outstanding product, but a complete consumer experience and lifetime value.

To be relevant throughout the whole consumer journey, an important part is to strengthen Electrolux position on the aftermarket. A more pronounced presence on the aftermarket presents several opportunities to further enhance consumer relations, forge loyalty to the Electrolux brands and increase recurring sales. As the aftermarket also represents a high-margin business, Electrolux aims to increase sales in this segment to approximately 10% of Group sales by 2025, from around 7% in 2022.

A notable example is the significantly increased sales on the aftermarket for water filters in North America. Refrigerators that provide clean and healthy water and ice are important to North American households. Accordingly, they want to feel confident that they are purchasing quality filters designed for their specific appliances.

Thus, in recent years Electrolux has dramatically increased its innovative focus on refrigerators' water filtration systems and ice-making accessories with a dedicated team with state of art laboratory working on advanced filtration solutions and ice-making. Based on thorough research on consumer behavior and through co-creation with target audiences, Electrolux has further enhanced the quality of the water filters, to eliminate harmful contaminates, and added features to remind the consumers of the filter replacement cycle. Such features are for example lights on the refrigerator indicating when it is time to replace the filter, QR codes on the filters themselves, and easily accessible "find my filter" web tools.

Electrolux has also established new and efficient communication channels to reach consumers and to raise awareness of the importance to use the right filter for their appliance for optimal water taste and safety. At present, Electrolux receives about 2 million page visits per year to the water filter site and the year-over-year growth of visitors has been double-digit.

The targeted approach has resulted in an average of 10% annual sales growth of water filters over the last five years in North America. The successful growth of this water filter business has also entailed sustainability gains. This as increased use of clean water from refrigerators is estimated to have led to a significant decrease in the consumption of mineral water in plastic bottles.

The filter technology developed for North America has been extended to refrigerators sold across all regions.

will significantly leverage global scale by deploying Group-wide technologies and product architecture for our cooking and refrigeration/freezer solutions, reaching similarly high levels as our already established global frameworks for dishwashers and front-loaded washing machines.

Modularization and production automation are critical to efficiency. Through modularization, we optimize our production and innovation by developing technology and product architecture for our appliances at Group level. Modularization also means that we shorten the path from innovation to product launch, increase quality assurance, and lower our costs and resources used in product development. We can clearly see that modularization allows increased flexibility and lower costs for material. Simultaneously, increased automation contributes to higher productivity, while also improving quality and workplace safety.

Investments in digitalization are important to efficiently manage sourcing, supply chain, logistics, and consumer interaction. A combination of global strategic sourcing, a reduced number of components in our modularized production, and digitalization provides us with efficiency gains, increased flexibility and lowers the risk of disruption.

We are also reducing our climate footprint significantly. With a reduction of 82%, Electrolux in 2022 reached its 2025 science-based climate target to reduce CO_2 emissions in our own operations by 80% compared to 2015. Whilst lower production volumes have contributed, our teams' efforts to ramp up resource-efficient manufacturing across our production facilities, while speeding up the transition to utilize an increased share of renewable energy mean we have reached our target ahead of schedule. We are now reviewing our targets going forward, raising the bar on own sustainability agenda even further. →

"Through modularization, we optimize our production and innovation by developing technology and product architechture for our appliances at Group level."

-82%

During 2022, Electrolux reached its 2025 science-based climate target to reduce CO_2 emissions in our own operations by 80% compared to 2015.

30% Thanks to a common product architecture, the cost and time it takes to develop and launch a new product can be reduced by approximately 30%.

Attractive and sustainable ovens from renewed Brazilian facility

Innovation, efficiency and sustainability are cornerstones in Electrolux strategy to drive profitable growth. Investments in the Sao Carlos cooking facility in Brazil have resulted in a sharper product offering which is gaining market shares in attractive categories, while at the same time being produced in a more cost and resource efficient way.

Growing profitably in Latin America over the past years, Electrolux is further improving and expanding its mix of products with a focus on built-in ovens. Offering consumers a range of new sought-after features, these appliances are manufactured in Sao Carlos, one of the facilities included in the Group's SEK 8bn re-engineering investment initiative. This initiative has enabled a higher degree of modularization and automation, which together with the benefits of an innovation process at Group level, have resulted in an attractive line of more efficiently produced cooking appliances, as well as reduced supply chain complexity and considerable sustainability gains.

Faster innovation and fewer components
Thanks to a shared product architecture, the cost and time it takes to develop and launch a new product can be reduced by approximately 30%. As modularized features fit in a majority of the products they can be used throughout the Group. The new line of built-in ovens produced at the Sao Carlos plant are equipped with features such as air fryer, convection and a sealed cavity and in response to anticipated desires from consumers, will soon also offer a steam function. As this feature is already included in ovens sold in Europe, the shared product architecture allows the steam function to be added in the ovens for the Latin American market with no further innovation efforts and only minor additional investement.

Modularization also encompasses the ability to lower the number of components, thus reducing the complexity of the production process. At Sao Carlos, both the steam system and the oven's sealed cavity, which is welded, come as ready-to-use modules that can be swiftly inserted in the oven structures at the assembly line. Through the re-engineering initiative the number of parts used at the facility has been reduced by more than 40%. The smaller number of components as well as fewer suppliers, also make it easier for Electrolux as a Group to manage any supply chain constraints.

Well-received resource-efficient products
The production facility in Sao Carlos and the new line of built-in ovens produced there entail significant steps to reduce the climate footprint. For example, the new state-of-the-art process for enameling the ovens has reduced the water consumption from 6.6 liters to 1.8 liter per produced oven. For the consumer, the welded cavity in the built-in ovens means that the appliance uses around 30% less energy to preheat. At the same time, integrated features such as the air fryer and steam function also enable users to enjoy more sustainable cooking and healthy living. The built-in ovens produced at the Sao Carlos plant have received high scores from the consumers in Latin America, with an average star rating of impressive 4.7 on a five-point scale.

Positioned for future value creation

Optimizing the capital structure
During the year, an important area for Electrolux Board of Directors has been to continue optimizing the Group's capital structure. The Board aims to keep a solid investment grade rating, as defined by leading rating institutes, meaning that over time net debt should not exceed two times EBITDA. As a tool to reach an optimal capital structure, the Board, like in the previous year, decided to buy back shares in 2022. The share buyback program launched on April 29 totaled 8,000,000 series B shares and was completed on September 2. Together with the share buyback program initiated in 2021 and completed in February 2022, Electrolux has repurchased a total of 17,369,172 own series B shares for a total amount of SEK 3,032m. As proposed by the Board and resolved by the 2022 Annual General Meeting, 25,842,915 own shares of series B that were held by the company as of December 31, 2021, were canceled, to further improve earnings per share. The Board currently does not intend to initiate additional share buybacks.

Long-term strategy – with ability to adapt
Weakened demand for household appliances on our major markets is expected to continue, and be negative for the full year 2023. With this in mind, it is a key priority to vigorously implement the Group-wide cost reduction and North America turnaround program. In doing so, we can benefit from our efforts within the re-engineering initiative as well as leverage our strengthened globalized organization. The global scale and modularization are also vital for our ability to swiftly and efficiently offer new and attractive products to the consumers.

As shown during the past years, our ability to adapt to a rapidly changing environment is instrumental to our success. It is a confirmation that we have the right strategy and culture to respond quickly to challenges and seize opportunities. I am confident in executing on our long-term strategy, where consumer-centric, sustainable innovation and efficiency are key to driving profitable growth.

Stockholm, February 2023

Jonas Samuelson
Electrolux President and CEO

"I am confident in executing on our long-term strategy, where consumer-centric, sustainable innovation and efficiency are key to driving profitable growth."

Summary 2022

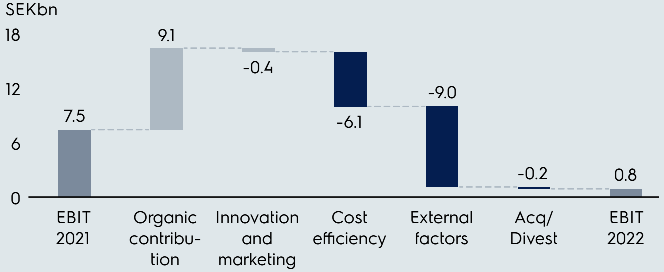
The business environment in 2022 was highly challenging. Market demand declined in most of Electrolux main markets as high general inflation, increased interest rates, and geopolitical tensions had a negative impact on consumer demand. Lower sales volumes resulted in an organic sales decline for Electrolux by 2.8%. The volume decline was coupled with severely elevated cost levels in the North American operations from production inefficiencies, partly triggered by supply chain constraints. This resulted in a significant earnings drop and the operating margin amounted to 0.6%, excluding non-recurring items, compared to 6.0% last year. To address the challenges, a Group-wide cost reduction and North America turnaround program was initiated.

The net price realization was strong across all regions, despite promotional activity returning to normal levels towards the end of 2022 compared to low levels throughout 2021. Price fully offset significant cost inflation, primarily in raw material and logistics.

2022 was an intensive product launch year across regions, partly enabled by the ongoing investment initiatives in modularized product platforms. Through an attractive product offering delivered under well-established brands, Electrolux continued to generate a positive product mix, even in the challenging demand environment with reduced consumer purchasing power in many markets. Aftermarket sales increased slightly, remaining at 7% of total sales for the year.

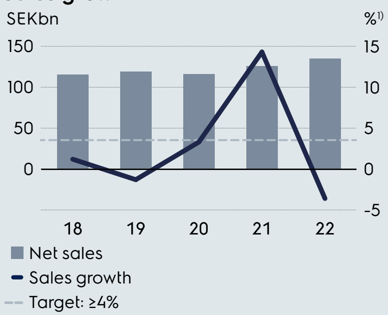
Supply chain constraints and irregular supply caused significantly elevated cost levels due to production inefficiencies subsequent low planning visibility as well as increased use of spot buys and air freight. Measures under the Group-wide cost reduction and North America turnaround program to return to stability and increase profitability were initiated towards the end of the year. However, the high inventory of products produced before the measures were implemented, resulted in a delayed earnings impact. Investments in innovation and marketing increased to support product launches and further develop capabilities for consumer direct interaction, while discretionary spending was reduced following the weak market environment.

Operating income (EBIT) bridge[1]



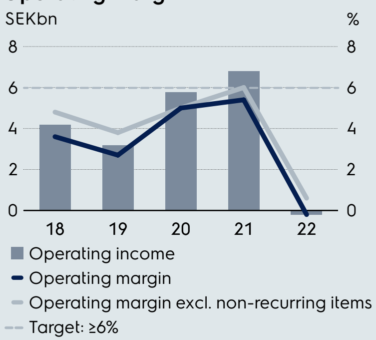
[1] Excluding non-recurring items, all numbers are rounded.

Sales growth

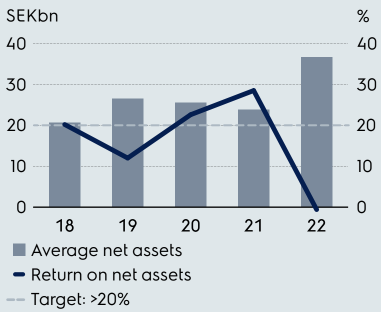


[1] Total sales growth excluding currency translation effects.

Operating margin



Return on net assets



Note: Financial targets are over a business cycle.

CO_2 emissions

The ambition is to achieve climate neutrality by 2050. An important step is the Science Based Targets set for 2025.

The Group achieved its combined Scope 1 and 2 Science Based Target of 80% reduction in CO_2 emissions for operations by reaching 82% in 2022, compared to 78% in 2021. One of the main reasons is the increased use of electricity from renewable sources. The Scope 3 target of 25% reduction in CO_2 emissions, covering use of sold products, reached beyond 25% reduction in emissions in 2022. The year-over-year decrease in sales volumes impacted the Scope 3 result positively in 2022, however the target was achieved also without considering the decline in volumes.

Scope 1 and 2	Scope 3
82% reduction compared to 2015	**>25%** reduction compared to 2015

Electrolux has set two Science Based Targets for 2025 compared to 2015. The first target is 80% reduction in carbon emissions in operations i.e. Scope 1 (direct emissions) and Scope 2 (indirect emissions). The second target is 25% reduction in carbon emissions in product use i.e. Scope 3 (indirect emissions).

Governance and control

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Climate risk disclosures 2022, page 51-55
Statutory sustainability report 2022, page 47-48, 56-66

AB Electrolux (publ), 556009-4178, S:t Göransgatan 143, SE-105 45 Stockholm, Sweden.

Corporate governance report

Chairman's introduction

As a leading global appliance company, Electrolux shapes living for the better by reinventing taste, care and wellbeing experiences to make life more enjoyable and sustainable for millions of people. Through the Group's different brands, we sell approximately 60 million products in approximately 120 markets every year. Our large installed base of approximately 400 million products globally gives us high aftermarket sales potential.

Corporate Governance Report
This Corporate Governance Report provides details of the overall governance structure of Electrolux, the interactions between the formal corporate bodies, internal policies and procedures as well as relevant control functions and reporting, which together ensure a robust global governance framework and strong corporate culture.

Board's focus areas during the year
2022 has been a challenging year for Electrolux. We, and the surrounding world, have experienced severe negative impacts on the global economy from factors such as increasing inflation, rapidly escalating energy prices and interest rates, which in turn have had a negative effect on the demand for consumer durables. Also the supply side has been difficult with disruptions in the supply chain and shortages of key components, causing loss of production and productivity in our factories. This was especially the case in North America where the ongoing production transformation, including the ramp-up of two new facilities and several new product platforms, aggravated the situation and resulted in an elevated cost level. This in combination with the rapid weakening of demand, starting end of the summer, led to a significant loss for the business area North America in 2022. To mitigate the effects of reduced consumer demand and adjust to the above-mentioned realities, a substantial Group-wide cost reduction and North America turnaround program was announced in September 2022.

An overriding priority for the Board in 2022 has been to support management in the necessary and rapid adjustment of priorities, which were triggered by the new macro environment. It is essential to increase cost efficiency in the North American business and ensure that we can fully leverage the investments in manufacturing and product platforms. This has been a main theme during practically all Board meetings during the year.

The work to continue the streamlining of the company into a consumer centric organization has progressed, including strengthening the globally responsible product lines and improving the commercial coordination between our geographical business areas. These measures will contribute to Electrolux competitiveness in a challenging global market.

Another focus area for the Board is related to the company's capital structure; a work initiated in 2021 when the Group's financial position was very strong after a period of strong cash generation. A share redemption program followed by share buybacks have been used to optimize the capital structure, where the Board's objective is to maintain a solid investment grade rating, as defined by leading rating institutes. When the initial program for 2022 was completed in September, the Board decided not to initiate additional share buybacks until further notice in light of sharply deteriorating market conditions, and increased debt levels from lower earnings and temporarily increased working capital requirements. The net income loss in 2022 led the Board to propose that no payment of dividend will be made for the fiscal year 2022. Although aligned with our policy targeting a dividend of approximately 50% of the annual income, this is of course not a decision we took lightly, and our strong ambition is to return to dividend paying conditions as soon as possible.

I would like to thank my fellow Board members for the good cooperation, the constructive contributions and engaged work. Finally, I thank the Electrolux management and all employees for an exceptional work effort during a challenging and turbulent 2022.

Staffan Bohman
Chairman of the Board

Governance in Electrolux

Electrolux strives to maintain strict norms and efficient governance processes to ensure that all operations create long-term value for shareholders and other stakeholders. This involves the maintenance of an efficient organizational structure, systems for internal control and risk management and transparent internal and external reporting.

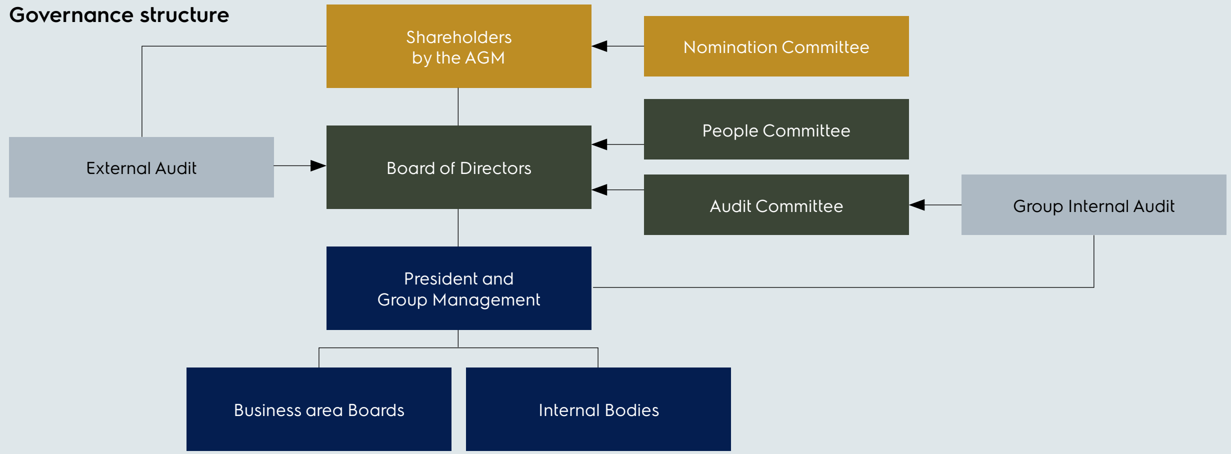
The Electrolux Group comprises 133 companies with sales in approximately 120 markets. The parent company of the Group is AB Electrolux, a public Swedish limited liability company. The company's shares are listed on Nasdaq Stockholm.

The governance of Electrolux is based on the Swedish Companies Act, Nasdaq Nordic Main Market Rulebook for Issuers of Shares ("Rulebook for Issuers") and the Swedish Code of Corporate Governance (the "Code"), as well as other relevant Swedish and foreign laws and regulations. The Code is published on the website of the Swedish Corporate Governance Board, which administrates the Code: www.corporategovernanceboard.se

This corporate governance report has been drawn up as a part of Electrolux application of the Code. Electrolux did not report any deviation from the Code in 2022. There has been no infringement by Electrolux of applicable stock exchange rules and no breach of good practice on the securities market reported by the disciplinary committee of Nasdaq Stockholm or the Swedish Securities Council in 2022.

Electrolux formal governance structure is presented to the right.

Governance structure



Major external regulations
- Swedish Companies Act.
- Rulebook for issuers.
- Swedish Code of Corporate Governance.

Major internal regulations
- Articles of Association.
- Board of Directors' working procedures.
- Policies for information, finance, credit, accounting manual, etc.
- Processes for internal control and risk management.
- Code of Conduct, Anti-Corruption Policy and Workplace Policy.

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 around the world, 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 2022, Electrolux had sales of SEK 135bn and employed 51,000 people around the world. For more information go to the Group's website, www.electroluxgroup.com.

AB Electrolux (publ) is registered under number 556009-4178 with the Swedish Companies Registration Office. The registered office of the Board of Directors is in Stockholm, Sweden.

The address of the Group headquarters is S:t Göransgatan 143, SE-105 45 Stockholm, Sweden.

Highlights 2022

- Re-election of Staffan Bohman as Chairman of the Board.
- Re-organization and establishment of new global Commercial & Consumer Journey organization.
- Resolution to repurchase a maximum of 8,000,000 own Class B shares during the period May 2, 2022 to October 21, 2022 for a total maximum amount of SEK 1,250 million.

Shares and shareholders

The Electrolux shares are listed on Nasdaq Stockholm. At year-end 2022, Electrolux had 83,248 shareholders according to Monitor by Modular Finance AB. Of the total share capital, 62% was owned by Swedish institutions and mutual funds, 25% by foreign investors and 13% by Swedish private investors, see below. Investor AB is the largest shareholder, holding 17.9% of the share capital and 30.4% of the voting rights. The ten largest shareholders accounted for 43.7% of the share capital and 52.2% of the voting rights in the company.

Voting rights

The share capital of AB Electrolux consists of Class A shares and Class B shares. One A share entitles the holder to one vote and one B share to one-tenth of a vote. Both A shares and B shares entitle the holders to the same proportion of assets and earnings and carry equal rights in terms of dividends. Owners of A shares can request to convert their A shares into B shares. Conversion reduces the total number of votes in the company. As of December 31, 2022, the total number of registered shares in the company amounted to 283,077,393 shares, of which 8,192,348 were Class A shares and 274,885,045 were Class B shares. The total number of votes in the company was 35,680,852.5. Class B shares represented 77% of the voting rights and 97% of the share capital.

Dividend policy

Electrolux target is for the dividend to correspond to approximately 50% of the annual income.

The Annual General Meeting (AGM) in March 2022 decided to adopt the Board's proposed dividend of SEK 9.20 per share for the financial year 2021 which, in accordance with the Board's proposal, was paid out in two equal installments.

Ownership structure

Swedish institutions and mutual funds, 62%
Foreign investors, 25%
Swedish private investors, 13%

Source: Monitor by Modular Finance AB. Compiled and processed data from various sources, including Euroclear, Morningstar and the Swedish Financial Supervisory Authority (Finansinspektionen) as per December 31, 2022.

The foreign ownership was 25% at year-end 2022 and 29% at year-end 2021.

Foreign investors are not always recorded in the share register. Foreign banks and other custodians may be registered for one or several customers' shares, and the actual owners are then usually not displayed in the register. For additional i nformation regarding the ownership structure, see above.

The information on ownership structure is updated quarterly on the Group's website.

Shareholders meeting

General Meetings of shareholders

The decision-making rights of shareholders in Electrolux are exercised at shareholders' meetings. The AGM of AB Electrolux is held in Stockholm, Sweden, during the first half of the year.

Extraordinary General Meetings may be held at the discretion of the Board or, if requested, by the auditors or by shareholders owning at least 10% of all shares in the company.

Participation in decision-making requires the shareholder's presence at the meeting, either personally or by proxy. In addition, the shareholder must be registered in the share register by a stipulated date prior to the meeting and must provide notice of participation in the manner prescribed. Additional requirements for participation apply to shareholders with holdings in the form of American Depositary Receipts (ADR) or similar certificates. Holders of such certificates are advised to contact the ADR depositary bank, the fund manager or the issuer of the certificates well in advance before the meeting in order to obtain additional information.

Individual shareholders requesting that a specific issue be included in the agenda of a shareholders' meeting can normally request the Electrolux Board to do so using a specific address published on the Group's website. The last date for making such a request for the respective meeting will be published on the Group's website.

Decisions at the meeting are usually taken on the basis of a simple majority. However, as regards certain issues, the Swedish Companies Act stipulates that proposals must be approved by shareholders representing a larger number of the votes cast and the shares represented at the meeting.

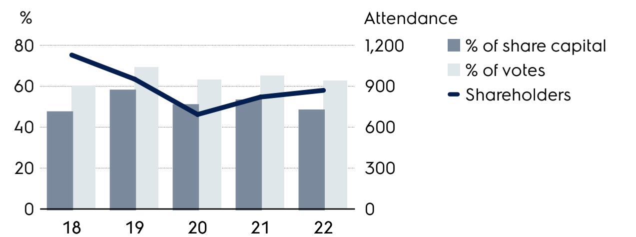
The AGM resolves upon:
- The adoption of the Annual Report.
- Dividend.
- Election of Board members and, if applicable, auditors.
- Remuneration to Board members and auditors.
- Guidelines for remuneration to Group Management.
- Remuneration Report.
- Other important matters.

Annual General Meeting 2022

Due to the risk of the spread of the coronavirus and pursuant to temporary legislation, the AGM 2022 was held digitally and through advance voting (so-called postal voting) on March 30, 2022. The AGM was webcasted live and shareholders had the option to either vote digitally at the AGM or to vote in advance through postal voting. An excerpt of from the AGM including the CEO's reflections from the past year and the future strategy was made available on the Group's website. The shareholders had also the possilibty to submit questions ahead of the AGM 2022.

Decisions at the Annual General Meeting 2022:
- Re-election of all the Board members.
- Re-election of Staffan Bohman as Chairman of the Board.
- Election of PricewaterhouseCoopers AB as auditors.
- Remuneration to the Board members.
- Dividend, cancellation of shares and subsequent bonus issue.
- Authorization to acquire own shares and to transfer own shares on account of company acquisitions and certain incentive programs.
- Amendments of the Articles of Association.

Attendance at AGMs 2018–2022



870 shareholders, representing a total of 48.0% of the share capital and 62.6% of the votes, were present through postal voting at the 2022 AGM.

Annual General Meeting 2023
The next AGM will be held on Wednesday, March 29, 2023 in Stockholm. Additional information about the AGM 2023 will be published in the notice convening the Annual General Meeting.

Nomination Committee

Nomination Committee
The AGM resolves upon the nomination process for the Board of Directors and the auditors. The AGM 2011 adopted an instruction for the Nomination Committee. The instruction involves a process for the appointment of a Nomination Committee comprised of six members. The members should be one representative of each of the four largest shareholders, in terms of voting rights that wish to participate in the Committee, together with the Chairman of the Electrolux Board and one additional Board member.

The composition of the Nomination Committee shall be based on shareholder statistics from Euroclear Sweden AB as of the last banking day in August in the year prior to the AGM and on other reliable shareholder information, which is provided to the company at such time. The names of the shareholders and their representatives shall be announced as soon as they have been appointed. If the shareholder structure changes during the nomination process, the composition of the Nomination Committee may be adjusted accordingly.

The Nomination Committee is assisted in preparing proposals for auditors by the company's Audit Committee and the Nomination Committee's proposal is to include the Audit Committee's recommendation on the election of auditors.

The Nomination Committee's proposals are publicly announced no later than on the date of notification of the AGM. Shareholders may submit proposals for nominees to the Nomination Committee.

The Nomination Committee's tasks include preparing a proposal for the next AGM regarding:
- Chairman of the AGM.
- Board members.
- Chairman of the Board.
- Remuneration to Board members.
- Remuneration for committee work.
- Amendments of instructions for the Nomination Committee, if deemed necessary.
- Auditors and auditors' fees, when these matters are to be decided by the following AGM.

Nomination Committee for the AGM 2022
The Nomination Committee for the AGM 2022 was comprised of six members. Johan Forssell of Investor AB led the Nomination Committee's work.

For the proposal for the AGM 2022, the Nomination Committee made an assessment of the composition and size of the current Board as well as the Electrolux Group's operations. Areas of particular interest were Electrolux strategies and goals and the demands on the Board that are expected from the Group's positioning for the future. The Nomination Committee applied rule 4.1 of the Code as diversity policy in its nomination work. The Nomination Committee considered that a breadth and variety as regards age, nationality, educational background, gender, experience, competence and term of office are represented among the Board members.

The Nomination Committee proposed re-election of all Board members. The Nomination Committee also proposed re-election of Staffan Bohman as Chairman of the Board. After the election at the AGM 2022, three out of seven Board members elected at the shareholders' meeting are women (in this calculation, the President and CEO has not been included in the total number of Board members).

The Nomination Committee also proposed, in accordance with the recommendation by the Audit Committee, election of PricewaterhouseCoopers AB as the company's auditors for the period until the end of the AGM 2023.

A report regarding the work of the Nomination Committee was included in the Nomination Committee's explanatory statement that was published before the AGM 2022. Further information regarding the Nomination Committee and its work can be found on the Group's website.

Nomination Committee for the AGM 2023
The Nomination Committee for the AGM 2023 is based on the ownership structure as of August 31, 2022, and was announced in a press release on September 23, 2022.

The Nomination Committee's members are:
- Johan Forssell, Investor AB, Chairman
- Carina Silberg, Alecta
- Sussi Kvart, Handelsbanken Funds
- Tomas Risbecker, AMF Tjänstepension och Fonder
- Staffan Bohman, Chairman of Electrolux
- Fredrik Persson, Board member of Electrolux

Board of Directors

The Board of Directors
The Board of Directors has the overall responsibility for Electrolux organization and administration.

Composition of the Board
The Electrolux Board is comprised of eight members without deputies, who are elected by the AGM, and three members with deputies, who are appointed by the Swedish employee organizations in accordance with Swedish labor law.

The AGM elects the Chairman of the Board. Directly after the AGM, the Board holds a meeting for formal constitution at which the members of the committees of the Board are elected, among other things. The Chairman of the Board of Electrolux is Staffan Bohman.

All current members of the Board elected by the AGM, except for the President and CEO, are non-executive members. Two of the eight Board members, who are elected by the AGM, are not Swedish citizens.

For additional information regarding the Board of Directors, see pages 24-25.

Independence
The Board is considered to be in compliance with the Swedish Companies Act's and the Code's requirements for independence. The assessment of each Board member's independence is presented in the table on page 25.

All Board members except for Petra Hedengran and Jonas Samuelson have been considered independent. Petra Hedengran has been considered independent in relation to the company and the administration of the company, but not in relation to major shareholders of Electrolux. Jonas Samuelson has been considered independent in relation to major shareholders of Electrolux but not, in his capacity as President and CEO, in relation to the company and the administration of the company.

Jonas Samuelson has no major shareholdings, nor is he a part-owner in companies having significant business relations with Electrolux. Jonas Samuelson is the only member of Group Management who is a Board member.

The Board's tasks
One of the main tasks of the Board is to manage the Group's operations in such a manner as to assure the shareholders that their interests in terms of a long-term profitable growth and value creation are being met in the best possible manner. The Board's work is governed by rules and regulations including the Swedish Companies Act, the Articles of Association, the Code and the working procedures established by the Board. The Articles of Association of Electrolux are available on the Group's website.

Working procedures and Board meetings

The Board determines its working procedures each year and reviews these procedures as required. The working procedures describe the Chairman's specific role and tasks, as well as the responsibilities delegated to the committees appointed by the Board.

In accordance with the procedures and the Code, the Chairman shall among other things:

- Organize and distribute the Board's work.
- Ensure that the Board discharges its duties and has relevant know-ledge of the company.
- Secure the efficient functioning of the Board.
- Ensure that the Board's decisions are implemented efficiently.
- Ensure that the Board evaluates its work annually.

The working procedures for the Board also include detailed instructions to the President and CEO and other corporate functions regarding issues requiring the Board's approval. Among other things, these instructions specify the maximum amounts that various decision-making functions within the Group are authorized to approve as regards credit limits, capital expenditure and other investments.

The working procedures stipulate that the meeting for the formal constitution of the Board shall be held directly after the AGM. Decisions at this statutory meeting include the election of members of the committees of the Board and authorization to sign on behalf of the company. In addition to the statutory Board meeting, the Board normally holds seven other ordinary meetings during the year. Four of these meetings are to be held in conjunction with the publication of the Group's full-year report and interim reports. One or two meetings are to be held in connection with visits to Group operations, subject to travel restrictions or other concerns. Additional meetings are held when necessary.

The Board deals with and decides on Group-related issues such as:

- Main goals.
- Strategic orientation.
- Essential issues related to financing, investments, acquisitions and divestments.
- Follow-up and control of operations, communication and organization, including evaluation of the Group's operational and sustainability management.
- Appointment of and, if necessary, dismissal of the President and CEO.
- Overall responsibility for establishing an effective system of internal control and risk management as well as a satisfactory process for monitoring the company's compliance with relevant laws and other regulations as well as internal policies.

The Board's work in 2022

During the year, the Board held 12 meetings. The attendance of each Board member at these meetings is shown in the table on page 25.

All Board meetings during the year followed an agenda, which, together with the documentation for each item on the agenda, was sent to Board members in advance of the meetings. Electrolux General Counsel serves as secretary at the Board meetings.

Each scheduled Board meeting includes a review of the Group's results and financial position, as well as the outlook for the forthcoming quarters, as presented by the President and CEO. The meetings also deal with investments and the establishment of new operations, as well as acquisitions and divestments. The Board decides on all investments exceeding SEK 100m and receives reports on all investments exceeding SEK 25m.

Normally, a member of Group Management also reviews a current strategic issue at the meeting. For an overview of how the Board's work is spread over the year, see the table below.

Key focus areas for the Board during 2022

- Effects and impacts of the coronavirus pandemic and imbalances in the global supply chain.
- Effects and impacts of the war in Ukraine.
- Adapting Electrolux strategy and business model to global industry drivers such as increased consumer power, digitalization, sustainability, consolidation,and a growing middle class.
- Re-organization and establishment of the new Commercial & Consumer Journey organization to further strengthen the product and service offering.
- Continued focus on optimizing the Group's capital structure by initiating a share buyback program.
- Group-wide cost reduction and North America turnaround program to return to stability and increase profitability.

Ensuring quality in financial reporting

The working procedures determined annually by the Board include detailed instructions on the type of financial reports and similar information which are to be submitted to the Board. In addition to the full-year report, interim reports and the annual report, the Board reviews and evaluates comprehensive financial information regarding the Group as a whole and the entities within the Group.

The Board also reviews, primarily through the Board's Audit Committee, the most important accounting principles applied by the Group in financial reporting, as well as major changes in these principles. The tasks of the Audit Committee also include reviewing reports regarding internal control and financial reporting processes, as well as internal audit reports submitted by the Group's internal audit function, Group Internal Audit.

The Group's external auditors report to the Board as necessary, but at least once a year. A minimum of one such meeting is held without the presence of the President and CEO or any other member of Group Management. The external auditors also attend the meetings of the Audit Committee.

Overview of various items on the Board's agenda and Committee meetings 2022

February:
- Q4, Consolidated results.
- Report by external auditors.
- Dividend.
- Proposals for the AGM.

March: **Statutory Board meeting:**
- Appointment of committee members.
- Signatory powers.
- Rules of procedure of the Board.

April:
- Q1 Quarterly financial statements.

July:
- Q2 Quarterly financial statements.

October:
- Q3 Quarterly financial statements

December:
- Board work evaluation.

	January	February	March	April	May	June	July	August	September	October	November	December
Ordinary Board meetings		●	●	●		●	●			●		●
Audit Committee	●	●		●	●		●			●		●
People Committee	●		●		●				●	●	●	

Each scheduled Board meeting included a review of the Group's results and financial position, as well as the outlook for the forthcoming quarters.

The Audit Committee reports to the Board after each of its meetings. Minutes are taken at all meetings and are made available to all Board members and to the auditors.

Board work evaluation

The Board evaluates its work annually with regard to working procedures, the working climate and the focus of the Board work. This evaluation also focuses on access to and requirements of special competence in the Board. The evaluation is a tool for the development of the Board work and also serves as input for the Nomination Committee's work. The evaluation of the Board is each year initiated and lead by the Chairman of the Board. The evaluation of the Chairman is led by one of the other members of the Board. Evaluation tools include questionnaires and discussions.

In 2022, Board members responded to written questionnaires. As part of the evaluation process, the Chairman also had individual discussions with Board members. The evaluations were discussed at a Board meeting.

The result of the evaluations was presented for the Nomination Committee.

Fees to Board members

Fees to Board members are determined by the AGM and paid to the Board members who are not employed by Electrolux. The AGM 2022 decided to increase the fees to the Chairman and the Board members, see table below.

The Nomination Committee has recommended that Board members appointed by the AGM acquire Electrolux shares and that these are maintained as long as they are part of the Board. A shareholding of a Board member should after five years correspond to the value of one gross annual fee.

Board members who are not employed by Electrolux are not invited to participate in the Group's long-term incentive programs for senior managers and key employees.

For additional information on remuneration to Board members, see Note 27.

Remuneration to the Board of Directors 2020–2022 (applicable as from the respective AGM)

SEK	2022	2021	2020
Chairman of the Board	2,400,000	2,285,000	2,200,000
Board member	700,000	665,000	640,000
Chairman of the Audit Committee	300,000	290,000	280,000
Member of the Audit Committee	190,000	185,000	160,000
Chairman of the People Committee	175,000	170,000	150,000
Member of the People Committee	120,000	115,000	100,000
Member of ad hoc Committee	60,000	–	–

People Committee
Audit Committee

Committees of the Board

The Board has established a People Committee and an Audit Committee. The major tasks of these committees are preparatory and advisory, but the Board may delegate decision-making powers on specific issues to the committees. The issues considered at committee meetings shall be recorded in minutes of the meetings and reported at the following Board meeting. The members and chairmen of the committees are appointed at the statutory Board meeting following the AGM's election of Board members.

The Board has also determined that issues may be referred to ad hoc committees dealing with specific matters. In 2022, the Board decided to establish a Share Buyback Committee with the purpose of dealing with matters related to the share buyback programs. The Committee consisted of two Board members, Fredrik Persson (Chairman) and Ulla Litzén.

People Committee

One of the People Committee's primary tasks is to propose guidelines for the remuneration to the members of Group Management. The Committee also proposes changes in remuneration to the President and CEO, for resolution by the Board, and reviews and resolves on changes in remuneration to other members of Group Management on proposal by the President and CEO. The Committee shall also oversee and make recommendations to the Board regarding the development, recruitment and succession planning of the President and CEO and the Group Management. In addition, the Committee shall oversee the overall organizational structure and advise Group Management regarding people plans and development of the company culture. The Committee shall also review the Board's report on remuneration pursuant to Chapter 8, Section 53 a of the Swedish Companies Act (Remuneration Report).

The People Committee consists of the following three Board members: Petra Hedengran (Chairman), Staffan Bohman and Karin Overbeck. At least two meetings are convened annually. Additional meetings are held as needed.

In 2022, the People Committee held six meetings. The attendance of each Board member at these meetings is shown in the table on page 25. Significant issues addressed include evaluation, review and resolution on changes in the remuneration to members of Group Management, follow-up and evaluation of previously approved long-term incentive programs and remuneration guidelines for Group Management, review of the Remuneration Report for 2022 and review and preparation of long-term incentive program for 2023. The Head of HR and Communications participated in the meetings and was responsible for meeting preparations.

The People Committee's tasks include for example:

- To prepare and evaluate remuneration guidelines for Group Management.
- To prepare and evaluate targets and principles for variable compensation.
- To prepare terms for pensions, notices of termination and severance pay as well as other benefits for Group Management.
- To prepare and evaluate Electrolux long-term incentive programs.
- To review the Remuneration Report.
- To oversee and make recommendations regarding the development, recruitment, and succession planning as well as evaluate the performance of the President and the other members of Group Management.
- To oversee the overall organizational structure and advise Group. Management regarding people plans and development of the company culture.

Audit Committee

The main task of the Audit Committee is to oversee the processes of Electrolux financial reporting and internal control in order to secure the quality of the Group's external reporting. The Audit Committee is also tasked with supporting the Nomination Committee with proposals when electing external auditors.

The Audit Committee has consisted of the following four Board members: Ulla Litzén (Chairman), Staffan Bohman, Petra Hedengran and Fredrik Persson. The external auditors report to the Committee at each ordinary meeting. At least three meetings are held annually. Additional meetings are held as needed.

In 2022, the Audit Committee held seven meetings. The attendance of each Board member at these meetings is shown in the table on page 25. Electrolux managers have also had regular contacts with the Committee Chairman between meetings regarding specific issues. The Group's Chief Financial Officer and from time to time other senior management members have participated in the Audit Committee meetings.

The Audit Committee's tasks include for example:

- To review the financial reporting.
- To monitor the effectiveness of the internal control, including risk management, concerning the financial reporting.
- To follow up the activities of the Group Internal Audit as regards to organization, recruiting, budgets, plans, results and audit reports.
- To review and approve certain credit limits.
- To keep informed of the external audit and the quality control performed by the Supervisory Board of Public Accountants and to evaluate the work of the external auditors.
- To inform the Board of the outcome of the external audit and explain how the audit contributed to the reliability of the financial reporting as well as the role of the Committee in this process.
- To review, and when appropriate, preapprove the external auditors' engagements in other tasks than audit services.
- To evaluate the objectivity and independence of the external auditors.
- To support the Nomination Committee with proposals when electing external auditors.

External auditors

External auditors

The AGM in 2022 elected PricewaterhouseCoopers AB (PwC) as the Group's new external auditors for one year, until the AGM in 2023. The election of PwC was preceded by a thorough procurement process and recommendation by the Audit Committee. Authorized Public Accountant Peter Nyllinge is the auditor in charge of AB Electrolux.

PwC provides an audit opinion regarding AB Electrolux, the financial statements of the majority of its subsidiaries, the consolidated financial statements for the Electrolux Group and the administration of AB Electrolux. The auditors also conduct a review of the report for the second quarter.

The audit is conducted in accordance with the Swedish Companies Act, International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden.

Audits of local statutory financial statements for legal entities outside of Sweden are performed as required by law or applicable regulations in the respective countries, including issuance of audit opinions for the various legal entities.

SEKm	2022	2021	2020
PwC			
Audit fees	56	–	–
Audit related fees	0	–	–
Tax fees	1	–	–
All other fees	10	–	–
Total fees to PwC	67	–	–
Deloitte			
Audit fees	–	59	63
Audit-related fees	–	2	2
Tax fees	–	0	4
All other fees	–	0	0
Total fees to Deloitte	–	61	69
Audit fees to other audit firms	0	0	0
Total fees to auditors	**67**	**61**	**69**

Deloitte were the Group's external auditors for the the previous years 2020 and 2021. For details regarding fees paid to the auditors and their non-audit assignments in the Group, see Note 28.

Internal Audit

Group Internal Audit

The internal audit function is responsible for independent, objective assurance, in order to systematically evaluate and propose improvements for more effective governance, internal control and risk management processes.

The process of internal control and risk management has been developed to provide reasonable assurance that the Group's goals are met in terms of efficient operations, compliance with relevant laws and regulations and reliable financial reporting.

Internal audit assignments are conducted according to a risk based plan developed annually and approved by the Audit Committee. The audit plan is derived from an independent risk assessment conducted by Group Internal Audit to identify and evaluate risks associated with the execution of the company strategy, operations, and processes. The plan is designed to address the most significant risks identified within the Group and its business areas. The audits are executed using a methodology for evaluating the design and effectiveness of internal controls to ensure that risks are adequately addressed and processes are operated efficiently.

Opportunities for improving the efficiency in the governance and internal control and risk management processes identified in the internal audits are reported to responsible business area management for action. A summary of audit results is provided to the Audit Board and the Audit Committee, as is the status of management's implementation of agreed actions to address findings identified in the audits.

For additional information on internal control, see pages 28-29.

Company Management of Electrolux

Electrolux – a global leader with a purpose to shape living for the better

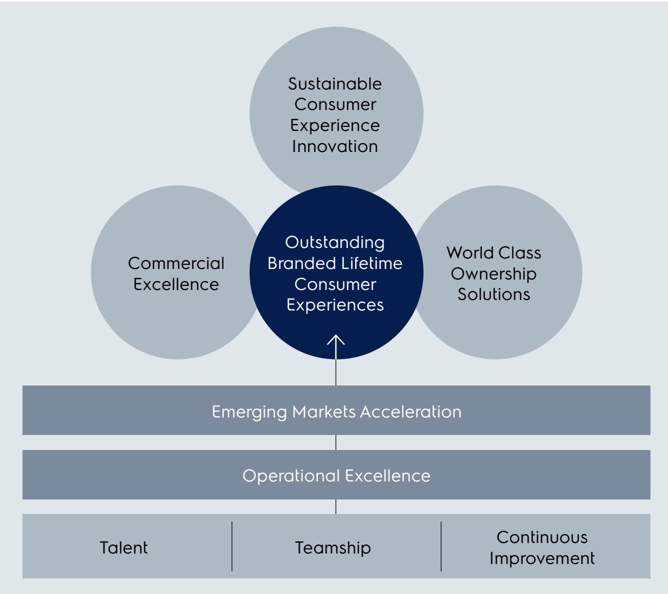
Electrolux has a strategic framework that connects its business model with a clear company purpose – Shape living for the better. To achieve the purpose and drive profitable growth, Electrolux uses a business model which focuses on creating outstanding branded lifetime consumer experiences. By creating desirable solutions and outstanding experiences that enrich peoples' daily lives and the health of the planet, Electrolux wants to be a driving force in defining enjoyable and sustainable living. Focus is to invest in innovations that are most relevant for creating the outstanding consumer experience to make great tasting healthy food, help consumers to preserve their clothes longer and to increase wellbeing in the home.

Targeted growth and optimization of the product portfolio to the most profitable product categories and products with distinct consumer benefits, will strengthen the presence of Electrolux in the product categories and channels where the Group is most competitive. Electrolux objective is to grow with consistent profitability, see the financial targets below.

Financial targets over a business cycle

The financial goals set by Electrolux aim to strengthen the Group's leading, global position in the industry and assist in generating a healthy total yield for Electrolux shareholders. The objective is growth with improved profitability.

- Sales growth of at least 4% annually.
- Operating margin of at least 6%.
- Capital turnover-rate of at least 4.
- Return on net assets >20%.



A sustainable business

Sustainability leadership is crucial to realizing the Electrolux strategy for long-term profitable growth. In 2022, Electrolux most resource-efficient products represented 24% of products sold and 39% of gross profit.

The company takes a consistent approach to sustainability in the countries where Electrolux operates. Understanding and engaging in challenges such as climate change, creating ethical and safe workplaces, and adopting a responsible approach to sourcing and reorganizations are important for realizing the business strategy.

Electrolux has a Code of Conduct, which sets out the framework of how Electrolux shall conduct its operations in ethical and sustainable ways. The Code of Conduct, which has been approved by the Board, serves as an introduction to the Group Policies, and its purpose is to increase the clarity on what the company's principles mean for the employees. There is regular training and communication of the Code of Conduct and Group Policies, and in 2022 online trainings in the Code of Conduct and the Anti-corruption Policy were rolled out to office based employees. At year end the completion rates were 89% and 87% for the Code of Conduct and anti-corruption trainings respectively.

The Ethics Program encompasses a global whistleblowing system – Ethics Helpline – through which suspected misconduct can be reported in local languages. Reports may be submitted anonymously if legally permitted. The largest categories of reports in 2022 related to workplace conduct, verbal abuse and other types of disrespectful behavior.

In line with the UN Guiding Principles on Business and Human Rights, Electrolux conducts human rights risk assessments at both global and local levels since 2016. The methodology for the assessments focuses on identifying the risk of harming people, as a direct or indirect result of Electrolux operations, and includes corruption risks as well as opportunities to increase local positive impacts. During 2022 a local impact assessment was made in South Africa.

The Group's sustainability performance strengthens relations with investors and Electrolux is recognized as a leader in the household durables industry. In 2022, Electrolux was included in the Dow Jones Sustainability Index (DJSI) World and Europe indexes.

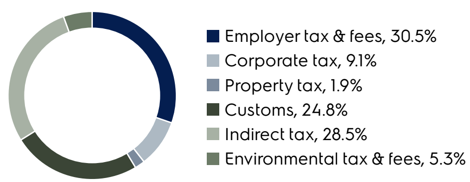
Electrolux as a tax payer

One important aspect of Electrolux company purpose – Shape living for the better – is to act as a good corporate citizen and taxpayer wherever Electrolux operates. Electrolux plays an important role in contributing to public finances in all jurisdictions where the Group operates. The Group has approximately 51,000 employees with sales in approximately 120 markets.

Of Electrolux Group total tax contribution, as defined in the below chart, corporate tax represented approximately 9.1% in 2022. Corporate income taxes are only a portion of the Group's total contribution to public finances in Electrolux markets. In addition to corporate income taxes, Electrolux pays indirect taxes, customs duties, property taxes, employee related taxes, environmental charges and a number of other direct or indirect contributions to governments. The total contribution to public finances for 2022 amounted to approximately SEK 10.4bn whereof approximately half related to emerging markets.

Electrolux most transparent contribution to public finances around the world is corporate income taxes, see Note 10. Corporate income taxes amounted to SEK 0.9bn in 2022, representing a global effective tax rate of the Group of 21.0%.

Electrolux total taxes 2022



Management and company structure

Electrolux aims at implementing strict norms and efficient processes to ensure that all operations create long-term value for shareholders and other stakeholders. This involves the maintenance of an efficient organizational structure, systems for internal control and enterprise risk management, and transparent internal and external reporting.

Following the re-organization effective as of July 1, 2022, the Group consists of three global organizational areas, Consumer Experience & Product Lines, Commercial & Consumer Journey, and Operations. Electrolux is also organized into four geographically defined business areas, Europe, North America, Latin America and Asia-Pacific, Middle East and Africa. The business area heads report to the Head of Commercial & Consumer Journey.

The Group organization also includes the following group staff functions supporting the business, Finance & Legal, HR & Communications, Business Development & Strategy, and IT & Digital.

There are also a number of internal bodies which are forums that are preparatory and decision-making in their respective areas, see chart on page 23. Each body includes representatives from concerned functions.

President and Group Management

President and Group Management

Group Management currently includes the President and CEO, the three organizational area heads, four business area heads and two group staff heads. The President and CEO is appointed by and receives instructions from the Board. The President and CEO, in turn, appoints other members of Group Management and is responsible for the ongoing management of the Group in accordance with the Board's guidelines and instructions.

A diversified management team

The Electrolux management team, with its extensive expertise, diverse cultural backgrounds and experiences from various markets in the world, forms an excellent platform for pursuing profitable growth in accordance with the Group's strategy. Electrolux Group Management represents six different nationalities. Most of them have previous experience of predominantly multinational consumer goods companies.

In recent years, a number of major initiatives have been launched aimed at better leveraging the unique, global position of Electrolux. In several areas, global and cross-border organizations have been established to, for example, increase the pace of innovation in product development, reduce complexity in manufacturing and optimize purchasing.

Changes in Group Management

The following changes in the Group management have been made during 2022.

Effective as of July 1, 2022, Anna Ohlsson-Leijon was appointed new Chief Commercial Officer and head of the new Commercial & Consumer Journey organization, focusing on commercial growth and consumer journey development. Chris Braam was appointed new Head of Business Area Europe, replacing Anna Ohlsson-Leijon in her previous role. The business area heads, responsible for Europe, North America, Latin America, and Asia-Pacific, Middle East and Africa, report to Anna Ohlsson-Leijon in the role of Chief Commercial Officer for the Group. The business area heads remain members of Group Management.

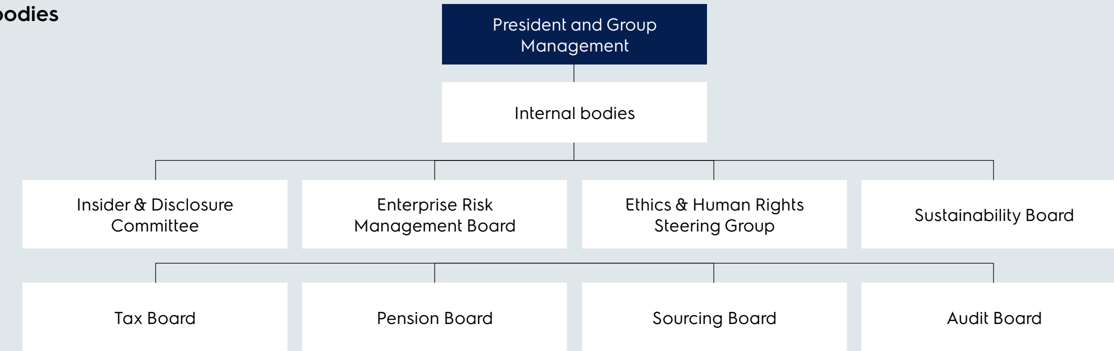
Effective as of January 1, 2023, Ricardo Cons was appointed new CEO and head of Business Area North America. Nolan Pike left his position as Head of Business Area North America in September 2022. Leandro Jasiocha was appointed CEO and head of Business Area Latin America, replacing Ricardo Cons in his previous role.

For details regarding members of Group Management, see pages 26-27.

Key focus areas for the President and Group Management in 2022

- Responding to the dynamic environment caused by imbalances in the global supply chain, increased geopolitical tensions, and high general inflation.
- Group-wide cost reduction and North America turnaround program initiated.
- Executing on extensive product launches across business areas.
- Leveraging global scale for commercial execution and consumer journey development.
- Continuing to drive sustainable consumer experience innovation under sharpened brands.
- Strengthening consumer relations beyond product purchase, including aftermarket business.
- Implementing price increases to mitigate cost inflation.
- Continued implementation of the new sustainability framework, launched in 2020.

Internal bodies



Remuneration

Remuneration to Group Management

Remuneration guidelines for Group Management are resolved upon by the AGM, based on the proposal from the Board. Remuneration to the President and CEO is then resolved upon by the Board, based on proposals from the People Committee. Changes in the remuneration to other members of Group Management is resolved upon by the People Committee, based on proposals from the President and CEO, and reported to the Board of Directors.

Electrolux shall strive to offer total remuneration that is fair and competitive in relation to the country of employment or region of each Group Management member. The remuneration terms shall emphasize 'pay for performance', and vary with the performance of the individual and the Group.

Remuneration may comprise of:

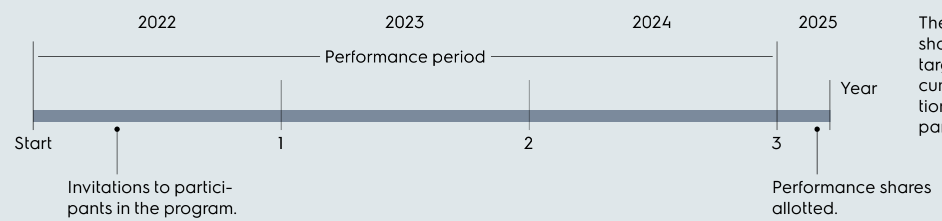
- Fixed compensation.
- Variable compensation.
- Other benefits such as pension and insurance.

Following the 'pay for performance' principle, variable compensation shall represent a significant portion of the total compensation opportunity for Group Management. Variable compensation shall always be measured against predefined targets and have a maximum above which no pay-out shall be made. The targets shall principally relate to financial performance.

Each year, the Board of Directors will evaluate whether or not a long-term incentive program shall be proposed to the AGM. The AGM in March 2022 decided on a long-term share program for 2022 (LTI 2022) for up to 900 senior managers and key employees.

For additional information on remuneration, remuneration guidelines, long-term incentive programs and pension benefits, see Note 27.

Timeline for the long-term incentive program for senior management 2022



The calculation of the number of performance shares, if any, is connected to two performance targets for the Group established by the Board; (i) cumulative earnings per share, and (ii) CO_2 reduction. Allotment of performance shares, if any, to the participants will be made in 2025.

Board of Directors and Auditors

Staffan Bohman

Chairman

Born 1949. Sweden. B.Sc. in Economics and Business Administration. Elected 2018. Member of the Electrolux Audit Committee and the Electrolux People Committee.

Other assignments: Chairman of the Board of the Research Institute of Industrial Economics and the German-Swedish Chamber of Commerce. Board Member of Atlas Copco AB and Åke Wiberg Foundation. Member of the Royal Swedish Academy of Engineering Sciences (IVA).

Previous positions: President and CEO of Sapa and DeLaval as well as Board member of, inter alia, Scania AB, Inter-IKEA Holding NV and Rezidor Hotel Group AB.

Holdings in AB Electrolux: 180,000 B-shares. 120,279 call options, issued by Investor AB entitling the right to purchase Electrolux B-shares.

Jonas Samuelson

President and CEO

Born 1968. Sweden. M.Sc. in Economics and Business Administration. Elected 2016.

Other assignments: Board member of Axel Johnson AB and Volvo Cars AB.

Previous positions: Various senior positions within Electrolux including CFO of AB Electrolux, COO Global Operations Major Appliances and Head of Major Appliances EMEA. Chief Financial Officer and Executive Vice President of Munters AB. Various senior positions within General Motors, mainly in the U.S., and Saab Automobile AB.

Holdings in AB Electrolux: 65,211 B-shares.

Petra Hedengran

Born 1964. Sweden. M. of Laws. Elected 2014. Chairman of the Electrolux People Committee and member of the Electrolux Audit Committee.

Other assignments: General Counsel and member of Group Management of Investor AB. Board member of Alecta and the Association for Generally Accepted Principles in the Securities Market (Sw. Föreningen för god sed på värdepappersmarknaden).

Previous positions: Attorney and partner at Advokatfirman Lindahl. Various positions within the ABB Financial S ervices including General Counsel of ABB Financial Services, Nordic Region. Law Clerk with the Stockholm District Court. Associate at Gunnar Lindhs Advokatbyrå.

Holdings in AB Electrolux: 15,900 B-shares.

Henrik Henriksson

Born 1970. Sweden. B.Sc. in Business Administration. Elected 2020.

Other assignments: President and CEO of H2 Green Steel AB. Board member of Hexagon AB, Creades AB, SAAB AB and the Confederation of Swedish Enterprise (Sw. Svenskt Näringsliv).

Previous positions: Various senior positions within Scania, including President and CEO of Scania AB.

Holdings in AB Electrolux: 425 B-shares.

Ulla Litzén

Born 1956. Sweden. B.Sc. in Economics and M.B.A. Elected 2016. Chairman of the Electrolux Audit Committee.

Other assignments: Board member of Epiroc AB, Ratos AB, Stockholm School of Economics and the School of Economics Association.

Previous positions: President of W Capital Management AB, wholly-owned by the Wallenberg Foundations. Various leading positions within the Investor Group including Managing Director and member of Group Management of Investor AB.

Holdings in AB Electrolux: 12,000 B-shares.

Karin Overbeck

Born 1966. Germany. Master's degree in Economics, Marketing and Finance. Elected 2020. Member of the Electrolux People Committee

Other assignments: CEO of Freudenberg Home and Cleaning Solutions GmbH. Member of Executive Council, Freudenberg Group. Vice President and member of the Board of the German Brands Association.

Previous positions: Various senior positions within the KAO Corporation as well as in L'Oréal, Tchibo and Unilever.

Holdings in AB Electrolux: 3,135 B-shares.

Fredrik Persson

Born 1968. Sweden. M.Sc. in Economics. Elected 2012. Member of the Electrolux Audit Committee.

Other assignments: Chairman of the Board of JM AB, the Confederation of European Business (BusinessEurope) and Ellevio AB. Board member of Holmen AB, Hufvudstaden AB, ICA Gruppen AB and Ahlström Capital Oy.

Previous positions: Various leading positions within Axel Johnson AB including President and CEO. Head of Research of Aros Securities AB. Various positions within ABB Financial Services AB.

Holdings in AB Electrolux: 5,000 B-shares.

David Porter

Born 1965. USA. Bachelor's degree, Finance. Elected 2016.

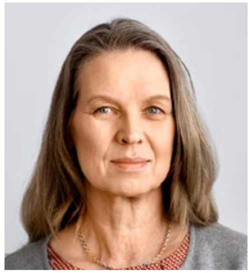
Other assignments: Head of Microsoft Stores, Corporate Vice President, Microsoft Corp. Chairman of Serta Simmons Bedding LLC.

Previous positions: Head of Worldwide Product Distribution at DreamWorks Animation SKG. Various positions within WalMart Stores, Inc.

Holdings in AB Electrolux: 3,315 B-shares.

Holdings in AB Electrolux are stated as of December 31, 2022 and includes holdings of related natural and legal persons, when applicable.

Employee representatives



Viveca Brinkenfeldt Lever
Born 1960. Representative of the Federation of the Salaried Employees in Industry and Services. Elected 2018.
Board meeting attendance: 12/12
Holdings in AB Electrolux: 0 shares.

Peter Ferm
Born 1965. Representative of the Federation of Salaried Employees in Industry and Services. Elected 2018.
Board meeting attendance: 11/12
Holdings in AB Electrolux: 100 B-shares.

Wilson Quispe
Born 1978. Representative of the Federation of Salaried Employees in Industry and Services. Elected 2022.
Board meeting attendance: 12/12[1]
Holdings in AB Electrolux: 4,900 B-shares.

Employee representatives, deputy members

Ulrik Danestad
Born 1969. Representative of the Federation of Salaried Employees in Industry and Services. Elected 2020.
Holdings in AB Electrolux: 20 B-shares.

Secretary of the Board

Ulrika Elfving
Born 1973. M. of Laws. General Counsel of AB Electrolux.
Secretary of the Electrolux Board since 2022.
Holdings in AB Electrolux: 1,134 B-shares.

Committees of the Board of Directors

People Committee
Petra Hedengran (Chairman), Staffan Bohman and Karin Overbeck.

Audit Committee
Ulla Litzén (Chairman), Staffan Bohman, Petra Hedengran and Fredrik Persson.

Auditors

PricewaterhouseCoopers AB

Peter Nyllinge
Born 1966. Authorized Public Accountant.
Other audit assignments: Getinge AB, Saab AB and Sandvik AB.
Holdings in AB Electrolux: 0 shares.

The board's remuneration during 2022, meeting attendance and independence

	Total remuneration 2022, '000 SEK	Board meeting attendance	People Committee attendance	Audit Committee attendance	Ad hoc Committee (Share Buyback Committee)	Independence[1]
Staffan Bohman	2,604	10/12	6/6	7/7		
Petra Hedengran	965	11/12	6/6	7/7		No
Henrik Henriksson	691	9/12				
Ulla Litzén	961	10/12		7/7	2/2	
Karin Overbeck[2]	781	12/12	5/6			
Fredrik Persson	879	12/12		7/7	2/2	
David Porter	691	9/12				
Jonas Samuelson	–	12/12				No

[1] For further information about the independence assessment, see page 18.
[2] Karin Overbeck was appointed as member of the People Committee in connection with the AGM 2022.

Holdings in AB Electrolux are stated as of December 31, 2022 and includes holdings of related natural and legal persons, when applicable.

Group Management

Jonas Samuelson
President and CEO
Born 1968. Sweden. M.Sc. in Economics and Business Administration. In Group Management and employed since 2008.
Other assignments: Board member of Axel Johnson AB and Volvo Cars AB.
Previous positions: Various senior positions within Electrolux including CFO of AB Electrolux, COO Global Operations Major Appliances and Head of Major Appliances EMEA. Chief Financial Officer and Executive Vice President of Munters AB. Various senior positions within General Motors, mainly in the U.S., and Saab Automobile AB.
Holdings in AB Electrolux: 65,211 B-shares.

Therese Friberg
Chief Financial Officer, Executive Vice President
Born 1975. Sweden. B.Sc. in Business Administration. In Group Management since 2018 and employed since 1999.
Previous positions: CFO of Major Appliances EMEA. Other senior positions within Electrolux including Head of Group Business Control and Sector Controller Home Care & SDA.
Holdings in AB Electrolux: 14,527 B-shares.

Chris Braam
CEO and head of Business Area Europe
Born 1969. The Netherlands. B.Sc in Business Economics and Business Administration. In Group Management since 2022 and employed since 2011.
Previous positions: SVP Sales and Services, Business Area Europe. Other senior positions in Nokia Mobile Phones, Benelux and VP Sales Middle East & Africa.
Holdings in AB Electrolux: 6,429 B-shares.

Adam Cich
CEO and head of Business Area Asia Pacific, Middle East and Africa
Born 1968. Poland. M.Sc. in Business Administartion. In Group Management since 2020 and employed since 1996.
Previous positions: SVP Sales and Acting Head of Business Area Asia Pacific, Middle East and Africa. Head of Sales in Central and Eastern Europe for Business Area Europe. Other senior positions in Electrolux include leadership positions within sales and product line in Poland, Russia and CEE region.
Holdings in AB Electrolux: 3,219 B-shares.

Ricardo Cons
CEO and head of Business Area North America
Born 1967. Brazil. Bachelor in Business Administration, Finance and Marketing, MBA in Team Management. In Group Management since 2016 and employed in 1997–2011 and since 2016.
Previous positions: Head of Business Area Latin America. Management positions at Franke in Brazil. Various senior positions at Electrolux Brazil, including President Small Appliances Latin America, Sales and Marketing Director Major Appliances. Positions in Volvo Brazil.
Holdings in AB Electrolux: 11,906 B-shares.

Holdings in AB Electrolux are stated as of December 31, 2022 and includes holdings of related natural and legal persons, when applicable.





Carsten Franke
Head of Operations, Executive Vice President
Born 1965. Germany. Engineer's degree (Dipl.-Ing) in Mechanical Engineering. In Group Management since 2020 and employed since 2005.
Previous positions: Various senior roles within Business Area Europe including Chief Operations Officer, Vice President Supply Chain, Vice President Industrial Operations and Vice President Electrolux Lean Manufacturing System. Positions prior to Electrolux include management roles at Knorr-Bremse AG and Maschinenfabrik Reinhausen.
Holdings in AB Electrolux: 5,096 B-shares.

Leandro Jasiocha
CEO and head of Business Area Latin America
Born 1976. Brazil. Master in Business Administration, M.Sc. in International Supply Chain/Purchasing. In Group Management since 2023 and employed in 1995-2000, 2002-2016 and since 2018.
Previous positions: Various senior positions within Electrolux including Vice President Consumer Journey Latin America and Vice President Product Lines Latin America. Positions prior to Electrolux include management positions at Hyva Global B.V. and Henkel Chemicals.
Holdings in AB Electrolux: 1,125 B-shares.

Ola Nilsson
Head of Consumer Experience & Product Lines, Executive Vice President
Born 1969. Sweden. M.Sc. in International Business Administration. In Group Management since 2016 and employed since 1994.
Other assignments: Board member of Fractal Gaming Group AB.
Previous positions: Various senior positions within Electrolux including CEO of Home Care & SDA, Senior Vice President Product Line Laundry Major Appliances EMEA and President Small Appliances Asia Pacific.
Holdings in AB Electrolux: 20,257 B-shares

Anna Ohlsson-Leijon
Chief Commercial Officer, Executive Vice President
Born 1968. Sweden. B.Sc. in Economics and Business Administration. In Group Management since 2016 and employed since 2001.
Other assignments: Board member of Atlas Copco AB and Schneider Electric SE.
Previous positions: Head of Business Area Europe and CFO of AB Electrolux. Other senior positions within Electrolux including CFO of Major Appliances EMEA and Head of Electrolux Corporate Control & Services. Chief Financial Officer of Kimoda. Various positions within PricewaterhouseCoopers.
Holdings in AB Electrolux: 18,472 B-shares.

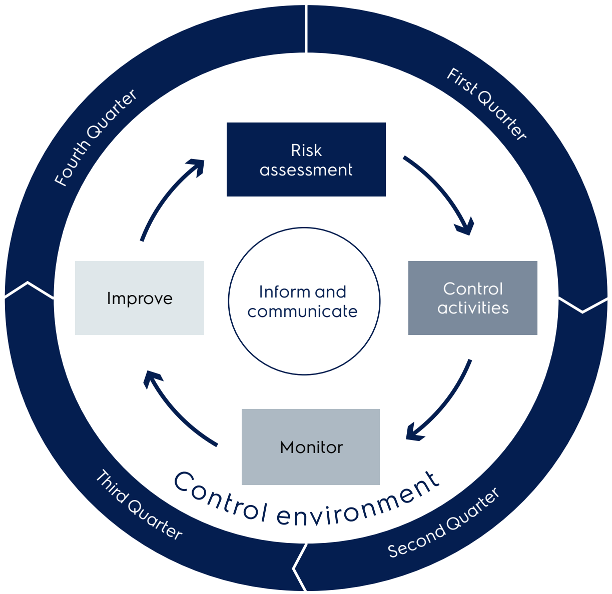
Lars Worsøe Petersen
Head of HR & Communications
Born 1958. Denmark. M.Sc. in Economics and Business Administration. In Group Management since 2011 and employed in 1994–2005 and since 2011.
Previous positions: CHRO, Senior Vice President at Husqvarna AB, 2005–2011. Various senior positions within Electrolux including Head of Human Resources for Major Appliances North America and Head of Electrolux Holding A/S in Denmark.
Holdings in AB Electrolux: 26,875 B-shares.

Holdings in AB Electrolux are stated as of December 31, 2022 and includes holdings of related natural and legal persons, when applicable.

Internal control over financial reporting

The Electrolux Control System (ECS) has been developed to ensure accurate and reliable financial reporting and preparation of financial statements in accordance with applicable laws and regulations, generally accepted accounting principles and other requirements for listed companies. The ECS adds value through clarified roles and responsibilities, improved process efficiency, increased risk awareness and improved decision support.

The ECS is based on the Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The five components of this framework are control environment, risk assessment, control activities, monitor and improve and inform and communicate.



Control environment

The foundation for the ECS is the control environment, which determines the individual and collective behavior within the Group. It is defined by policies and directives, manuals, and codes, and enforced by the organizational structure of Electrolux with clear responsibility and authority based on collective values.

The Electrolux Board has overall responsibility for establishing an effective system of internal control. Responsibility for maintaining effective internal controls is delegated to the President and CEO. The governance structure of the Group is described on page 16. Specifically for financial reporting, the Board has established an Audit Committee, which assists in overseeing relevant policies and important accounting principles applied by the Group.

The limits of responsibilities and authorities are given in directives for delegation of authority, manuals, policies and procedures, and codes, including the Code of Conduct, the Workplace Policy, and the AntiCorruption Policy, as well as in policies for information, finance, and in the accounting manual. Together with laws and external regulations, these internal guidelines form the control environment and all Electrolux employees are held accountable for compliance.

All entities within the Electrolux Group must maintain adequate internal controls. As a minimum requirement, control activities should address key risks identified within the Group. Group Management has the ultimate responsibility for internal controls within their areas of responsibility. Group Management is described on pages 26–27.

The ECS Program Office, a department within the Group Internal Audit function, has developed the methodology and is responsible for maintaining the ECS. To ensure timely completion of these activities, specific roles aligned with the company structure, with clear responsibilities regarding internal control, have been assigned within the Group.

Control environment – Example

Code of Conduct
Minimum standards in the areas of environment, health and safety, labor standards and human rights. The Code of Conduct is mandatory for Electrolux units.

Group Finance Policy
Details the general framework for how financial operations shall be organized and managed within the Group. The policy contains directives and other mandatory standards issued by the Group Finance organization.

Credit Directive
Rules for customer assessment and credit risk that clarify responsibilities and are the framework for credit decisions.

Delegation of Authority Directive
Details the approval rights, with monetary, volume or other appropriate limits, e.g., approval of credit limits and credit notes.

Accounting Manual
Accounting principles and reporting instructions for the Group's reporting entities are contained in the Electrolux Accounting Manual. The Accounting Manual is mandatory for all reporting units.

Risk assessment

Risk assessment

Risk assessment includes identifying risks of not fulfilling the fundamental criteria, i.e., completeness, accuracy, valuation and reporting for significant accounts in the financial reporting for the Group as well as risk of loss or misappropriation of assets.

At the beginning of each calendar year, the ECS Program Office performs a global risk assessment to determine the reporting units, data centers and processes in scope for the ECS activities. Within the Electrolux Group, a number of different processes generating transactions that end up in significant accounts in the financial reporting have been identified. All larger reporting units perform the ECS activities.

The ECS has been rolled out to almost all of the smaller units within the Group. The scope for smaller units is limited in terms of monitoring as management is not formally required to test the controls.

Enterprise risk assessment — example accounts receivable

Closing Routine — Risks assessed

Manage IT — Risks assessed

Order to Cash — Risks assessed

Control activities

Control activities

Control activities mitigate the risks identified and ensure accurate and reliable financial reporting as well as process efficiency.

Control activities include both general and detailed controls aimed at preventing, detecting and correcting errors and irregularities. In the ECS, the following types of controls are implemented, documented and tested:

- Manual and application controls — to secure that key risks related to financial reporting within processes are controlled.
- IT general controls — to secure the IT environment for key applications.
- Entity-wide controls — to secure and enhance the control environment.

Control activities — Example

Process	Risk assessed	Control activity
Closing Routine	Risk of incorrect financial reporting.	Reconciliation between general ledger and accounts receivable sub-ledger is performed, documented and approved.
Manage IT	Risk of unauthorized/ incorrect changes in the IT environment.	All changes in the IT environment are authorized, tested, verified and finally approved.
Order to Cash	Risk of not receiving payment from customers in due time.	Customers' payments are monitored and outstanding payments are followed up.
Order to Cash	Risk of incurring bad debt.	Application automatically blocks sales orders/deliveries when the credit limit is exceeded.

Monitor

Improve

Monitor and Improve

Monitor and test of control activities is performed periodically to ensure that risks are properly mitigated.

The effectiveness of control activities is monitored continuously at four levels: Group, business area, reporting unit, and process. Monitoring involves both formal and informal procedures applied by management, process owners and control operators, including reviews of results in comparison with budgets and plans, analytical procedures, and key-performance indicators.

Within the ECS, management is responsible for testing key controls. Management testers who are independent of the control operator perform these activities. Group Internal Audit maintains test plans and performs independent testing of selected controls. Controls that have failed must be remediated, which means establishing and implementing actions to correct weaknesses.

The Audit Committee reviews reports regarding internal control and processes for financial reporting. Group Internal Audit proactively proposes improvements to the control environment. The Head of Group Internal Audit has dual reporting lines: to the President and CEO and the Audit Committee for assurance activities, and to the Chief Financial Officer for other activities.

Inform and communicate

Inform and communicate

Inform and communicate within the Electrolux Group regarding risks and controls contributes to ensuring that the right business decisions are made.

Guidelines for financial reporting are communicated to employees, e.g., by ensuring that all manuals, policies and codes are published and accessible through the Group-wide intranet as well as information related to the ECS.

To inform and communicate is a central element of the ECS and is performed continuously during the year. Management, process owners and control operators in general are responsible for informing and communicating the results within the ECS.

The status of the ECS activities is followed up continuously through status meetings between the ECS Program Office and coordinators in the business areas. Information about the status of the ECS is provided periodically to business area and Group Management, the Audit Board and the Audit Committee.

Financial reporting and information

Electrolux routines and systems for information and communication aim at providing the market with relevant, reliable, correct and vital information concerning the development of the Group and its financial position. Specifically for purposes of considering the materiality of information, including financial reporting, relating to Electrolux and ensuring timely communication to the market, an Insider & Disclosure Committee has been formed.

Electrolux has an information policy and an insider policy meeting the requirements for a listed company.

Financial information is issued regularly in the form of:

- Full-year reports and interim reports, published as press releases.
- The Annual Report.
- Press releases on all matters which could have a significant effect on the share price.
- Presentations and telephone conferences for financial analysts, investors and media representatives on the day of publication of full-year and quarterly results.

Stockholm, February 17, 2023

AB Electrolux (publ)
The Board of Directors

Auditor's report on the Corporate Governance Statement

To the general meeting of the shareholders in AB Electrolux (publ), corporate identity number 556009-4178

Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the year 2022 on pages 15-30 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, February 21, 2023

PricewaterhouseCoopers AB

Peter Nyllinge
Authorized Public Accountant
Partner in Charge

Helena Kaiser de Carolis
Authorized Public Accountant

This is a translation of the Swedish language original. In the event of any differences between this translation and the Swedish language original, the latter shall prevail.

Report by the Board of Directors

- Net sales amounted to SEK 134,880m (125,631). Excluding currency translation effects, sales declined by 3.6%.
- Operating income amounted to SEK –215m (6,801), corresponding to a margin of –0.2% (5.4). Excluding non-recurring items of SEK –1,046m (–727), operating income amounted to SEK 831m (7,528), corresponding to a margin of 0.6% (6.0).
- Income for the period amounted to SEK –1,320m (4,678), corresponding to SEK –4.81 (16.31) per share.
- Operating cash flow after investments amounted to SEK –6,118m (3,200).
- 13,049,115 own series B shares were repurchased for an amount of SEK 2,138m.
- The Board of Directors proposes that no payment of dividend will be made for 2022.

Key data

SEKm	2022	2021	Change, %
Net sales	134,880	125,631	7
Sales growth, %[1]	-3.6	14.3	
Organic growth, %	-2.8	14.2	
Acquisitions, %	–	0.2	
Divestments, %	-0.8	–	
Changes in exchange rates, %	10.9	-6.0	
Operating income[2]	-215	6,801	n.m.
Operating margin, %	-0.2	5.4	
Income after financial items	-1,672	6,255	n.m.
Income for the period	-1,320	4,678	n.m.
Earnings per share, SEK[3]	-4.81	16.31	n.m.
Operating cash flow after investments	-6,118	3,200	
Return on net assets, %	-0.6	28.5	
Capital turnover-rate, times/year	3.7	5.3	
Average number of employees	50,769	51,590	
Net debt/EBITDA	3.83	0.71	
Equity per share, SEK	60.92	65.74	
Dividend per share, SEK	–[4]	9.20	
Return on equity, %	-7.0	24.4	

[1] Change in net sales adjusted for currency translation effects.
[2] Operating income for 2022 included non-recurring item of SEK -1,046m (-727). Excluding these items, operating income for 2022 amounted to SEK 831m (7,528), corresponding to a margin of 0.6% (6.0), see Note 7.
[3] Basic, based on an average of 274.7 (286.9) million shares for the full year, excluding shares held by Electrolux.
[4] Proposed by the Board of Directors.
Note: n.m. (not meaningful) is used when the calculated number is considered not relevant.

Net sales and income

- Net sales increased by 7.4%. This was a result of a positive currency translation effect of 10.9%, while organic sales decreased by 2.8% and acquisitions and divestments combined had a negative impact of 0.8%.
- Operating income amounted to SEK –215m (6,801), corresponding to a margin of –0.2% (5.4).
- Excluding non-recurring items of SEK –1,046m (–727), operating income amounted to SEK 831m (7,528), corresponding to a margin of 0.6% (6.0).
- The decrease in operating income excluding non-recurring items was primarily driven by lower volumes and significantly elevated cost levels as a result of inefficiencies in production and logistics.
- Strong price execution offset significant cost inflation, including currency headwinds.
- Successful product launches generated a favorable mix despite a challenging market environment.
- Income for the period amounted to SEK –1,320m (4,678), corresponding to SEK –4.81 (16.31) per share.

Net sales

Net sales in 2022 amounted to SEK 134,880m (125,631), which is an increase of 7.4%. Currency translation had a positive impact of 10.9%, while organic sales decreased by 2.8% and acquisitions and divestments combined had a negative impact of 0.8%.

The organic sales decrease was driven by lower volumes due to continued supply chain constraints in the first half of the year and lower market demand. Price developed strongly in all business areas driven by list price increases, while promotional activity returned to normal levels towards the end of 2022. Successful product launches generated a favorable mix, despite a challenging market environment. Aftermarket sales increased slightly.

Operating income

Operating income for 2022 amounted to SEK -215m (6,801), corresponding to a margin of -0.2% (5.4). Operating income included non-recurring items of SEK -1,046m relating to a settlement regarding the arbitration in a U.S. tariff case, a loss from the exit from the Russian market, restructuring charges across business areas and Group common cost for the Group-wide cost reduction and North America turnaround program, the divestment of the office facility in Zürich, Switzerland, and termination of a U.S pension plan, transferred to a third party. For more information, see Note 7. Excluding these non-recurring items, operating income amounted to SEK 831m (7,528), corresponding to a margin of 0.6% (6.0).

The decrease in operating income excluding non-recurring items was primarily driven by lower volumes and significantly elevated cost levels from production and logistic inefficiencies, mainly in business area North America. A Group-wide cost reduction and North America turnaround program was announced in September to return to stability and increase profitability. However, the high inventory of products produced before the measures were implemented, resulted in a delayed earnings impact. Net price realization was strong, offsetting significant cost inflation, and mix was positive. Investments in innovation and marketing increased to support product launches and further develop capabilities for consumer direct interaction. *For more information on the performance of each business area, see page 33-35.*

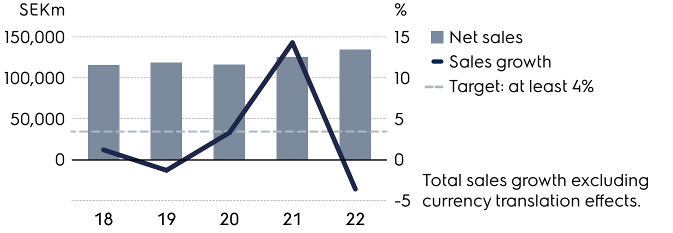
Financial net

Net financial items amounted to SEK -1,457m (-546). The change was mainly a result of higher interest rates and debt levels.

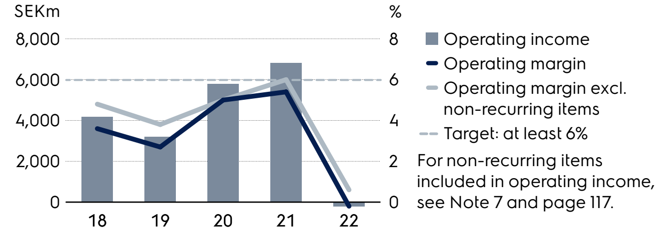
Income after financial items

Income after financial items amounted to SEK -1,672m (6,255), corresponding to -1.2% (5.0) of net sales.

Sales growth



Operating margin



Financial targets are over a business cycle. For comparable reasons the figures in the graphs above are exclusive of the discontinued business area Professional Products.

Taxes

Total taxes for 2022 amounted to SEK 352m (–1,577), corresponding to a tax rate of 21.0% (25.2).

Income for the period and earnings per share

Income for the period amounted to SEK -1,320m (4,678), corresponding to SEK -4.81 (16.31) in earnings per share before dilution.

Operations by business area

- Sharp volume decline in Europe due to weak market conditions.
- Significantly elevated cost levels in North America, partly triggered by supply chain constraints.
- Strong price execution offset significant cost inflation in Latin America.
- Successful product launches in Asia-Pacific, Middle East and Africa.

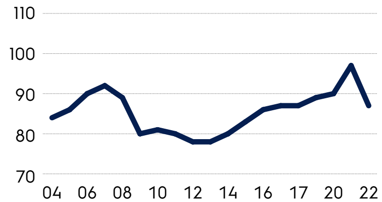
Market demand overview

The market demand declined in most of Electrolux main markets in 2022 compared to last year when demand, in general, was strong. During the first half of the year, supply chain constraints limited the ability to fully meet underlying demand, while increased general inflation, interest rates and geopolitical tensions impacted consumer sentiment and purchasing power negatively during the second half.

Market demand for core appliances in Europe, excluding Russia, decreased by 10% in 2022, where Eastern Europe declined by 13% and Western Europe by 10%. In the U.S., market demand for core appliances decreased by 6%. In Latin America, overall consumer demand is estimated to have decreased by double-digit, driven by Brazil and Chile. In addition to the economic pressure on consumers, Chile was positively impacted last year by government incentives. In Argentina, consumer demand is estimated to have increased, driven by improved product availability and as a result of the negative impact of lockdowns in 2021. In Asia-Pacific, Middle East and Africa, consumer demand for appliances is estimated to have increased in 2022 across main markets, although declining towards the end of the year as consumer confidence and purchasing power were negatively affected by higher inflation and weaker global macro sentiment.

Industry shipments for core appliances in Europe

Million units

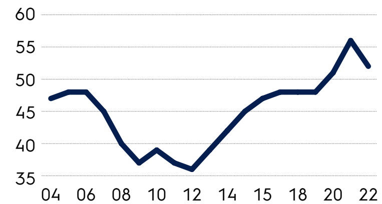


A total of approximately 87 million core appliances were sold in Europe in 2022.

Source: Electrolux estimates. As from 2018, market volumes in Eastern Europe have been revised, considering additional sources. Estimates exclude Russia.

Industry shipments for core appliances in the U.S.

Million units



A total of approximately 52 million core appliances were sold in the U.S. in 2022.

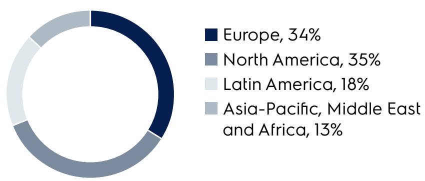
Source: AHAM. Core appliances includes AHAM 6 (washers, dryers, dishwashers, refrigerators, freezers, ranges and ovens) and cooktops.

For other markets there are no comprehensive market statistics.

Business areas

Electrolux operations are organized into four regional business areas: Europe, North America, Latin America and Asia-Pacific, Middle East and Africa. The Group's operations include products for consumers comprising of major appliances, e.g. refrigerators, freezers, cookers, dryers, washing machines, dishwashers, room air-conditioners and microwave ovens. Floor-care products, water heaters, heat pumps, small domestic appliances as well as consumables, accessories and service are other important areas for Electrolux.

Share of sales by business area



Financial overview by business area

SEKm	2022	2021	Change, %
Net sales	134,880	125,631	7
Operating income			
Europe	683	4,002	-83
North America	-2,394	688	n.m.
Latin America	1,058	1,336	-21
Asia-Pacific, Middle East and Africa	1,308	1,511	-13
Group common costs, etc.	-870	-737	-18
Total Group	**-215**	**6,801**	**n.m.**
Operating margin, %	-0.2	5.4	
Operating margin excl. non-recurring items, %[1]	0.6	6.0	

[1] For more information on non-recurring items, see Note 7.
Note: n.m. (not meaningful) is used when the calculated number is considered not relevant.

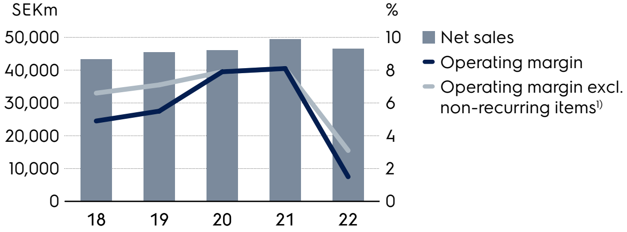
Europe

Market demand in Europe, excluding Russia, decreased by 10% in 2022. Eastern Europe declined by 13% and Western Europe by 10%.

The business area reported an organic sales decline of 8.6% in 2022, driven by lower volumes. Consumer demand was negatively impacted by increased general inflation, interest rates, and geopolitical tensions. In addition, supply chain constraints limited the ability to fully meet underlying demand during the first half of the year. Price realization was strong, driven by list price increases implemented during the year, and mix developed favorably. Paused operations in Russia, before subsequent exit from the market, contributed to the organic sales decline.

Operating income and margin decreased year-over-year, predominantly due to lower volumes. Price offset the significant cost inflation, primarily in raw materials and logistics, while supply chain constraints and irregular supply caused additional cost. Towards the end of the year, reduced discretionary spending impacted earnings positively and actions to adjust production to a weaker market demand under the Group-wide cost reduction program were initiated. Non-recurring items of SEK -774m were included in the operating income relating to a loss from the exit from the Russian market, a restructuring charge for the Group-wide cost reduction program, and divestment of the office facility in Zürich, Switzerland, see Note 7.

Europe, Net sales and operating margin



Europe, Key figures

SEKm	2022	2021
Net sales	46,573	49,384
Organic growth, %	-8.6	10.6
Acquisitions, %	0.1	0.1
Divestments, %	-2.2	–
Operating income	683	4,002
Operating margin, %	1.5	8.1
Operating margin excl. non-recurring items, %[1]	3.1	8.1
Net assets	5,768	1,749
Return on net assets, %	15.1	224.4
Capital expenditure	3,310	2,787
Average number of employees	18,250	17,914

[1] For information on non-recurring items, see Note 7 and page 117.

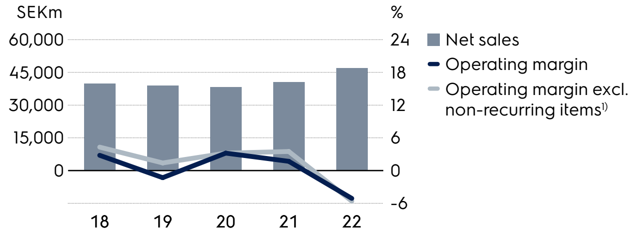
North America

Market demand for core appliances in the U.S. decreased by 6% in 2022. Market demand for all major appliances, including microwave ovens and home-comfort products, decreased by 8%.

The business area reported a slight organic sales decline of 0.9%. Volumes decreased as a result of weaker market demand as well as a strategic shift from certain sourced products. In addition, supply chain constraints and labor shortages negatively impacted the ability to fully meet underlying demand during the first half of the year. Price developed strongly driven by list price increases implemented during the year, while promotional activity returned to normal levels towards the end of 2022. Sales of new product ranges, primarily produced in the two new factories, contributed to a favorable mix.

Operating income was negative. This was a result of significantly elevated cost levels from severe production inefficiencies, especially in the two new factories being ramped up, partly triggered by supply chain constraints. In addition, logistic inefficiencies including increased spot buys of components and use of air freight had a negative impact. A turnaround program was announced in September to return to stability and profitability. However, the high inventory of products produced before the measures were implemented, resulted in a delayed earnings impact. In addition, lower sales volumes impacted earnings negatively. Price offset significant cost inflation, mainly in raw material and logistics. Non-recurring items of SEK 241m (-727) were included in the operating income relating to a settlement regarding the arbitration in a U.S. tariff case, a restructuring charge for the Group-wide cost reduction and North America turnaround program and termination of a U.S. pension plan, transferred to a third party, see Note 7.

North America, Net sales and operating margin



North America, Key figures

SEKm	2022	2021
Net sales	47,021	40,468
Organic growth, %	-0.9	12.7
Operating income	-2,394	688
Operating margin, %	-5.1	1.7
Operating margin excl. non-recurring items, %[1]	-5.6	3.5
Net assets	11,854	9,376
Return on net assets, %	-20.5	8.7
Capital expenditure	1,738	1,311
Average number of employees	12,995	13,558

[1] For information on non-recurring items, see Note 7 and page 117.

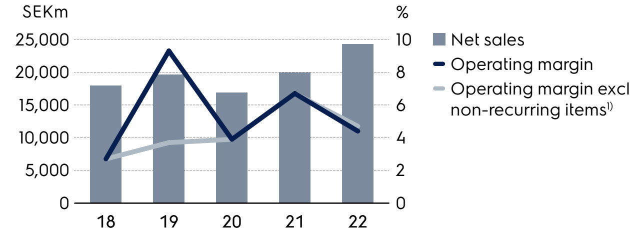
Latin America

Overall consumer demand for core appliances in Latin America in 2022 is estimated to have declined double-digit. In Chile and Brazil, demand is estimated to have decreased, while demand is estimated to have increased in Argentina.

The business area reported an organic sales growth of 4.2% in 2022. Price developed strongly driven by list price increases implemented during the year, while promotional activity returned to normal levels towards the end of 2022. Product launches and improved product availability generated a favorable mix and aftermarket sales developed strongly. Volumes declined due to challenging market conditions.

Operating income and margin decreased year-over-year, driven by lower volumes. Price offset significant cost inflation, mainly in raw material. Investments in innovation and brand-strengthening initiatives increased to support product launches. A non-recurring item of SEK -80m was included in the operating income relating to a restructuring charge for the Group-wide cost reduction program, see Note 7.

Latin America, Net sales and operating margin



Latin America, Key figures

SEKm	2022	2021
Net sales	24,303	19,958
Organic growth, %	4.2	33.7
Operating income	1,058	1,336
Operating margin, %	4.4	6.7
Operating margin excl. non-recurring items, %[1]	4.7	6.7
Net assets	8,724	5,893
Return on net assets, %	13.1	25.9
Capital expenditure	979	933
Average number of employees	9,571	10,749

[1] For information on non-recurring items, see Note 7 and page 117.

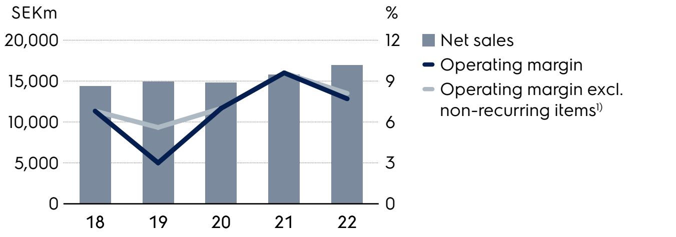
Asia-Pacific, Middle East and Africa

Consumer demand for appliances is estimated to have increased in the region in 2022 across main markets, although softening towards the end of the year as consumer confidence and purchasing power were negatively affected by higher inflation and weaker global macro sentiment.

The business area reported a slight organic sales decline of 0.5%. Price developed favorably driven by list price increases implemented during the year. Product launches contributed to a positive mix, while volumes declined. Volumes were mainly impacted negatively by supply chain constraints in the first half of the year and by weaker market demand towards the end of the year.

Operating income and margin decreased year-over-year, due to lower volumes. Price offset significant cost inflation, including currency headwinds. A non-recurring item of SEK -66m was included in the operating income relating to a restructuring charge for the Group-wide cost reduction program, see Note 7.

Asia-Pacific, Middle East and Africa, Net sales and operating margin



Asia-Pacific, Middle East and Africa, Key figures

SEKm	2022	2021
Net sales	16,984	15,820
Organic growth, %	-0.5	8.4
Acquisitions, %	–	0.9
Operating income	1,308	1,511
Operating margin, %	7.7	9.6
Operating margin excl. non-recurring items, %[1]	8.1	9.6
Net assets	6,370	4,900
Return on net assets, %	21.9	31.7
Capital expenditure	850	727
Average number of employees	8,040	7,876

[1] For information on non-recurring items, see Note 7 and page 117.

Other facts

Changes in Group Management during 2022

Effective as of July 1, 2022, Anna Ohlsson-Leijon was appointed new Chief Commercial Officer and head of the new Commercial & Consumer Journey organization, focusing on commercial growth and consumer journey development. Chris Braam was appointed new Head of Business Area Europe, replacing Anna Ohlsson-Leijon in her previous role. The Business Area heads, responsible for Europe, North America, Latin America and Asia-Pacific, Middle East and Africa, report to Anna Ohlsson-Leijon in the role of Chief Commercial Officer for the Group. The Business Area heads remain members of Group Management.

Effective as of January 1, 2023, Ricardo Cons was appointed new CEO and head of Business Area North America. Nolan Pike left his position as Head of Business Area North America in September 2022. Leandro Jasiocha was appointed CEO and head of Business Area Latin America, replacing Ricardo Cons in his previous role.

Statutory sustainability report

For sustainability related information, please see Statutory sustainability report on page 47-48 and 56-66. The Statutory sustainability report has been prepared in accordance with disclosure requirements set out in the Swedish Annual Accounts Act, chapter 6, paragraph 11.

Asbestos litigation in the U.S.

Litigation and claims related to asbestos are pending against the Group in the U.S. Almost all of the cases refer to externally supplied components used in industrial products manufactured by discontinued operations prior to the early 1970s. The cases involve plaintiffs who have made substantially identical allegations against other defendants who are not part of the Electrolux Group.

As of December 31, 2022, the Group had a total of 3,365 (3,315) cases pending, representing approximately 3,371 (approximately 3,324) plaintiffs. During 2022, 1,054 new cases with approximately 1,054 plaintiffs were filed and 1,004 pending cases with approximately 1,007 plaintiffs were resolved.

The Group continues to operate under a 2007 agreement with certain insurance carriers who have agreed to reimburse the Group for a portion of its costs relating to certain asbestos lawsuits. The agreement is subject to termination upon 60 days notice and if terminated, the parties would be restored to their rights and obligations under the affected insurance policies.

It is expected that additional lawsuits will be filed against Electrolux. It is not possible to predict the number of future lawsuits.

In addition, the outcome of asbestos lawsuits is difficult to predict and Electrolux cannot provide any assurances that the resolution of these types of lawsuits will not have a material adverse effect on its business or on results of operations in the future.

For information on certain additional legal proceedings, see Note 25 Contingent liabilities.

Financial position

- Financial net debt position amounted to SEK 19,828m (4,645).
- Net debt/EBITDA ratio was 3.83 (0.71).
- Equity/assets ratio was 15.0% (19.3).
- Return on net assets was –0.6% (28.5).

Working capital and net assets

Working capital as of December 31, 2022, amounted to SEK –13,731m (–17,726), corresponding to –9.9% (–13.7) of annualized net sales. Operating working capital amounted to SEK 7,504m (5,407), corresponding to 5.4% (4.2) of annualized net sales.

Average net assets were SEK 36,684m (23,860), corresponding to 27.2% (19.0) of annualized net sales.

Return on net assets was -0.6% (28.5).

Liquid funds

Liquid funds as of December 31, 2022, amounted to SEK 17,800m (11,236), excluding back-up credit facilities. As per December 31, 2022, Electrolux had an unused committed back-up multi-currency sustainability linked revolving credit facility of EUR 1,000m, approximately SEK 11,100m, maturing 2027, an unused revolving credit facility of SEK 2,500m, maturing 2023, and an unused revolving credit facility of SEK 3,000m, maturing 2024.

Working capital and net assets

SEKm	Dec. 31, 2022	% of net sales[1]	Dec. 31, 2021	% of net sales[1]
Inventories	24,374	17.7	20,478	15.9
Trade receivables	21,487	15.6	23,110	17.9
Accounts payable	–38,357	–27.8	–38,182	–29.6
Operating working capital	**7,504**	**5.4**	**5,407**	**4.2**
Provisions	–8,693		–7,368	
Prepaid and accrued income and expenses	–12,567		–14,371	
Taxes and other assets and liabilities	24		–1,394	
Working capital	**–13,731**	**–9.9**	**–17,726**	**–13.7**
Property, plant and equipment, owned	29,876		25,422	
Property, plant and equipment, right-of-use	3,906		2,771	
Goodwill	7,081		6,690	
Other non-current assets	6,224		4,775	
Deferred tax assets and deferred tax liabilities	6,940		5,269	
Net assets	**40,297**	**29.2**	**27,201**	**21.1**
Annualized net sales[2]	138,040		129,124	
Average net assets	36,684	27.2	23,860	19.0
Annualized net sales[3]	134,880		125,631	
Return on net assets, %	–0.6		28.5	

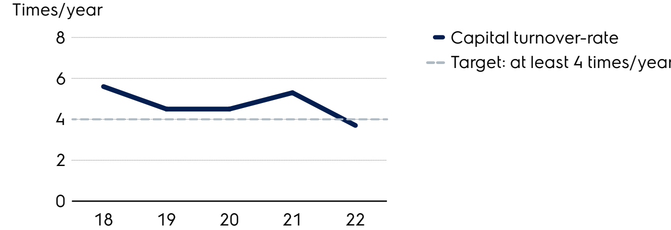
[1] Annualized, see page 118 for definition.
[2] Calculated at end of period exchange rates.
[3] Calculated at average exchange rates.

Liquidity profile

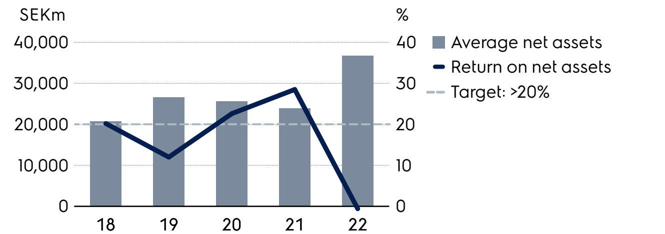
SEKm	Dec. 31, 2022	Dec. 31, 2021
Liquid funds	17,800	11,236
% of annualized net sales[1]	24.9	24.4
Net liquidity	8,724	5,560
Fixed interest term, days	13	9
Effective annual yield, %	0.8	0.3

[1] Liquid funds in relation to net sales, see page 118 for definition. For additional information on the liquidity profile, see Note 18.

Capital turnover-rate



Return on net assets



Financial targets are over a business cycle. For comparable reasons the figures in the graphs above are exclusive of the discontinued business area Professional Products.

Net debt

As of December 31, 2022, Electrolux had a financial net debt position (excluding lease liabilities and post-employment provisions) of SEK 19,828m, compared to the financial net debt position of SEK 4,645m as of December 31, 2021. In 2022, a total of SEK 2,521m was distributed to shareholders as dividend and shares of series B were repurchased for a total amount of SEK 2,138m. Net provisions for post-employment benefits were SEK -245m (891) and lease liabilities amounted to SEK 4,264m (3,055) as of December 31, 2022. In total, net debt amounted to SEK 23,848m, an increase by SEK 15,257m compared to SEK 8,591m per December 31, 2021.

Long-term borrowings and long-term borrowings with maturities within 12 months amounted to a total of SEK 31,343m as of December 31, 2022 with average maturity of 4.0 years, compared to SEK 14,392m and 1.9 years at the end of 2021. During 2023, long-term borrowings amounting to approximately SEK 2.6bn will mature.

The Group's target for long-term borrowings includes an average time to maturity of at least two years, an even spread of maturities and an average interest-fixing period between 0 and 3 years. A maximum of SEK 5,000m of the long-term borrowings is allowed to mature in a 12-month period. During 2022, the Board of Directors approved exceptions from these targets in order to ensure adequate long-term funding during the global downturn in the economy. The maximum amount of long-term borrowings maturing in any given 12-months period was SEK 9,125m at the end of 2022. At year-end, the average interest-fixing period for long-term borrowings was 2.3 years (1.2).

At year-end, the average interest rate for the Group's total interest-bearing borrowings was 3.4% (1.4).

Net debt and equity ratios

The net debt/EBITDA ratio was 3.83 (0.71) and the net debt/equity ratio was 1.45 (0.46). The equity/assets ratio was 15.0% (19.3).

Equity and return on equity

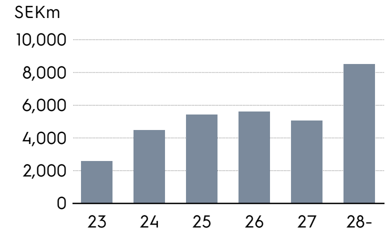
Total equity as of December 31, 2022, amounted to SEK 16,449m (18,610), which corresponds to SEK 60.92 (65.74) per share. Return on equity was -7.0% (24.4).

Net debt

SEKm	Dec. 31, 2022	Dec. 31, 2021
Short-term loans	5,732	1,288
Short-term part of long-term loans	2,605	4,187
Trade receivables with recourse	40	87
Short-term borrowings	**8,377**	**5,563**
Financial derivative liabilities	445	48
Accrued interest expenses and prepaid interest income	254	65
Total short-term borrowings	**9,076**	**5,675**
Long-term borrowings	**28,738**	**10,205**
Total borrowings[1]	**37,813**	**15,881**
Long-term financial receivables	185	–
Cash and cash equivalents	17,559	10,923
Short-term investments	168	165
Financial derivative assets	51	144
Prepaid interest expenses and accrued interest income	21	4
Liquid funds	**17,800**	**11,236**
Financial net debt	**19,828**	**4,645**
Lease liabilities	4,264	3,055
Net provisions for post-employment benefits	-245	891
Net debt	**23,848**	**8,591**
Net debt/EBITDA	3.83	0.71
Net debt/equity ratio	1.45	0.46
Total equity	**16,449**	**18,610**
Equity per share, SEK	60.92	65.74
Return on equity, %	-7.0	24.4
Equity/assets ratio, %	15.0	19.3

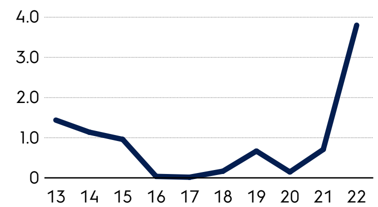
1) Whereof interest-bearing liabilities amounting to SEK 37,075m as of December 31, 2022 and SEK 15,681m as of December 31, 2021.

Long-term borrowings, by maturity

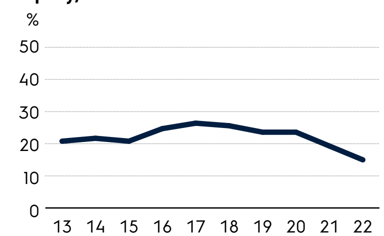


In 2023, long-term borrowings in the amount of approximately SEK 2.6bn will mature. For information on borrowings, see Note 2 and 18.

Net debt/EBITDA ratio



Equity/assets ratio



Rating

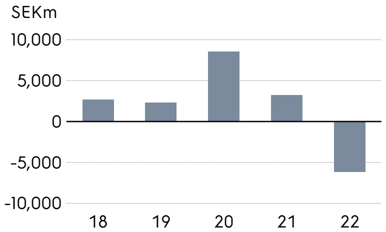
Electrolux has an investment-grade rating from S&P Global Ratings, A– with a negative outlook.

	Long-term debt	Outlook	Short-term debt	Short-term debt, Nordic
S&P Global Ratings	A–	Negative	A–2	K–1

Cash flow

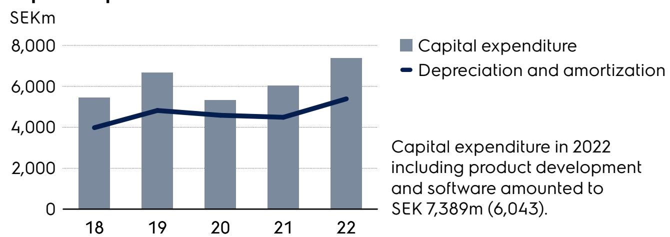
- Operating cash flow after investments amounted to SEK –6,118m (3,200).
- Capital expenditure amounted to SEK 7,389m (6,043).
- R&D expenditure amounted to 3.4% (3.1) of net sales.

Operating cash flow after investments



Operating cash flow after investments in 2022 amounted to SEK -6,118m (3,200).

Capital expenditure



Capital expenditure in 2022 including product development and software amounted to SEK 7,389m (6,043).

For comparable reasons the figures in the graphs above are exclusive of the discontinued business area Professional Products.

Operating cash flow after investments

Operating cash flow after investments in 2022 amounted to SEK -6,118m (3,200). The year-over-year comparison reflects a lower operating income and decreased accounts payable as a result of efforts to reduce high inventory levels caused by supply chain imbalances and logistic constraints. In addition, a higher level of investments impacted cash flow negatively.

Cash flow

SEKm	2022	2021
Operating income adjusted for non-cash items[1]	6,845	12,185
Change in operating assets and liabilities	–6,367	–3,175
Operating cash flow	**478**	**9,010**
Investments in tangible and intangible assets	–7,389	–6,043
Changes in other investments	793	233
Operating cash flow after investments	**–6,118**	**3,200**
Acquisitions and divestments of operations	–366	–1,006
Operating cash flow after structural changes	**–6,484**	**2,194**
Financial items paid, net[2]	–1,238	–470
Taxes paid	–1,514	–1,480
Cash flow from operations and investments	**–9,236**	**244**
Payment of lease liabilities	–960	–880
Dividend	–2,521	–2,299
Redemption of shares	–	–4,886
Repurchase of shares	–2,138	–894
Share-based payments	–217	–259
Total cash flow, excluding changes in loans and short-term investments	**–15,073**	**–8,975**

[1] Operating income adjusted for depreciation and amortization and other non-cash items.
[2] Interests and similar items received SEK 71m (58), interests and similar items paid SEK –1,206m (–430) and other financial items paid SEK –103m (–98).

Capital expenditure

Capital expenditure in property, plant and equipment in 2022 amounted to SEK 5,649m (4,847). The investments were mainly related to new products and architectures, manufacturing efficiency and re-engineering, including automation and modularization. Including investments in product development and software, capital expenditure amounted to SEK 7,389m (6,043), corresponding to 5.5% (4.8) of net sales.

Capital expenditure by business area

SEKm	2022	2021
Europe	3,310	2,787
% of net sales	7.1	5.6
North America	1,738	1,311
% of net sales	3.7	3.2
Latin America	979	933
% of net sales	4.0	4.7
Asia-Pacific, Middle East and Africa	850	727
% of net sales	5.0	4.6
Other	512	285
Total	**7,389**	**6,043**
% of net sales	5.5	4.8

R&D expenditure

The expenditure for research and development in 2022 including capitalization of SEK 740m (578), amounted to SEK 4,640m (3,864) corresponding to 3.4% (3.1) of net sales.

Share information and ownership

Share price performance[1]

The Electrolux shares are listed on the exchange Nasdaq Stockholm, Sweden. The Electrolux B share decreased by 36% in 2022, underperforming the broader Swedish market index, OMX Stockholm, which decreased by 25% during the same period. The opening price for the Electrolux B share in 2022 was SEK 219.50. The highest closing price was SEK 221.90 on January 3, while the lowest closing price was SEK 114.72 on September 29. The closing price for the B share at year-end 2022 was SEK 140.78.

Total shareholder return during the year was -31%. Over the past ten years, the average total return on an investment in Electrolux B shares has been 4.8% annually. The corresponding performance for the OMX Stockholm Return Index was 11%.

Share capital and ownership structure

As of December 31, 2022, the share capital of AB Electrolux amounted to approximately SEK 1,545m, corresponding to 283,077,393 shares. The share capital of Electrolux consists of Class A shares and Class B shares. An A share entitles the holder to one vote and a B share to one-tenth of a vote. All shares entitle the holder to the same proportion of assets and earnings and carry equal rights in terms of dividends. In accordance with the Swedish Companies Act, the Articles of Association of Electrolux also provide for specific rights of priority for holders of different types of shares, in the event that the company issues new shares or certain other instruments.

According to Electrolux Articles of Association, owners of Class A shares have the right to have such shares converted to Class B shares. The purpose of the conversion clause is to give holders of Class A shares an opportunity to achieve improved liquidity in their shareholdings. Conversion reduces the total number of votes in the company. 150 A shares were converted to B shares in 2022.

The total number of registered shares in the company amounts to 283,077,393 shares, of which 8,192,348 are Class A shares and 274,885,045 are Class B shares, and the total number of votes amounts to 35,680,853.

[1] The historical development of the Electrolux share price has been adjusted to take into account the distribution of Electrolux Professional AB to Electrolux shareholders on March 23, 2020. The share price is also adjusted for all types of corporate actions, including splits and redemptions, with the exception of dividends.

Ownership structure

Source: Monitor by Modular Finance AB. Compiled and processed data from various sources, including Euroclear, Morningstar and the Swedish Financial Supervisory Authority (Finansinspektionen) as of December 31, 2022.

Major shareholders

	Share capital, %	Voting rights, %
Investor AB	17.9	30.4
Handelsbanken Funds	5.4	4.3
Swedbank Robur Funds	4.4	3.5
Alecta Occupational Pension	3.7	4.2
BlackRock, Inc.	2.9	2.3
Vanguard	2.7	2.2
Carnegie Funds	1.9	1.5
Lannebo Funds	1.8	1.4
Folksam	1.5	1.2
Nordea Funds	1.5	1.2
Total, ten largest shareholders	**43.7**	**52.2**

Source: Monitor by Modular Finance AB. Compiled and processed data from various sources, including Euroclear, Morningstar and the Swedish Financial Supervisory Authority (Finansinspektionen) as of December 31, 2022.

According to Monitor by Modular Finance AB, there were 83,248 shareholders in AB Electrolux as of December 31, 2022. Investor AB is the largest shareholder, owning 17.9% of the share capital and 30.4% of the voting rights. Information on the shareholder structure is updated quarterly at www.electroluxgroup.com.

Distribution of shareholdings

Shareholding	Ownership, %	Number of shareholders	As % of shareholders
1–1,000	5.0	75,813	91.1
1,001–10,000	6.4	6,800	8.2
10,001–20,000	1.3	266	0.3
20,001–	87.3	369	0.4
Total	**100**	**83,248**	**100**

Source: Monitor by Modular Finance AB. Compiled and processed data from various sources, including Euroclear, Morningstar and the Swedish Financial Supervisory Authority (Finansinspektionen) as of December 31, 2022.

Articles of Association

AB Electrolux Articles of Association stipulate that the Annual General Meeting (AGM) shall always resolve on the appointment of the members of the Board of Directors. Apart from that, the articles do not include any provisions for appointing or dismissing members of the Board of Directors or for changing the articles.

A shareholder participating in the General Meeting is entitled to vote for the full number of shares which he or she owns or represents. Outstanding shares in the company may be freely transferred, without restrictions under law or the company's Articles of Association. Electrolux is not aware of any agreements between shareholders, which limit the right to transfer shares. The full Articles of Association can be downloaded at www.electroluxgroup.com.

Effect of significant changes in ownership structure on long-term financing

The Group's long-term financing is subject to conditions, which stipulate that lenders may request advance repayment in the event of significant changes in the ownership of the company. Such significant change could result from a public bid to acquire Electrolux shares.

Distribution of funds to shareholders

Dividend 2021, buybacks and cancellation of shares
The Annual General Meeting in March 2022 decided to adopt the Board's proposed dividend of SEK 9.20 per share for 2021, which was paid out in two equal installments.

On April 29, 2022, AB Electrolux announced a share buyback program of a maximum of 8,000,000 series B shares for a total maximum amount of SEK 1,250m between May 2, 2022, and October 21, 2022. This program was completed on September 2, 2022, when a total of 8,000,000 series B shares had been repurchased for a total amount of SEK 1,138m. During the full year of 2022 a total of 13,049,115 series B shares were repurchased for a total amount of SEK 2,138m. The total amount included 5,049,115 shares repurchased during 2022 as part of the buyback program initiated in October 2021.

Following buybacks during 2021, the Annual General Meeting in March 2022 decided to adopt the Board's proposal to cancel all shares of series B that Electrolux owned on December 31, 2021 with a simultaneous bonus issue without issuing any new shares to restore the share capital level, improving earnings per share. During 2022, a total of 25,842,915 share of series B were cancelled.

Proposed dividend
According to the company's dividend policy, Electrolux target is for the dividend to correspond to approximately 50% of the annual income. As the annual income for 2022 was negative, the Board of Directors proposes that no dividend shall be distributed for the fiscal year 2022.

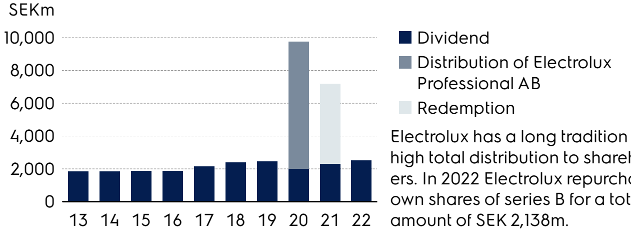
Proposal for resolution on acquisition of own shares
Electrolux has, for several years, had a mandate from the Annual General Meetings to acquire own shares.

Even though the Board of Directors currently has no intention to exercise an authorization to acquire additional own shares, the Board of Directors proposes the authorization is to be renewed as an authorization is valid until the following Annual General Meeting. The Board of Directors would then be able to decide to repurchase own shares, if the conditions are appropriate and the Board of Directors were to find it would be in the best interests of the company and the shareholders. The Board of Directors therefore proposes the Annual General Meeting 2023 to authorize the Board of Directors, for the period until the next Annual General Meeting, to resolve on acquisitions of shares in the company and that the company may acquire as a maximum so many shares of series B that, following each acquisition, the company holds at a maximum 10% of all shares issued by the company.

The purpose of the proposal is to be able to use repurchased shares on account of potential company acquisitions, the company's share related incentive programs as well as to be able to adapt the company's capital structure.

As of December 31, 2022, Electrolux held 13,049,115 shares of series B in Electrolux, corresponding to approximately 4.6% of the total number of shares in the company.

Total distribution to shareholders



Electrolux has a long tradition of high total distribution to shareholders. In 2022 Electrolux repurchased own shares of series B for a total amount of SEK 2,138m.

Number of shares[1]

	A shares	B shares	Shares, total	Shares held by Electrolux	Shares held by other shareholders
Number of shares as of January 1, 2022	8,192,498	300,727,810	308,920,308	25,842,915	283,077,393
Change during the year	–150	–25,842,765	–25,842,915	–12,793,800	–13,049,115
Total number of shares as of December 31, 2022	8,192,348	274,885,045	283,077,393	13,049,115	270,028,278
As % of total number of shares				4.6%	

[1] For more information on number of shares, see Note 20.

Employees

Electrolux corporate culture

Teamship is the Electrolux way of working. It is about setting aligned goals that allow clear choices and continuous improvement. It is about knowing how to collaborate. It is about transparency and a learning organization. Finally, it is about engagement and passion about creating outstanding consumer experiences.

Wherever Electrolux operates in the world, the company applies the same high ethical standards and principles of conduct.

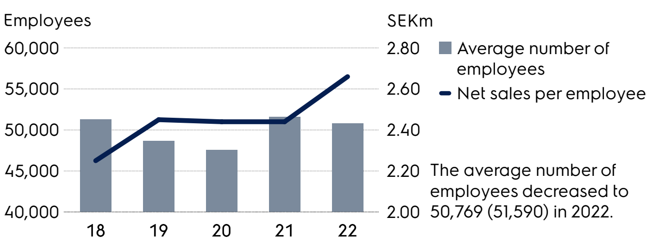
Electrolux has a global ethics program, encompassing both ethics training and a whistleblowing system – the Electrolux Ethics Helpline. Through the Electrolux Ethics Helpline, employees can report suspected misconduct in local languages. Reports may be submitted anonymously if legally permitted.

Code of Conduct

The Group has a Code of Conduct that defines high employment standards for all Electrolux employees in all countries and business areas. It incorporates issues such as child and forced labor, health and safety, workers' rights and environmental compliance. Key policies in this context include the Workplace Policy, the Anti-Corruption Policy and the Environmental Policy.

Number of employees

The average number of employees of Electrolux decreased in 2022 to 50,769 (51,590), of whom 1,720 (1,526) were in Sweden. Salaries and remuneration in 2022 amounted to SEK 19,644m (16,829), of which SEK 1,561m (1,210) refers to Sweden.



The average number of employees decreased to 50,769 (51,590) in 2022.

For comparable reasons the figures in the graph are exclusive of the discontinued business area Professional Products.

Remuneration guidelines for Group Management

The following guidelines were approved by the Annual General Meeting 2020 and apply until the Annual General Meeting 2024 unless any changes are proposed.

The guidelines apply to the remuneration and other terms of employment for the President and CEO, other members of the Group Management of Electrolux ('Group Management') and, if applicable, remuneration to board members for work in addition to the board assignment. The Group Management currently comprises ten executives.

The guidelines shall be applied to employment and consultancy agreements entered into after the Annual General Meeting in 2020 and to changes made to existing agreements thereafter. The guidelines shall be in force until new guidelines are adopted by the General Meeting. These guidelines do not apply to any other remuneration decided or approved by the General Meeting.

Remuneration for the President and CEO and, if applicable, members of the Board of Directors is resolved upon by AB Electrolux Board of Directors, based on the recommendation of the People Committee. Remuneration for other members of Group Management is resolved upon by the People Committee and reported to the Board of Directors. The People Committee shall also monitor and evaluate programs for variable remuneration for the Group Management, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the Company. The Board of Directors shall, based on the recommendation from the People Committee, prepare a proposal for new guidelines at least every fourth year and submit it to the Annual General Meeting. The President and CEO and other members of the Group Management do not participate in the Board of Directors' processing of and resolutions regarding remuneration related matters in so far as they are affected by such matters.

Note 27 of the Annual Report includes a detailed description of existing remuneration arrangements for Group Management, including fixed and variable compensation, long-term incentive programs and other benefits.

Electrolux has a clear strategy to deliver profitable growth and create shareholder value. A prerequisite for the successful implementation of the Company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the Company is able to recruit and retain qualified personnel. To this end, it is necessary that the Company offers competitive remuneration in relation to the country or region of employment of each Group Management member. These guidelines enable the Company to offer the Group Management a competitive total remuneration. More information on the Company's strategy can be found on the Company's website, www.electroluxgroup.com.

The remuneration terms shall emphasize 'pay for performance', and vary with the performance of the individual and the Group. The total remuneration for the Group Management shall be in line with market practice and may comprise of the following components: fixed compensation, variable compensation, pension benefits and other benefits.

Employment contracts governed by rules other than Swedish may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

Fixed compensation

The Annual Base Salary ('ABS') shall be competitive relative to the relevant market and reflect the scope of the job responsibilities. Salary levels shall be reviewed periodically (usually annually) to ensure continued competitiveness and to recognize individual performance.

Variable compensation

Variable compensation consists of both short-term and long-term incentives. Long-term incentives consist of long-term share-related incentive programs ('LTI programs'). Such programs are resolved upon by the General Meeting and are therefore excluded from these guidelines. Each year, the Board of Directors will evaluate whether or not an LTI program shall be proposed to the General Meeting. LTI programs shall be distinctly linked to the business strategy and shall always be designed with the aim to further enhance the common interest of participating employees and Electrolux shareholders of a good long-term development for Electrolux. *For more information regarding these programs, including the criteria which the outcome depend on, please see the Remuneration report at www.electroluxgroup/en/remuneration-report-2022.*

Following the 'pay for performance' principle, variable compensation shall represent a significant portion of the total compensation opportunity for Group Management. Variable compensation shall always be measured against pre-defined targets and have a maximum above which no payout shall be made.

Variable compensation shall mainly relate to financial performance targets. Non-financial targets may also be used in order to strengthen the focus on delivering on the Company's business strategy and long-term interests, including its sustainability. The targets shall be specific, clear, measurable and time bound and be determined by the Board of Directors.

Short Term Incentive (STI)
Members of the Group Management shall participate in an STI plan under which they may receive variable compensation. The objectives in the STI plan shall mainly be financial and the measurement period shall be one year. The objectives shall mainly be set based on financial performance of the Group and, for the business area heads, of the business area for which the Group Management member is responsible, such as profit, financial efficiency and sales. Financial objectives will comprise at least 80% of the weighting. Non-financial objectives may be related to sustainability, customer satisfaction, quality or company culture.

To which extent the criteria for awarding variable cash remuneration has been satisfied shall be determined by the People Committee when the measurement period has ended. For financial objectives, the evaluation shall be based on the annual financial performance in accordance with the most recent interim report for the fourth quarter made public by the Company.

The maximum STI entitlements shall be dependent on job position and may amount to a maximum of 100% of ABS. Reflecting current market conditions, the STI entitlement for Group Management members employed in the U.S. may amount to a maximum of 150% of ABS.

Extraordinary arrangements
Additional variable compensation may be approved in extraordinary circumstances, under the conditions that such extraordinary arrangement is made for recruitment or retention purposes, is agreed on an individual basis, does not exceed three (3) times the ABS and is earned and/or paid out in installments over a minimum period of two (2) years. Such additional variable remuneration may also be paid on an individual level for extraordinary performance beyond the individual's ordinary tasks and shall in these situations not exceed 30% of the ABS and be paid in one installment.

Right to reclaim variable remuneration
Terms and conditions for variable remuneration should be designed to enable the Board, under exceptional financial circumstances, to limit or cancel payments of variable remuneration provided that such actions are deemed reasonable (malus). The Board shall also have the possibility, under applicable law or contractual provisions and subject to the restrictions that may apply under law or contract, to in whole or in part reclaim variable remuneration paid on incorrect grounds (claw-back).

Pension and benefits
Old age and survivor's pension, disability benefits and healthcare benefits shall be designed to reflect home country practices and requirements. When possible, pension plans shall be based on defined contribution. In individual cases, depending on provisions in collective agreements, tax and/or social security legislation to which the individual is subject, other schemes and mechanisms for pension benefits may be approved. Defined pension contributions shall not exceed 40% of the ABS unless the entitlement is higher under applicable collective agreements.

Other benefits, such as company cars and housing, may be provided on an individual level or to the entire Group Management. Costs relating to such benefits may amount to not more than 20% of the ABS. Members of the Group Management who are expatriates, may receive additional remuneration and other benefits to the extent reasonable in light of the special circumstances associated with the expatriate arrangement. Such benefits shall be determined in line with the Group's Directive on International Assignments and may for example include relocation costs, housing, tuition fees, home travel, tax support and tax equalization.

Notice of termination and severance pay
The notice period shall be twelve months if Electrolux takes the initiative to terminate the employment and six months if the Group Management member takes the initiative to terminate the employment.

In individual cases, contractual severance pay may be approved in addition to the notice periods. Contractual severance pay may only be payable upon Electrolux termination of the employment arrangement or where a Group Management member gives notice as the result of an important change in the working situation, because of which he or she can no longer perform to standard. This may be the case in e.g. the event of a substantial change in ownership of Electrolux in combination with a change in reporting line and/or job scope.

Contractual severance pay may for the individual include the continuation of the ABS for a period of up to twelve months following termination of the employment agreement; no other benefits shall be included. These payments shall be reduced with the equivalent value of any income that the individual earns during that period of up to twelve months from other sources of income, either from employment or from other business activities.

In addition to the above, compensation for any non-compete undertaking may be awarded. Such compensation shall be based on the ABS at the time of notice of termination of the employment, unless otherwise stipulated by mandatory collective agreement provisions, and be awarded over the period for which the non-compete clause applies, which should not exceed twelve months after termination of the employment. The compensation shall be reduced by an amount corresponding to any income that the person receives from other sources of income, either from employment or from other business activities.

Salary and employment conditions for employees
In the preparation of the Board of Directors' proposal for these remuneration guidelines, salary and employment conditions for employees of the Company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the People Committee's and the Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

Consultancy fees
If a member of the Board of Directors (including through a wholly-owned subsidiary) should carry out services to Electrolux in addition to the board assignment, specific fees for this can be paid out (consultancy fees), provided that such services contribute to the implementation of Electrolux business strategy and the safeguarding of Electrolux long-term interests, including its sustainability. Such consultancy fee may for each member of the Board of Directors not exceed the annual remuneration for the board assignment. The fee shall be in line with market practice.

Deviations from the guidelines
The Board of Directors may temporarily resolve to deviate from the guidelines, in whole or in part, if in a specific case there is special cause for the deviation and a deviation is necessary to serve the Company's long-term interests, including its sustainability, or to ensure the Company's financial viability. The People Committee's tasks include preparing the Board of Directors' resolutions in remuneration related matters. This includes any resolutions to deviate from the guidelines.

Events after year-end

January 11. Electrolux announced loss for the fourth quarter 2022
Electrolux announced that operating income in the fourth quarter of 2022 was estimated to be approximately SEK -2.0bn (0.9), including non-recurring items of SEK -1.4bn (-0.7).

February 1. Electrolux to discontinue production at Nyíregyháza factory in Hungary
Electrolux has decided to discontinue production at the Nyíregyháza factory in Hungary from the beginning of 2024. The company will take a restructuring charge of approximately SEK 550m which will be reported as a non-recurring item affecting operating income for Business Area Europe in the first quarter of 2023.

The decision follows a review of production capacity needs including an investigation into the competitiveness of the Nyíregyháza factory, which employs around 650 people and manufactures refrigeration products. The strategic direction is to optimize the refrigeration production footprint from a cost perspective through both outsourcing and own production leveraging Group scale.

The decision means that remaining investments in refrigeration products that are part of the earlier communicated global re-engineering investments of SEK 8bn, which started in 2018, will be revised and redirected in line with the strategic direction of Electrolux.

Electrolux is exploring possibilities to divest the factory in Nyíregyháza and is committed to collaborating with relevant authorities and stakeholders to support its employees in the best possible way during this phase.

The cash flow impact is estimated to be approximately SEK 300m, mainly in 2024-2025. The final operating income and cash flow effects will be determined by the exchange rate on the relevant recording dates.

February 9. Electrolux Nomination Committee proposes re-election of board members
In preparation for the Electrolux Annual General Meeting on March 29, Electrolux Nomination Committee has decided to propose the re-election of all board members. Staffan Bohman is proposed to be re-elected as Chairman of the Board of Directors, and Petra Hedengran, Henrik Henriksson, Ulla Litzén, Karin Overbeck, Fredrik Persson, David Porter and Jonas Samuelson as Board Members.

For more information, visit www.electroluxgroup.com

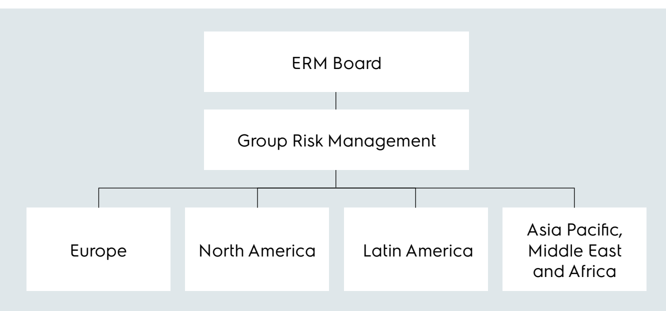
Risk management

Overview and governance

Active risk management is essential for Electrolux to drive successful operations. Electrolux continuously monitors its identified key risks as well as new and evolving risks, aiming to respond flexibly to internal or external changes.

The Group's risk management approach follows a decentralized structure, where all business areas are responsible for their risk management. However, the Board of Directors is ultimately responsible for Electrolux risk management. In addition to the business areas, the Group has established internal bodies that manage risk exposures on a regular basis. Examples of internal bodies are the Enterprise Risk Management (ERM) Board, the Ethics & Human Rights Steering Group, the Audit Board and the Tax Board. Sustainability risks are also reported to the Sustainability Board led by the CEO, tasked with assessing priorities, monitoring progress and evaluating risks. A number of Group functions are accountable for identifying and managing non-financial risks in their area of responsibility. Risks are reported to Group Management and fed into the materiality process.

Insurance and loss prevention
Electrolux transfers part of its risks via tailored insurance programs. Insurable risks are continuously evaluated and monitored by the ERM Board. The Group also owns two captives to ensure customized insurance solutions and costs efficiencies.



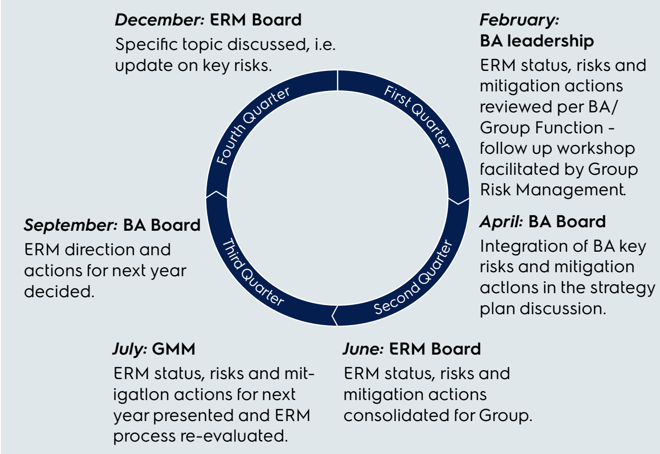
Electrolux loss prevention strategy is also widely developed, to ensure that the Group assets have the right level of protection against risks such as natural hazards, which could lead to property losses and business interruption. The Group has established loss prevention procedures and standards to be applied by each Electrolux site. Business continuity plans are also elaborated and regularly reviewed to ensure successful responses to disruptive events related to natural hazards. Annual risk surveys and visits are performed, and a consolidation of the results is reported to the ERM Board.

ERM as part of the Group's risk management
Electrolux has implemented an Enterprise Risk Management program which covers Electrolux business areas as well as global functions. It is overseen by Group Management and the ERM Board, which is also responsible for securing appropriate insurance coverage for insurable risks and assesses and facilitates the prioritization of the Group risks.

The ERM framework includes processes aimed to identify and mitigate as well as communicate and report risks with a special focus on key risks that can significantly affect the business, including consideration of environmental, social and governance matters. Electrolux follows a risk mapping process which is a management tool for formal collection and incorporation of risk information into decision making and governance processes. The risk mappings are therefore a key part of Electrolux ERM and help to increase the understanding that risk management is a critical factor for decision making and for driving value. The core of the risk mapping process is to identify and evaluate existing and emerging risks, thus enabling the possibility of leveraging risk and risk management options that extract value.

Risks are categorized in accordance with Electrolux Group Risk Universe, which includes the following risk categories: strategic, external and internal risks. Strategic risks are risks that can jeopardize the execution of the Group's strategy and are impacted by external factors such as industry shifts, macroeconomic developments or political instabilities. External risks consist of natural hazards, geopolitical risks, market risks or regulations, which can negatively impact the Group's performance. Internal risks mainly consist of operational risks such as sustainability risks, cyber security risks, supply chain risks and talent retention risks.

ERM Reporting



Electrolux also monitors emerging risks. Such risks can either develop from macro-level changes such as global warming, consumer behavior or the introduction of AI – artificial intelligence, or from risks that are more local (resulting from industry/sector prospects and trends etc.).

The Group's risk appetite is based on the impact on its strategy that a risk would have if it materializes. Key risks are linked to action plans to close risk management gaps and follow up how risks are evolving after implementation of risk reducing measures. Risk ownership for critical risks is assigned to business area executives or individuals formally appointed to work with specific risks. The approach ultimately supports a risk culture that encourages engagement and accountability within the organization.

Key risks for the Group

Electrolux identified strategic, external and internal key risks are presented below. Financial risks are presented in more detail in Note 2, Financial risk management. Climate-related risks are discussed in more detail in the section on Climate Risk Disclosures.

Major shifts in the industry
As the society is becoming more digital, consumer behavior changes, leading to structural shifts in many industries, including consumer goods. These shifts have accelerated as a consequence of the coronavirus pandemic. Electrolux sees many opportunities deriving from these developments but also prepares for risks. One potential emerging risk is that the company fails to reach strategic goals due to a lack of business agility and an inability to anticipate external developments. The Group is carefully monitoring the evolving competitive landscape including new operators and business models, changes in alliances and increased competition.

Innovation capability
Electrolux ability to invest in growth and innovation, including new markets and segments, is crucial for its strategy. Not executing on the Group's strategic priorities in a timely manner may affect the Group's delivery of sustainable consumer experience innovation and profitable growth. Therefore, portfolio management is essential for Electrolux, ensuring the right allocation of resources for relevant innovation in the product and service categories.

Digital transformation
Digital transformation through automation, modularization and digital manufacturing is part of Electrolux ambition to drive operational excellence. It is crucial for the Group to execute on its re-engineering initiative within operations to adapt to the rapidly changing industry and consumer needs and to continue to be cost efficient. An inability to follow through on the initiative may lead to lower performance, delays or higher costs. Digitalization and automation in manufacturing and supply chain processes also result in an emerging risk related to the inability to attract and train personnel for the new skills required. Electrolux therefore closely monitors its re-engineering initiative, continuously evaluates its impact on the business and refines its recruitment processes and training programs.

Geopolitical risks
Electrolux closely monitors events which may have negative impact on the macroeconomic or geopolitical factors affecting its markets. The developments may lead to economic downturn, affect access to markets and changed consumer behaviors impacting the Group's sales negatively. Political instability remains high, like Brexit in Europe, Taiwan in Asia, the trade war between the U.S. and China, the tensions in the South China Sea or the conflict between Russia and Ukraine. Electrolux is closely monitoring the development related to the Russia's invasion of Ukraine, with the security and safety of its employees and their families in priority. Procedures intended to avoid breach of sanctions and other restrictions imposed on Russia and Belarus are in place. Electrolux is continuously assessing the risk in Ukraine to continue or interrupt its limited sales and production in its Ukrainian factory located in the western part of the country. The Group also decided to discontinue its sales operations and business in Russia. As a consequence of the war, inflation and energy prices increase will have a consequence on consumer's behavior, and on the production costs. To mitigate the risk, Electrolux might review the production plans and product pricing. Finally, disruption of supply of gas from Russia to the Group's European factories has also been a higher risk during 2022. This could negatively impact Electrolux profitability. Contingency plans with alternative energy have been evaluated and implemented where possible.

Instabilities, conflicts and emerging new geopolitical areas of concern can also disrupt manufacturing and supply chain systems, affect Electrolux costs for production, energy, raw material and transportation as well as currency exchange rate development, which in turn affect the financial result of the Group. Electrolux continuously works on business continuity plans based on possible consequences of such events.

Regulatory risks
Electrolux is subject to a vast range of regulations, laws and industry standards. As the regulatory landscape evolves, it is important to monitor and mitigate risks related to legal and product regulatory compliance, antitrust, trade rules, supply chain due diligence, contractual risks, protection of IP/patents, confidential information, personal data protection, insider information etc. Non-compliance could lead to sanctions, fines, higher costs or inability to continue manufacturing some products. To mitigate these risks, Electrolux has inhouse lawyers, in all business areas as well as centrally, to monitor regulatory changes and to attend to compliance matters. Regular training for employees is among the most important actions.

In addition, the development regarding sustainability can result in new regulatory requirements. They could impact product development, supply chains, operations and sales. Carbon taxes are expected to have an impact on energy intensive industries such as power generation, transport, steel, aluminum, and plastics producers. Finished goods could also be directly impacted through carbon import duties, such as the European Union 'carbon border adjustment mechanism'. To mitigate these risks, Electrolux drives resource and energy efficiency throughout the value chain. The Group aims to be fully supplied with electricity generated from renewable sources. That is not only reducing carbon emission, but also reducing the risk from carbon related taxes.

Market risks
A financial crisis and an economic downturn may affect consumers' purchasing power and behavior, resulting in a lower market demand that could impact Electrolux sales. Major changes in society, resulting from coronavirus pandemic and also from the war in Ukraine, led to emerging risks such as changes in consumer behavior and their spending, especially in Europe and in North America where the majority of Electrolux products are sold. To mitigate these risks, Electrolux closely follows market and sales developments and changes in consumer behavior. Electrolux also focuses on an agile manufacturing set-up for fast adaptation to changes in demand. In times of strong market demand, it is also essential that Electrolux can benefit from its global scale by delivering new innovative products and outstanding consumer experiences with a high speed to market.

Electrolux markets are also subject to price competition. This is particularly evident in the low-cost segments and in product categories with significant overcapacity. In markets with high inflation combined with currency rate fluctuations, Electrolux has a better possibility to carry out price increases to offset potential negative effects.

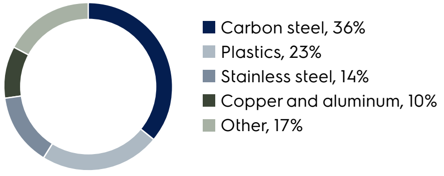
Raw material and logistics impact
Fluctuations in commodity prices impact the Group's input costs and, therefore, its profitability. Materials account for a large share of the Group's costs. Electrolux purchases raw materials and components for approximately SEK 54bn, of which approximately SEK 26bn referred to raw materials in 2022. Logistics accounted for approximately 7% of net sales in 2022. In order to mitigate increases in prices for raw material, components and logistics, Electrolux raises prices of its products, improves cost efficiency and negotiates more favorable purchasing contracts for commodities such as steel and chemicals.

Sensitivity analysis year-end 2022

Risk	Change +/–	Pre-tax earnings impact –/+, SEKm
Raw materials[1]		
Carbon Steel	10%	900
Stainless Steel	10%	400
Plastics	10%	600
Currency[2] and interest rates		
USD to EUR	10%	540
USD to CAD	10%	420
EUR to GBP	10%	290
EUR to CHF	10%	280
USD to BRL	10%	270
USD to AUD	10%	170
THB to AUD	10%	130
MXN to USD	10%	130
USD to CLP	10%	130
USD to VND	10%	110
Translation exposure to SEK[3]	10%	130
Interest rate	1 percentage point	10

[1] Changes in raw materials refer to Electrolux prices and contracts, which may differ from market prices.
[2] Transactional exposure. Translation effects not included.
[3] Assuming the Swedish krona appreciates/depreciates against all other currencies.

Raw materials exposure 2022



Supply chain risks

Electrolux is heavily dependent on deliveries of raw material and components to its factories and a functioning global logistics system that can deliver products from the supply and manufacturing systems to its customers and consumers. The availability of many components depends on suppliers. Shortages of electronic and other components including disturbances in logistical systems might affect Electrolux ability to produce, cost for production, raw material and exchange rate development, which in return affects the Group's financial result and market shares negatively. Electrolux has experienced temporary disruptions in some of its operations, delays in delivery of components and production slowdowns. Also disturbances affecting the ability of Electrolux suppliers of finished goods to manufacture and deliver products might affect the Group's financial result and market shares negatively in case of shortfalls in delivery or quality issues. A global pandemic like the coronavirus, natural catastrophes, political unrest or large fires impact global suppliers and the supply chain. This causes manufacturing and delivery disruptions which may impact customers significantly as well as increase costs associated with layoffs, manufacturing adaptation, etc. Electrolux builds and adapts its business continuity plans to address these key risks and also collaborates with selected large suppliers to monitor some of their major risks.

IT and cyber risks

The digital transformation of the global economy, and of Electrolux more specifically, leads to great opportunities. As Electrolux uses technology to speed up the information exchange, it also creates greater exposure. Electrolux continuously prepares for cyber attacks by assessing its cyber risk profile, remediates where recommended and proactively manages its defense. The new way of working of many of Electrolux employees, customers and suppliers, as a result of the coronaviruspandemic, increased the cyber risks. Cyber security control failures have become an emerging risk closely monitored by Electrolux. Specific trainings have been performed to improve awareness. IT failures, for example in key applications or hardware, may also have significant impacts on delivery, production, sales and other critical systems and functions. Electrolux IT department constantly monitors these risks to protect Electrolux systems and information.

Ethics related compliance risks

Electrolux is exposed to a broad range of ethics and sustainability related factors such as human rights, including privacy aspects, employment conditions and corruption. Violation of anti-corruption legislation could lead to large fines or administrative, civil or criminal sanctions. Additionally, violations of human rights and ethics related norms could impact the Group's brands or the corporate reputation negatively. To mitigate these risks, Electrolux has extensive internal governance procedures and policies and conducts training for employees.

Key people and talents

Evolving industry trends and new technologies require new talents in key areas. The inability to attract competences for the future, or a lack of strong succession planning, may impact Electrolux position in the market negatively. An emerging risk for Electrolux is also the inability to attract talents, by not being able to accommodate their post-pandemic work preferences. This could have a negative impact on Electrolux innovation strategy. To mitigate this risk, Electrolux constantly works with the company values and uses communication channels like social media to share those directly or via existing employees. The Group also builds and continuously reviews its talent pipeline and adapt its work conditions.

The safety and wellbeing of its employees is also crucial for the Group. Electrolux continues to monitor the effects of the coronavirus on its employees. One of the mitigation actions has been to maintain the agile way of working.

Sustainability risks

Electrolux has defined a number of sustainability goals. The ability to achieve these environmental, social and governance (ESG) goals are subject to a number of risks. Electrolux ability to meet its ESG goals and accurately and transparently report on such progress presents increasing risks from operational, financial, legal and other perspectives. The growing concern for ESG issues and an increasing interest from legislators to regulate companies responsibilities for ESG issues in their supply chains, leads to added legal exposure and may ultimately negatively affect Electrolux ability to sell products. Electrolux is therefore closely monitoring these risks.

Environment

The main environmental risks are related to regulatory and customer requirements. Not meeting requirements could result in fines or limitations in production permits, reduced sales or product withdrawal. Electrolux has processes in place to mitigate these risks, including ISO management systems, internal audits, a Responsible Sourcing program, and targets in the product development plans. The Group's programs to reduce operational resource consumption and to introduce more recycled materials in products are saving costs.

Climate-related risks

Tackling climate change by reducing greenhouse gas emissions is one of the most urgent challenges facing society. According to the latest Intergovernmental Panel on Climate Change (IPCC) Report released in August 2021 (IPCC Sixth Assessment Report), human activity is already changing the climate in unprecedented and sometimes irreversible ways. The report calls for strong and sustained reductions in emissions of carbon dioxide (CO_2) and other greenhouse gases to limit climate change.

As product energy use is responsible for around 85% of Electrolux climate impact, product efficiency is where Electrolux can make its greatest contribution to tackling climate change. Electrolux is reducing CO_2 emissions from its manufacturing facilities, product transport, and the energy consumed during their use.

To increase the internal focus on actions to reduce climate change, a performance target linked to the Group's Science Based Target, within the long-term share-related incentive programs for senior managers, was introduced in 2021.

The ERM includes climate-related risks in line with the Climate Risk Disclosure (*Read more on pages 51-55).*

Electrolux has a thorough risk mapping and decision-making process that manages all risks for the Group. As described in the Climate Risk Disclosure, the two different climate scenarios result in a variety of risks and opportunities for Electrolux throughout its value chain as described below.

Primary rapid transition risks

Increased costs related to designing resource-efficient products – Electrolux has product development roadmaps with the objective to meet forthcoming energy labelling standards, such as the EU new labelling standards and stricter minimum energy performance standards (MEPS) to be implemented between 2021 and 2023.

Carbon taxes – Electrolux is well prepared to meet the risks of higher carbon taxes by driving resource and energy efficiency throughout the value chain. Carbon taxes on finished goods could also increase carbon import duties, such as the EU 'carbon border adjustment mechanism'.

Other transition risks have been identified, mostly related to the increased reporting requirements as well as the potential change of consumer behavior. These scenarios are already integrated in Electrolux ERM risks.

Primary acute and chronic physical risks

Electrolux operations – Electrolux well established loss prevention program called Blue Risk, have not found that Electrolux factories have significant risks related to greater acute and chronic physical risks due to more frequent and severe weather systems and changing climate conditions. Adequate insurances are also in place to mitigate this risk. However, more detailed modelling to better identify the long-term effects will be conducted, based on reputable external sources.

Electrolux suppliers – Significant risks exist among Electrolux suppliers. Increased frequency of extreme weather events such as floods, hurricanes or temperature rises could cause disruption to Electrolux network. The company has a large amount of flexibility in its supply chain, which will adapt to the changing conditions to meet market needs as more resilient suppliers are likely to survive and thrive. Insurance is also purchased to mitigate the risk.

Transport systems – The global logistical systems Electrolux relies on for the movement of its raw materials, components and finished goods are thought to be resilient to acute and chronic physical risks as alternative logistical arrangements are likely found. More investigation is required to mitigate the risk.

Social

Electrolux reputation is built on trust, which means that all actions and decisions must be governed by principles of ethics, integrity, and respect for people and care for the environment – no matter where the Group operates in the world. The key human rights risk areas include freedom of association, discrimination and working conditions. Other risk areas are labour rights at suppliers and corruption.

The Electrolux Code of Conduct contains the Group's Human Rights policy statement, firmly stating that human rights shall be respected. All employees are required to do the Code of Conduct e-learning as part of onboarding and recurring campaigns.

Electrolux monitors performance and manages risks through internal and external audits, yearly audits for manufacturing units, local human rights assessments, education, the Ethics Helpline, management-labor dialogue, as well as health and safety committees. Risks in the supply chain are addressed through audits and training efforts as part of the Responsible Sourcing program and the Conflict Minerals program.

Electrolux conducts human rights impact assessments at both Group and local level, in line with the UN Guiding Principles on Business and Human Rights. Five issues constitute the Group's salient human rights issues. The methodology for the assessments has been aligned to the ERM overall process in 2022. It focuses on identifying the risk of harming people, as a direct or indirect result of Electrolux operations. An assessment was made in South Africa in early 2022 and China was underway under year-end.

Corruption poses a threat to sustainable economic and social development around the world. Corruption could also have severe negative impacts for the Group by obstructing business growth, increasing costs and imposing serious legal and reputational risks. Operating all over the world, including countries in emerging markets, Electrolux is exposed to risks related to corruption and bribery. These risks may arise in several phases of the value chain, such as in purchasing and sales. Electrolux has zero tolerance of corruption and works continuously to raise awareness among employees in order to minimize the risk for corruption. Measures against corruption are included in the Anti-Corruption Policy, which all employees are required to follow. This policy provides guidance to employees on how to do the right thing and explains which actions constitute unlawful and inappropriate behavior.

Employees can report ethical misconduct through a whistleblower system. In 2022, 584 (411) reports were received, out of which 12 (11) reports in the area of business integrity were investigated.

Impacts throughout the value chain

Finally, a value chain perspective helps Electrolux identify how it can best manage its impacts and create maximal value. This approach makes it easier to identify opportunities, minimize or enhance impacts, and understand boundaries. It also helps the company to understand how its actions and impacts are interrelated. It also identifies the degree of Electrolux influence along the value chain, and the value created for the company and the society. The following table identifies the Group's key sustainability risks and Impacts throughout the value chain, and how they are managed.

	Risks	How impacts are managed	Ability to influence	Generating value
1. Product development Close collaboration between Design, Marketing and R&D enables new products to offer best-in-class consumer experiences. The ambition is to develop solutions with leading environmental performance. Timely innovation is key to meeting forthcoming legal requirements and market demands. The focus is on energy, water and material efficiency, as well as chemical use in appliances.	• Not meeting regulatory or market requirements. • Not meeting consumer expectations. • Not adapting to a low-carbon economy.	• Continuously improve product efficiency. • Increase use of recycled materials. • Eliminate harmful materials. • Integrate future requirements into product development plans. • Participate in the UN's United for Efficiency program.	High	Products with leading environmental performance deliver consumer value in line with the business strategy, while reducing negative impact on the environment.
2. Suppliers Electrolux relies on thousands of first-tier suppliers, many in emerging markets. The focus is on safeguarding Electrolux standards and developing supplier capacity to improve sustainability performance. Electrolux also requires all its suppliers to comply with the Electrolux Supplier Workplace Standard and the Workplace Directive. These requirements are the same as Electrolux internal policies.	• Connections to social, ethical and human rights violations. • Severe weather conditions caused by climate change could negatively affect supply. • Business interruptions due to unethical business practices in the supply chain.	• Apply a risk-based approach to identify suppliers in scope. • Assess the climate impact of key suppliers. • Conduct auditing to safeguard standards. • Hold training and drive improvement programs.	Medium	Enforcing Electrolux standards supports human rights and raises environmental, labor and economic standards, particularly in emerging markets. This also builds trust and a resilient supply chain, while reducing business and reputational risks.

	Risks	How impacts are managed	Ability to influence	Generating value
3. Electrolux – operations Electrolux has 34 finished goods factories and 6 factories making components and accessories, and sales in approximately 120 markets, with approximately 51,000 employees. The main focus areas are to reduce the environmental footprint, maintain high ethical standards and working conditions, as well as to have a positive impact in local communities.	• Disruptions due to emissions and discharges as a result of incidents. • Disruptions caused by severe weather as a result of climate change. • Impact due to social, ethical and human rights violations. • Corruption related to weak governance.	• Implement and maintain systems for environment, resource efficiency, and health and safety. • Governance systems and training to enforce sustainability policies. • Assess the climate impact on operations. • Conduct human rights impact assessments. Support local community programs.	High	Electrolux creates community benefit by providing jobs, knowledge transfer and economic opportunities. Positive employee relationships promote competence development, employee wellbeing and job satisfaction. Local community engagement creates good stakeholder relations, improves employee pride and enhances brand reputation.
4. Transport Addressing transportation is part of a life-cycle approach to the Group's overall impacts. Electrolux emits more CO_2 transporting its goods than it emits through the total energy used in the Group's operations. The Group uses its purchasing power to influence the logistics industry by developing more sustainable transport solutions in collaboration with our logistics partners.	• Emissions from transportation. • Labor conditions in logistics companies. • Disruptions in supply chain can impact climate footprint due to shifts in mode of transportation. • Disruptions caused by severe weather as a result of climate change	• Implement collaborative solutions to mitigate logistics-related impacts. • Promote efficient modes of transport	Medium	Helping to create a more sustainable transport industry strengthens the Group's brand reputation. Transport is included in the Electrolux carbon target. It also supports suppliers in their work to improve their environmental and labor standards.
5. Sales Electrolux sells approximately 60 million products in approximately 120 markets every year, primarily through retailers. Energy and performance labeling, and sustainability communication allow us to raise product efficiency awareness among consumers.	• Failure to effectively inform consumers on product use. • Not meeting consumer expectations on product efficiency. • Limited opportunity to influence decision-making at the point-of-purchase. • Failure to meet customer expectations in areas such as anti-corruption and labour standards.	• Continuously improve product performance and efficiency. • Improve pre- and point of purchase communication. • Secure third party endorsement of products (such as best-in-test recognitions). • Communicate on themes such as food storage, reducing food waste, caring for clothes and textiles. • Conduct Group-wide trainings on anti-corruption. • Assessments and audits of Electrolux and suppliers' factories.	Medium	Promoting transparency and the Group's sustainable product offering contributes to retailer sustainability goals, strengthens brands and builds customer loyalty. As sales of the Group's products with leading environmental performance demonstrate, an efficient product offering is a profitable strategy.

	Risks	How impacts are managed	Ability to influence	Generating value
6. Consumer use As the main environmental impacts of Electrolux products occur when they are used, product energy and water efficiency is a top priority. Greater use of connected products in the future will help improve optimal product use.	• Not meeting expectations on product performance. • Consumers not using products in an optimal way. • Product safety. • Data privacy for users of connected products	• Continuously improve product performance and efficiency. • Prepare for increased data privacy regulation. • Follow the product safety governance and procedures. • Increase development and sales of connected products.	Medium	Appliances deliver social benefits that many take for granted – such as food preservation, hygiene standards, freeing up time from household chores, and facilitating equal opportunities – factors that are particularly significant in emerging markets. Providing efficient products, raising consumer awareness and increasing appliance connectivity can help counter rising global CO_2 emissions, while reducing food waste and the wear of clothes.
7. End-of-life Legislation on appliance recycling is being introduced in more markets. On average, materials account for approximately 7% of a product's life-cycle impact, and Electrolux market research indicates that it is a top priority for consumers. In Europe, the region with the most comprehensive producer responsibility legislation, 80% of the materials from collected end-of-life large appliances must be recovered.	• Not meeting expectations beyond legislation. • Waste of resources due to a lack of recycling. • Illegal trade of discarded products and recycled materials	• Establish a more circular business by using recycled materials. • Eliminate harmful materials to enable higher quality recycled materials and decrease environmental impact. • Promote proper recycling as part of producer responsibility	Low	Building resource-efficient and closed-loop systems help reduce environmental impact and overall resource consumption. Innovative designs that allow material reuse save money and energy, and increase consumer trust in the Electrolux brand.

Climate risk disclosures

Governance	Strategy	Risk management	Metrics and targets
Disclose the organization's governance around climate-related risks and opportunities.	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	Disclose how the organization identifies, assesses, and manages climate-related risks.	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

This is the third Electrolux climate report based on the Task Force on Climate-related Financial Disclosure (TCFD) recommendations. Assessments, findings and conclusions in this Climate risk disclosures report replace earlier ones. The purpose of the report is to assess how climate change could affect Electrolux in the long term, but also the role Electrolux plays in mitigating climate change. In accordance with the TCFD recommendations, this report is based on two potential future climate scenarios and how these could impact climate-related risks and opportunities for Electrolux in the future. The main event in 2022 that had an impact on this report was the 27th UN Climate Change Conference of the Parties (COP27) in Sharm el-Sheikh, Egypt. The IPCC Sixth Assessment Report (AR6) concluded that the climate pledges announced at COP 27, if met in full and on time, would be enough to hold the rise in global temperatures to 1.8 °C by 2100.

The scenarios used for the assessment in this disclosure have been selected to represent two possible future development paths, where each scenario is characterized by different societal impacts. For each scenario, long-term perspectives of 10 and 30 years have been used to assess climate-related risks and possibilities based on what the Group considers to be best available knowledge. The climate report describes the Group's continuous assessment of climate-related risks and opportunities based on stakeholder expectations, scientific findings, regulatory requirements and frameworks for company reporting. Electrolux is committed to annually publish a climate report based on the TCFD recommendations and the company plans to further develop its reporting going forward, as climate science and more extensive analyses evolve. This report is structured around the four TCFD elements describing how organizations operate: governance, strategy, risk management, and metrics and targets. All these elements are connected to climate-related risks and opportunities.

Governance

Electrolux has governance structures to effectively manage climate-related risks and opportunities.

The Electrolux climate change strategy is managed by Group Sustainability (GS) in close cooperation with other Group functions and the company's business areas. The Head of GS reports to the Head of Consumer Experience & Product Lines (CXO) and has regular meetings with the Sustainability Board and Group Management. The Electrolux Sustainability Board, chaired by the CEO, is a forum to raise sustainability topics and review the implementation of the different sustainability programs. Other members of the Sustainability Board are the Chief Financial Officer (CFO), Head of Operations, CXO, Chief Commercial Officer, CHRO & Communications, General Counsel and Head of GS. The Sustainability Board gives recommendations to Electrolux Group Management, which makes decisions about sustainability and climate-related issues. The CEO reports climate-related progress to the Board, which oversees the overall company strategy.

Group Risk Management manages the Electrolux Enterprise Risk Management (ERM) program. This program is governed by the ERM board, which consists of the CEO, CFO, General Counsel, VP Group Treasury, Head of Group Internal Audit, and Head of Group Risk Management. The ERM program manages risks related to direct climate impacts and covers both identified and emerging risks, and with a time-horizon of around three years. Electrolux includes physical climate risks in the ERM and reports the outcome to the Sustainability Board.

Strategy

Climate change is a core element of the Electrolux Group sustainability framework, which includes the company's Climate Goals, various climate-related activities and work with its stakeholders.

For the Better 2030
The Group's sustainability framework – For the Better 2030 – consists of Better Company, Better Solutions and Better Living. It covers all the lifecycle stages of the company's products – from raw materials and manufacturing to product use and how Electrolux can contribute to more sustainable living for consumers around the world.

For the Better 2030 includes the company's work with climate change and its Climate Goals through the Electrolux Climate Neutrality Roadmap (see illustration). Climate-related topics in the sustainability strategy include the Goal "Be climate neutral and drive clean, resource-efficient operations" (Scope 1 and 2 emissions) and the Goal "Lead in energy- and resource-efficient solutions" (Scope 3 emissions). Scope 1 and 3 are also addressed through the Goal to "Eliminate harmful materials", by phasing out hydrofluorocarbons (HFCs).

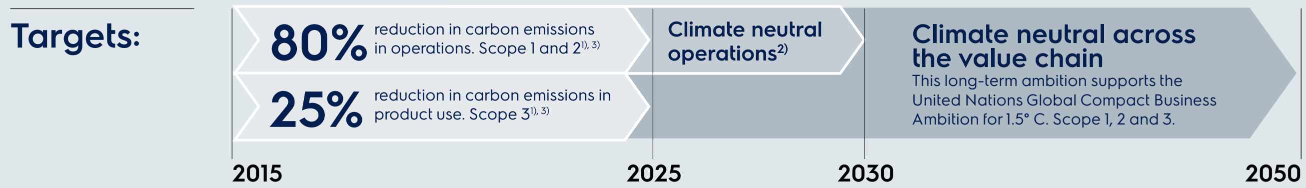
See the Electrolux Annual Report 2022, Statutory Sustainability Report, on page 56.

The Electrolux Climate Neutrality Roadmap
The company's long-term ambition is to ensure that its entire value chain is climate neutral by 2050. This supports the United Nations Global Compact – Business Ambition for 1.5° C, which Electrolux President and CEO Jonas Samuelson has signed.

Toward 2030, the company's targets are:

- **Science Based Target** – aims to reduce company Scope 1 and 2 emissions by 80% between 2015 and 2025, and the absolute Scope 3 emissions from the use of sold products by 25% during the same time period.
- **For the Better 2030 sustainability framework target** – aims to achieve climate neutral operations by 2030 (Scope 1 and 2 emissions).

The Electrolux climate neutrality roadmap



About TCFD
The international Task Force on Climate-related Financial Disclosure (TCFD) was formed in 2015 by the Financial Stability Board and tasked with correcting the shortage of information regarding companies' work with, and management of, climate change. In 2017, the TCFD released climate-related financial disclosure recommendations designed to help companies promote more informed investment, credit and underwriting decisions and enable stakeholders to better understand the financial system's exposure to climate-related risks.

1) Science based target (SBT)
2) Company target (Scope 1 + 2 = 0)
3) Includes contributions from energy use and greenhouse gas fugitive emissions.

Initiatives contributing toward the company's strategy
Electrolux has a variety of initiatives that are fundamental for driving its climate objectives forward. These include financial mechanisms and partner collaborations.

Electrolux Green Financing Framework
In 2022, Electrolux launched the Green Financing Framework, which helps it to fund climate investments and other environmental initiatives. This complements the existing Electrolux Green Bond Framework that was launched in 2019 and was the first initiative in the industry to fund climate investments and other environmental initiatives.

Long-term Incentive program
To increase the internal focus on actions to reduce climate change, a performance target linked to the Group's Science Based Target, within the long-term share-related incentive programs for senior managers was implemented in 2022, in addition to the programs in 2021 and 2020.

Examples of Electrolux climate-related collaborations
United for Efficiency (U4E)
– Electrolux participates in the United Nations led initiative United for Efficiency to support developing countries and emerging economies in setting up effective product performance and labelling systems to help facilitate a complete market transformation to energy-efficient cooling appliances. Currently, only 50% of the use phase emissions from products sold by Electrolux are covered by product efficiency standards.

The Cool Coalition
– The Cool Coalition was initiated by UNEP with the objective to improve the energy efficiency and to reduce the environmental impact of cooling appliances. Electrolux has made the commitment to phase out or replace high-impact greenhouse gases in all appliances with gases that have low global warming impact by 2023.

Green shipping
– in 2022, Electrolux made two agreements with the shipping companies Maersk and CMA-CGM to reduce the company's sea transport greenhouse gas emissions by 15% during the year. With new agreements in place, 25% of Electrolux Group's total sea freight was transported using the most effective solutions for decarbonizing currently available in the market.

The Electrolux climate scenarios

Electrolux mainly uses two different climate scenarios based on data from the International Panel on Climate Change (IPCC) and the International Energy Agency (IEA) to assess the resilience of its business. This includes potential medium- and long-term climate-related risks and opportunities throughout the appliance industry value chain.

According to the TCFD Recommendations, companies should base their climate-related risks and opportunities on two different climate scenarios. In alignment with these recommendations, the two scenarios Electrolux uses have different levels of projected emission reductions over the time horizons of 10 years and 30 years[1]. They are referred to as the Rapid Transition Scenario and the Changing Climate Scenario.

Major scenario impacts on the Electrolux value chain

The Rapid Transition and Changing Climate scenarios would both have material impact on the entire Electrolux value chain. However, their major impacts on the value chain would differ slightly (see the illustration).

The Rapid Transition Scenario

This scenario would involve rapidly declining emissions in the coming decades, mainly driven by legislation and taxes, resulting in a global average temperature rise of between 0.3°C to 1.7°C by 2100. This pathway would require transitional changes to achieve the UN Paris Climate Agreement, including a decline in emissions from 2020.

Key climate implications
- A mean global warming increase by 1.5 to 1.7 °C between 2046 and 2065.
- A mean sea level increase of 0.09 m to 0.19 m between 2046 and 2065.

Implications for the appliance industry
- Stringent product energy legislation – will impact product development and sales.
- Carbon taxes – will impact suppliers, operations and sales.
- Digitalization and smart demand-side management – will impact product development and sales.

The climate implications in this scenario are based on the IPCC Scenario RCP 2.6 and the IEA SDS Scenario[2].

The Changing Climate Scenario

This scenario would involve slowly declining emissions resulting in a temperature increase of between 2.1°C to 3.5°C by 2100. This "intermediate" pathway would follow the current emission path to peak in 2040 with long-term physical risks as a result of climate change.

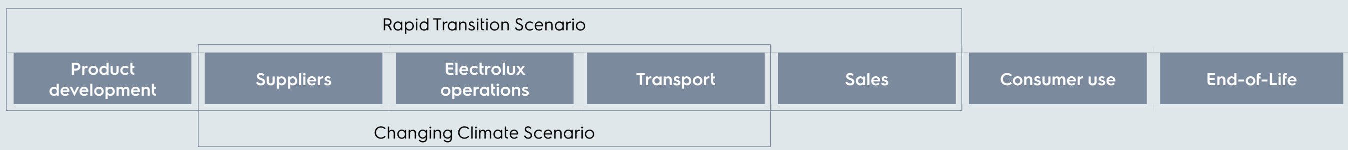
Key climate implications
- A mean global warming increase of approximately 1.5 °C in 2030 and 2.0°C in 2050.
- A mean sea level increase of between 0.09 m in 2030 and 0.20 m in 2050.

Implications for the appliance industry
- Greater acute physical risks due to more frequent and/or more severe weather systems, such as hurricanes and floods – will impact suppliers, operations and transport in the appliance industry.
- Greater chronic physical risks from changing climate conditions, such as droughts – will impact suppliers, operations and transport in the appliance industry.

The climate implications in this scenario are based on the IPCC Scenario RCP 4.5 and the IEA STEPS Scenario[3].

[1] Electrolux has based its climate scenarios and impacts on two different Representative Concentration Pathways (RCPs) developed by the IPCC (IPCC, 2014: Climate Change 2014: Synthesis Report). An RCP describes a greenhouse gas (GHG) concentration trajectory resulting in different climate futures, and ultimately results in different risks and opportunities for Electrolux based on this forecast. The Electrolux report for 2022 has been updated based on the IPCC report "AR6 Climate Change 2021: The Physical Science Basis", presented in August 2021.
[2] See the Reporting Principles on page 55 for more technical detail on the Rapid Transition Scenario.
[3] See the Reporting Principles on page 55 for more technical detail on the Changing Climate Scenario.

Major impacts from the two scenarios along the value chain



Climate risk management

Electrolux has a thorough risk mapping and decision-making process that manages all risks for the Group. The two different climate scenarios result in a variety of risks and opportunities for Electrolux throughout its value chain.

Enterprise Risk Management

The Electrolux Enterprise Risk Management (ERM) framework and related processes identify, mitigate, communicate and report risks that can significantly affect the business. Electrolux follows a risk mapping process for the collection and incorporation of risk information into decision making and governance processes. The ERM includes climate-related risks in line with the section Climate Risk Disclosure. Climate-related risks usually have a longer time-horizon than other ERM risks. *Read more in the Risk section on page 44.*

The Rapid Transition Scenario

As a sustainability leader in its industry, Electrolux is well-positioned to meet the demands for stringent product energy legislation, carbon taxes and digitalization in the near future – to continue to create long-term shareholder value. As approximately 85% of an appliance's climate footprint is in its use phase, Electrolux can play a role in meeting the need for energy efficient appliances that help mitigate the impact of climate change.

Primary rapid transition risks

- *Increased costs related to designing resource-efficient products* – Electrolux has product development roadmaps with the objective to meet forthcoming energy labelling standards, such as the new EU labelling standards and stricter minimum energy performance standards (MEPS) to be fully implemented by 2023.
- *Carbon taxes* – Electrolux is well prepared to meet the risks of higher carbon tax, as the Group drives resource and energy efficiency throughout the value chain. Carbon taxes on finished goods could also increase carbon import duties, such as the EU Carbon Border Adjustment Mechanism.

Opportunities

- *Industrial shift to renewable energy* – Electrolux is already well on its way to carbon neutral operations by 2030 (Scope 1 and 2 emissions). Based on the projections in a study by Bloomberg New Energy Finance[1], Electrolux will not be negatively affected in its operations by the shift from fossil-based to renewable electricity. An industry shift to renewable energy could therefore provide Electrolux with a competitive advantage.
- *Product efficiency* – More stringent product legislation and higher energy prices could drive the demand for energy efficient Electrolux products in the market. The International Monetary Fund (IMF) has concluded that a carbon tax of USD 75 per metric ton of CO_2 would increase the average electricity price across G20 countries by 43%.
- *A growing market* – The growing middle class, in particular in Asia and Africa, will continue to expand the market for household appliances.
- *Electrification* – The IEA estimates that there is potential for 2.6 billion people to switch from wood burning stoves to using clean cooking appliances. Electrolux can help meet this demand for clean and efficient appliances.

The Changing Climate Scenario

In this scenario, Electrolux must adapt to a changing climate in terms of more frequent and/or more severe weather systems and greater chronic physical risks from changing climate conditions. Electrolux has started to include "The Changing Climate Scenario" in its loss prevention program, Blue Risk, to improve the resilience of its own operations, supply chain and transport systems, and plans to make more detailed assessments in the coming years. Action on this insight will enable Electrolux to continue to create long-term shareholder value.

Primary acute and chronic physical risks

- *Electrolux operations* – Recent internal assessments have not concluded that Electrolux factories have significant risks related to greater acute and chronic physical risks due to more frequent and severe weather systems and changing climate conditions. However, more detailed analyses will be conducted based on reputable external sources, such as the IPCC:
- *Acute physical risks* – IPCC predicts that the scenario will result in greater acute physical risks, such as more frequent hurricanes.
- *Chronic physical risks* – IPCC does not predict a significant increase in chronic physical risks due to this scenario in the next 30 years, although uncertainty is high.
- *Electrolux suppliers* – Significant risks exist among Electrolux suppliers, although the company has flexibility in its supply chain, which will adapt to the changing conditions to meet market needs as more resilient suppliers are likely to survive and thrive.
- *Transport systems* – The global logistics system Electrolux relies on for the movement of its raw materials, components and finished goods are thought to be resilient to acute and chronic physical risks as alternative logistical arrangements can be found. However, more investigation is required.

Opportunities

- *A growing market* – The growing middle class, in particular in Asia and Africa, will continue to expand the market for household appliances.
- *Consumer demand* – The need for air conditioning is expected to grow in a warmer world, particularly in Asia and Africa with a growing middle class. Electrolux can meet this growing market demand.
- *Electrification* – The IEA estimates that there is potential for 2.6 billion people to switch from wood burning stoves to using clean (from a carbon emission perspective) cooking appliances. Electrolux can help meet this demand for clean and efficient appliances.

Future development

Electrolux will continue to develop its climate scenario analyses and assess the potential impacts on its operations. Future development includes to:

- Define climate risks for specific factory locations
- Update the Electrolux water risk assessment using the WWF Water Risk Filter for Electrolux factories

[1] According to a third-party study discussed in International Monetary Fund (2019). Fiscal Monitor, How to Mitigate Climate Change page 21.

Metrics and Targets

Electrolux has comprehensive reporting systems that include various metrics and targets to assess and manage relevant climate-related risks and opportunities. *Read more in the For the Better 2030 section on page 57.*

Electrolux annually responds to the CDP Climate questionnaire and the CDP Water questionnaire. Electrolux also reports in accordance with the GRI Standards.

The following climate related KPIs are reported in the separate Sustainability Report:
- Energy consumption within the organization
- Direct and Indirect CO_2 emissions, including fugitive emissions
- Greenhouse gas emissions intensity in metric tons CO_2 per million SEK
- Reduction of GHG emissions
- Emissions of ozone-depleting substances
- Science Based Target results (Scope 1, 2, and 3)
- Electrolux CDP report (www.cdp.net)

Details on the company's overall climate performance are found on page 58 in the Annual Report and detailed performance is reported in the standalone Electrolux Sustainability Report 2022.

Climate-related risks and impacts of the Rapid Transition and the Changing Climate scenarios

Scenario	The Rapid Transition Scenario		The Changing Climate Scenario	
Risk Area	Product energy legislation	Carbon dioxide price/tax	Physical Risk – acute	Physical Risk – chronic
Potential impact on Electrolux	Transformation investments	Increase in price for raw materials	Interruptions in manufacturing and supply chain	Relocation of manufacturing
Financial impact area	Costs, Sales, Reputation	Costs, Sales	Costs, Sales	Costs

■ Risk (0–3 years) ■ Emerging Risk (3–10years) ■ Long-term Risk (10- years)

Reporting principles

This section provides some additional technical detail behind the scenarios and the report's assumptions.

Electrolux has based its climate scenarios and impacts on two different Representative Concentration Pathways (RCPs) developed by the IPCC (IPCC, 2014: Climate Change 2014: Synthesis Report). An RCP describes a greenhouse gas (GHG) concentration trajectory resulting in different climate futures, and ultimately results in different risks and opportunities for Electrolux based on this forecast. In 2021, the Physical Science Basis, IPCC Sixth Assessment Report (AR6) was published. The AR6 underpinned the scientific consensus of the findings in the report. This report has been updated with the latest predictions regarding temperature and sea level rise from the AR6.

The Rapid Transition Scenario

The Rapid Transition Scenario is based on RCP 2.6, which would involve rapidly declining emissions in the coming decades, resulting in a global average temperature rise of approximately between 1.3–2.4 °C by 2100. For this scenario, the International Energy Agency (IEA)[1] concludes that overall CO_2 emissions need to peak around 2020 and enter a steep decline thereafter to achieve a 75% reduction by 2050. The building sector, including appliances, will see a similar drop, mainly through energy efficiency, renewable energy technologies and a shift to low-carbon electricity. This means reducing carbon emissions by an average of 6% per year to one-eighth of current levels by 2050. At the same time, demand for electricity in the building sector is expected to increase as a result of a growing consumer base, as well as a rising demand for equipment such as air conditioners and the replacement of gas and wood-burning stoves with electric appliances. The IEA concludes:
- Significant policy efforts are needed for cooling equipment and appliances to accelerate technological progress in energy efficiency in these end uses, particularly with substantial growth in appliance and air conditioner (AC) ownership expected in the coming decade.
- Digitalization and smart demand-side management will further reduce energy use.

A combination of stringent product energy legislation as well as carbon dioxide taxes would be required, which would impact on product development, supply base, operations and sales in the appliance industry. Higher carbon dioxide taxes are recommended by the IEA and in the EU Green Deal framework. Carbon prices are expected to have an impact on energy intensive industries such as power generation, transport, steel, aluminum and plastics producers. Finished goods could also be impacted through carbon import duties, such as the EU Carbon Border Adjustment Mechanism.

The World Bank has estimated that carbon prices of at least USD 40–80/tCO_2 by 2020 and USD 50–100/tCO_2 by 2030 are required to cost-effectively reduce emissions in line with the temperature goals of the Paris Agreement.[2] In a report from the International Monetary Fund (IMF), it was concluded that a carbon tax of USD 50 per metric ton in advanced countries (G20) would lead to an average electricity price increase of 33%, while a carbon tax of USD 75 per metric ton would lead to an increase in price of 43%.[3]

Today, prices for renewable and fossil-based electricity are comparable, but prices are expected to decline for renewables by around 50% over the next 10 years, while fossil-based electricity will increase by 40% according to data from Bloomberg New Energy Finance. With a USD 75 per metric ton carbon tax, the price of natural gas, both for industry and households (mostly for heating and cooking) would rise significantly, by 70% on average.[3]

The Changing Climate Scenario

The Changing Climate Scenario is based on RCP 4.5, which would involve slowly declining emissions resulting in approximately between 2.1–3.5°C temperature increase by 2100. The IPCC has conducted risk assessments for each region, including the potential for risk reduction through adaptation and mitigation, as well as limits to adaptation. In the near term (2030 or in 10 years), projected levels of global mean temperature increase are not expected to diverge substantially between different emission scenarios. However, the IPCC predicts that by the mid-century (in 30 years), climate change will impact human health, with more frequent hot and fewer cold temperature extremes over most land areas. It is also very likely that heat waves will occur with a higher frequency and longer duration.

The average intensity of tropical cyclones, the proportion of Category 4 and 5 tropical cyclones and the associated average precipitation rates are projected to increase with a 2°C global temperature rise. Sea levels continue to rise at an increasing rate. Extreme sea level events that are historically rare (once per century in the recent past) are projected to occur frequently (at least once per year) in many locations by 2050.

The Changing Climate Scenario will increase acute physical risks due to more frequent and/or more severe weather systems, such as hurricanes and floods. It will also increase chronic physical risks from changing climate conditions, such as droughts and sea level rise. These physical impacts pose risks for disruption in the appliance industry, due to the global nature of its operations and supply chain – particularly in the manufacturing of materials and components that are situated in parts of the world that are more likely to be affected by physical risks.

World Energy Outlook

The World Energy Outlook (WEO), published annually by the IEA, includes critical analysis and descriptions of trends in energy demand and supply.[4] It explores possible scenarios, how they could develop and some of the main uncertainties to predict the consequences of different choices and what they mean for energy security, environmental protection and economic development.

The IEA defines two scenarios:
- *The Sustainable Development Scenario (SDS)* – a deep decarbonization scenario that considers how people should gain access to critical energy services while also meeting climate goals.
- *The Stated Policies Scenario (STEPS)* – reflecting current policies and plans.

The SDS Scenario is considered to reflect the Group's Rapid Transition Scenario, while the STEPS Scenario is more in line with the Changing Climate Scenario. The IEA report provides recommendations to policy makers regarding sectors and product categories in order to achieve the targets in the scenarios.

Disclosure limitations and future development

The following aspects have not been included in this Report:
- Growing consumer demand – driven by a growing middle class, increasing global incomes, electricity access rates and ownership of appliances and air conditioners.
- Price elasticity – consumer willingness to pay a higher price for more efficient appliances as a result of more stringent energy efficiency legislation.
- Mitigable risks – chronic physical risks will develop over time and could be mitigated by taking action well before they have materialized to reduce negative impact.
- Climate risk disclosures are currently not included in financial risk management processes.

Forward-looking statements

This report contains "forward-looking" statements that reflect the company's current expectations. Although Electrolux believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations prove to be correct as they are subject to risks and uncertainties that could cause the actual results to differ materially due to a variety of factors. These factors include, but are not limited to, changes in consumer demand, changes in economic, market and competitive conditions, supply and production constraints, currency fluctuations, developments in product liability litigation, changes in the regulatory environment and other government actions. Forward-looking statements are only accurate as of when they were formulated, and other than as required by applicable law, the company undertakes no obligation to update any of them in light of new information or future events.

[1] IEA (2018). Perspectives for the Energy Transition: The Role of Energy Efficiency.
[2] The World Bank Group (2020), State and Trends of Carbon Pricing.
[3] International Monetary Fund (2019). Fiscal Monitor, How to Mitigate Climate Change. p21
[4] IEA, The Worlld Energy Outlook (WEO) 2019

Statutory sustainability report

Electrolux is a global leader in household appliances and sustainability is an integral part of the company's business model. This section presents the Group's sustainability work and its progress in 2022.

Electrolux shapes living for the better by reinventing taste, care and wellbeing consumer experiences, making life more enjoyable and sustainable for millions of people around the world. As a leading global appliance company, Electrolux places the consumer at the heart of everything it does. Through the company's brands, including Electrolux, AEG and Frigidaire, approximately 60 million household products are sold in approximately 120 markets every year. In 2022, Electrolux had sales of SEK 135 bn and employed approximately 51,000 people around the world. For more information, visit www.electroluxgroup.com.

Business model and sustainable development
To achieve the Electrolux purpose – Shape living for the better – and drive profitable growth, Electrolux uses a business model that focuses on creating outstanding branded lifetime consumer experiences in Taste, Care and Wellbeing. The objective is to create a steady stream of consumer-relevant innovations under well-established brands in key experience areas. By creating desirable solutions and great experiences that enrich peoples' daily lives and the health of the planet, Electrolux wants to be a driving force in defining enjoyable and sustainable living. The focus is to invest in innovations that are most relevant for creating outstanding branded lifetime consumer experiences within great tasting food, the best care for clothes and to increase wellbeing in the home.

With 60 million home appliances sold annually, Electrolux has long recognized the impact the company has on the environment and in society. Sustainability is a key part of the strategy, integrated in everything the Group does, as the company recognizes the growing importance of sustainability performance. This includes the impact of Electrolux business operations and products on the planet and society.

Electrolux is continuously making progress on sustainability and is acknowledged as a sustainability leader in the household durables industry.

Electrolux in a changing world
The world in which Electrolux operates is constantly changing. Demographic trends are increasing pressure on resources, rapid technological development requires new business approaches, and planetary boundaries are influencing decision making at all levels. Such global megatrends create challenges for Electrolux – and also bring about business opportunities.

Demographics
Global demographic trends – such as population growth, the growing middle class, an aging population and urbanization – are increasing the demand for home appliances, which in turn puts more pressure on natural resources. According to the Brookings Institute the global middle class is expected to increase by 700 million people by 2030[1]. This represents a new universe of consumers.

Implications for Electrolux:
- Significant growth potential in emerging markets.
- Continued need to decrease the overall environmental footprint of products.
- Growing importance of the elderly consumer group and the increasing number of smaller households.
- Potential for new business models, such as shared ownership.

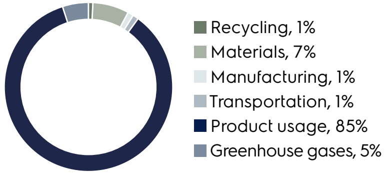
Resources and planetary boundaries
The need to reduce greenhouse gas emissions, and adapt to a changing climate and resource limitations, will drive manufacturers toward circular business models that promote resource efficiency, reduced use of hazardous chemicals and waste reduction.

Implications for Electrolux:
- Continued need to improve the environmental performance of products.
- Pressure to reduce water consumption in areas with water scarcity.
- Competition for some metals and minerals.
- Growing importance of the circular economy.
- Expectations to go beyond chemical legislation.
- Problems with plastic waste pollution increase pressure on recycling solutions.

Technology
New technologies are scaled rapidly and globally, with purchasing decisions increasingly influenced by online information and social media. The Internet of Things (IoT) promises to connect billions of products in the near future.

Implications for Electrolux:
- Greater consumer empowerment and awareness require transparency and sustainable business practices.
- Digitalization will drive the next wave of operational efficiency, including closer integration with suppliers.
- Connectivity offers opportunities for new business models that result in better resource efficiency.
- IoT enables a lifelong relationship between producers and consumers but requires high standards of data security and privacy.

Average CO_2 impact during the lifetime of appliances[1]



The product life cycle perspective guides how to best reduce climate impacts. The greatest carbon emission impacts in the Electrolux value chain occur from energy consumption when products are used. See page 58 for more details on the company's Climate Goals.

[1] The graph is based on the Group's total CO_2 impact in 2015 (82 million metric tons) used for setting Science Based Target.

Materiality
Material issues are topics that represent the most significant economic, environmental and social impacts for Electrolux.

The materiality process aims to identify and understand the topics that are important for stakeholders, as well as to the Group's business strategy. It is an important way of evaluating the ability to create and sustain value.

Electrolux draws on insights from global trends and drivers, market intelligence, product research, internal and external dialogue, expert opinion and consumer surveys, and other sources of information to develop an up-to-date understanding of the prevailing business context.

The material issues selected are expressed in the Group's sustainability framework – For the Better 2030 – with ten areas with defined 2030 sustainability goals, which are supported by key performance indicators.

[1] The World's Growing Middle Class (2020-2030), https://elements.visualcapitalist.com/the-worlds-growing-middle-class-2020-2030/

For the Better 2030

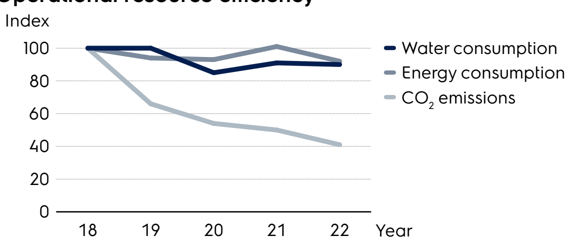
“For the Better 2030” is the Electrolux sustainability framework, which drives the Group toward its ambitious sustainability Goals for 2030 and to become climate neutral across its value chain by 2050.

For the Better 2030

Better Company	Better Solutions	Better Living
Be climate neutral and drive clean and resource-efficient operations	Lead in energy and resource-efficient solutions	Make healthy and sustainable eating the preferred choice
Act ethically, lead in diversity and respect human rights	Offer circular products and business solutions	Make clothes last twice as long with half the environmental impact
Drive supply chain sustainability	Eliminate harmful materials	Make the home a healthier place to thrive in, with half the carbon footprint
Supporting the UN Sustainable Development Goals and the Electrolux Climate Goals		

The framework consists of nine Goals and the Electrolux Climate Goals as shown in the illustration above. These are the main areas Electrolux focuses on as they optimize the company’s contribution to society.

Operational resource efficiency



Better Company
Electrolux places the highest demands on environmental and social performance throughout the company as well as its suppliers, acknowledging the supply chain as an extension of its own aspirations.

Be climate neutral and drive clean and resource-efficient operations
Electrolux will continue to reduce its environmental footprint by shifting to renewable energy and optimizing energy use and other resources throughout its operations. The ambition is to have climate neutral operations by 2030 (Scope 1 and 2). In 2022, the company’s Scope 1 and 2 greenhouse gas emissions from its operations were reduced by 82% (78) compared to 2015, and the production energy efficiency per unit improved by 41% (43) compared to 2005. By the end of 2022, 59% (56) of the total energy used in Electrolux operations came from renewable sources. In addition, the Group has its own on-site solar photovoltaic systems in seven countries.

Electrolux responds to the annual questionnaires from CDP, a global non-profit that runs an environmental disclosure system for companies, cities, states and regions, on climate and water. In 2022, Electrolux was recognized for its sustainability leadership with an “A-” score in both climate and water.

Act ethically, lead in diversity and respect human rights
Electrolux strives to earn the trust of everyone impacted by its operations, demonstrating its commitment to ethics, diversity and human rights through its words and actions. This includes working to ensure the health and safety of Electrolux employees and promoting societal benefit through community investment activities. The Group noted a Total Case Injury Rate (TCIR) of 0.36 (0.43) per 100 employees in 2022, which compares favorably to other companies in the industry. During the year, safety actions included removing forklift trucks from assembly areas in all Electrolux factories and fitting them with warning lights. Electrolux also continued employee health and safety training, which is mandatory for all new employees.

In the area of business ethics, 584 (411) cases were reported through the Ethics Helpline, including 12 (11) reports in the area of business integrity that were investigated in 2022. Business integrity includes allegations related to corruption, fraud, theft, internal control and anti-trust. In the area of human rights during the year, the focus was on conducting an assessment in South Africa. In 2022, close to 16,000 employees completed the e-learning on the Anti-Corruption Policy.

Drive supply chain sustainability
Electrolux takes its sustainability leadership agenda into the supply chain by assuring that suppliers comply with the Group’s high expectations, no matter where they are located. The company encourages and supports suppliers to make the transition to more sustainable practices. Development activities have been carried out with suppliers and a total of 303 (237) supplier audits were performed in 2022, including both physical and digital audits. The Electrolux Supplier Awards continued to encourage and motivate suppliers to be best in class in terms of sustainability performance. Electrolux also secured the commitment from its top 300 suppliers to disclose emissions and set targets through the CDP Supply Chain Program, which will play a key role in achieving the company’s target for net zero carbon emissions throughout its supply chain by 2050.

Better Solutions
Electrolux works to continuously improve its products and services to make them better for consumers and the planet, and to take leadership on global sustainability challenges with a scientific and long-term approach.

Lead in energy and resource-efficient solutions
Tackling climate change and the increasing demand for water are among the most urgent challenges facing society. The Group contributes by offering resource-efficient products that help consumers to live better lives, save money and reduce their environmental footprint. In 2022, the company’s most efficient products represented 24% of products sold but 39% of gross profit.

Emission reductions 2022

Scope 1 and 2[1,2)]

82%

reduction compared to 2015

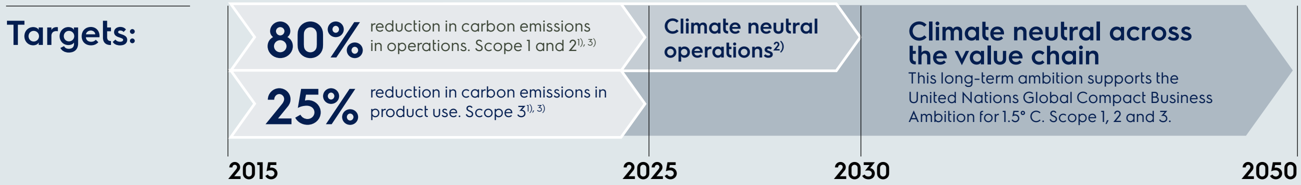
Scope 3[1,3)]

>25%

reduction compared to 2015

[1)] Science based target (SBT)
[2)] Company target (Scope 1 + 2 = 0)
[3)] Includes contributions from energy use and greenhouse gas fugitive emissions. The result for 2022 reached beyond target despite the reduction of sales volumes.

The Electrolux climate neutrality roadmap



The Group has had an approved Science Based Target in line with the Paris Agreement (COP 21), since 2018. To drive the internal focus on actions to reduce climate change within Electrolux, a performance target is linked to the Group's Science Based Target, within the long-term share-related incentive programs for senior managers.

Offer circular products and business solutions

Electrolux aims to contribute to the circular economy by integrating recycled materials into product platforms, promoting recyclability, using more sustainable packaging solutions, increasing the availability of spare parts to repair Electrolux products, and developing circular business solutions. In 2022, Electrolux focused on circular business and recycled plastics. The new 700 Maxispace GreenZone fridge is the first fridge to be made with inner liners made from 70% recycled plastic. New circular business models were launched during the year, such as a subscription service in Singapore that includes the setup, delivery, repair and recycling of appliances, and a consumer appliance take-back solution in Brazil.

Eliminate harmful materials

Electrolux has a robust approach to choosing materials for its products to protect human health and the environment. The Group continues to implement its common process for chemical management. New scientific findings and stakeholder requirements are used to update the Group's Restricted Materials List. During the year, the global roll out of the Eco@web tool continued. In 2022, Electrolux completed the phase out of HFCs in its North American operations by removing HFCs from room air conditioners and portable air conditioners.

Better Living

Electrolux uses its global reach and presence to drive and contribute to positive change by empowering consumers to make more sustainable choices, reaching beyond the company's own products and footprint.

Make healthy and sustainable eating the preferred choice

Electrolux will promote sustainable eating by helping consumers to reduce food waste, adopt more plant-based diets, minimize nutrition loss in cooking, and enhance sustainable eating experiences. By offering new products, solutions and partnerships, Electrolux can promote more sustainable eating. In 2022, Electrolux introduced GRO – a future concept aimed at reinventing the kitchen and enabling people to enjoy food in a more sustainable way for both their health and the planet. Technologies introduced to new models during the year included the NutriFresh inverter refrigerator that reduces food waste by keeping the temperature stable and providing higher humidity so that fruit and vegetables stay fresh for longer. Electrolux launched new steam ovens and quantified the nutritional benefits of steaming ingredients. The website Replate.com was enhanced during the year by the Electrolux Food Foundation and its partners to inspire people to adopt more sustainable food habits.

Make clothes last twice as long with half the environmental impact

Electrolux has the objective to make clothes last longer and reduce the environmental impact of garment care while caring for all fabrics. By providing new products, solutions, campaigns and partnerships, Electrolux can promote more sustainable garment care. In 2022, various product innovations that care for garments to make them last longer and reduce environmental impact by enabling consumers to use less energy, water and detergent were launched. New solutions included a filter that collects microplastics from clothes to avoid them ending up in the environment. In 2022, the "Break the pattern" campaign was launched to raise consumer awareness of the environmental impacts of throw-away fashion habits.

Make the home a healthier place to thrive in, with half the carbon footprint

Electrolux will inspire more sustainable habits in caring for homes, pioneer knowledge and new standards for a healthier home environment, and enable wellbeing at home with reduced environmental impact. By providing new products, solutions and partnerships, Electrolux can make the indoor environment healthier and more sustainable. In 2022, Electrolux developed a Wellbeing Index to define and measure the elements of clean air, comfortable air, clean water, comfortable water and clean floors. Electrolux removed paint from its stick vacuum cleaners to promote indoor air quality and reduce environmental impact. The Group's connected Air Purifiers feature smart sensors that optimize energy consumption by adjusting the fan operation in line with the level of airborne particles.

Managing sustainability – Risks and opportunities

Aspect	Environment	Better Living	Anti-corruption
Policies	• Environmental Policy • Workplace Policy	• Workplace Policy • Supplier Workplace Standard • Workplace Directive	• Anti-Corruption Policy • Conflict of Interest Policy
Key areas	• Product design	• Child and forced labor	• Conflict of interest
	• Efficiency in operations	• Health and safety, working hours, compensation	• Bribes or other improper benefits
	• Influencing legislation	• Discrimination and harassment	• Business partners and customers
	• Environmental management systems	• Freedom of association, collective bargaining	• Political contributions

The full text of Electrolux policies is available at www.electroluxgroup.com/en/category/sustainability/codes-and-policies

Governance
The Group's sustainability framework – For the Better 2030 – is directly overseen by the Group Management and the business area management teams that have been engaged in the development of the priorities and objectives for the nine Goals and the Climate Goals.

The Electrolux Sustainability Board, led by the CEO, is tasked with assessing priorities, monitoring progress and evaluating risks. The Sustainability Board proposes actions and targets to Group Management and will be essential in achieving Electrolux sustainability targets going forward.

Electrolux holds regular training and communication on the Code of Conduct and has introduced key Group Policies. All office-based staff must acknowledge the Code of Conduct by electronic signature.

Each business area is responsible for contributing to the fulfillment of the Group's sustainability targets under the ten Goals, and several of the performance indicators are broken down and monitored at business area level. Reference groups and steering groups with Group Management and senior management participation are in place for various programs, for example the Ethics & Human Rights Steering Group, Group Operations, External Affairs, and Chemicals.

A number of Group functions are accountable for identifying and managing non-financial risks in their area of responsibility. Risks are reported to Group Management and fed into the materiality process.

Key sustainability governance responsibilities:
Group Sustainability manages sustainability in close cooperation with other Group staff functions and the business areas. The Head of Group Sustainability reports to the Head of Consumer Experience & Product Lines and has an annual meeting with the Electrolux Board to report sustainability progress and develop the company's strategic direction for sustainability work going forward.

The CEO also reports sustainability progress to the Board, which oversees the overall company strategy. The Electrolux Sustainability Board, chaired by the CEO, is a forum to raise sustainability topics and review the implementation of the different sustainability programs. Other members of the Sustainability Board are the Chief Financial Officer, Head of Operations, Head of Consumer Experience & Product Lines, Chief Commercial Officer, CHRO & Communications, General Counsel and Head of Group Sustainability.

The Sustainability Board gives recommendations to Electrolux Group Management, which makes decisions about sustainability topics. Any critical concerns are promptly raised with the Board for discussion.

The Ethics Helpline (whistleblower function) and programs for ethics and human rights are overseen by the Ethics & Human Rights Steering Group.

Environment
From a product lifecycle perspective, Electrolux has a relatively large environmental impact – including energy consumption, and the use of materials and chemicals. Generally, the most significant impacts occur during a product's use phase, and the Group's strategy is to improve product environmental performance.

The Electrolux Environmental Policy outlines how Electrolux aims to improve environmental performance in production and product use, as well as how to design products for proper disposal. Requirements on the Group's operations and in the supply chain are described in the Workplace Directive. All Electrolux factories with more than 50 employees are required to be ISO 14001 and ISO 50001 certified.

Group requirements for suppliers are described in the Supplier Workplace Standard and the Workplace Directive. Compliance is mandatory when evaluating potential and existing suppliers. The Group's strategic suppliers of components and finished products must take energy efficiency measures, and report on energy and water. Some of these suppliers have also been included in the WWF Water Risk Filter assessment.

The Group's proactive approach aims to develop and promote sales of products with lower environmental impact. Readiness for more stringent product legislation, for example, can lead to increased sales. For many years, products with superior environmental performance have delivered higher profit margins.

Electrolux products are affected by legislation in areas including energy consumption, producer responsibility, and the management of hazardous substances. Some customers have requirements that go beyond legislation.

The main environmental risks are related to regulatory and customer requirements. Not meeting requirements could result in fines or limitations on production permits, reduced sales or product withdrawal. Electrolux has processes in place to mitigate these risks, including ISO management systems, internal audits, a Responsible Sourcing program, and targets in the product development plans. The Group's programs to reduce operational resource consumption and to introduce more recycled materials in products are saving costs.

Electrolux has a Green Financing Framework, which helps it to fund climate investments and other environmental initiatives. The proceeds are to be used to finance or refinance projects covered by the environmental areas of the Electrolux sustainability framework, For the Better 2030. This may include investments in R&D to improve the energy or water efficiency of appliances, the development of recycled materials or the increased use of renewable solar energy at Electrolux factories.

Read more about the Electrolux Green Bond Framework and Green Bond Impact Report: www.electroluxgroup.com/en/green-bond-framework-29317/

Social, labor and human rights

The reputation of Electrolux is built on trust, which means that all actions and decisions must be governed by principles of ethics, integrity, and respect for people and care for the environment – no matter where in the world the Group operates.

Consumer trust in companies and how they contribute to society influence purchasing decisions. Additionally, employees prefer to work for a company with values that match their own. Respecting human rights and being an ethical company goes beyond simply meeting legal requirements. It is about guiding employees to know what is right and wrong, and how to make decisions accordingly. The For the Better 2030 Goals mentioned above reflect the Group's commitment to build a strong culture for ethics and human rights.

The key human rights risks include freedom of association, discrimination and working conditions. Other risks are privacy of information, and corruption.

The Electrolux Code of Conduct contains the Group's Human Rights policy statement, firmly stating that human rights shall be respected. All employees are required to take the Code of Conduct e-learning as part of onboarding and recurring campaigns. The Group's human rights commitment is further detailed through a Human Rights Directive. The Workplace Policy, the Supplier Workplace Standard and the Workplace Directive contain mandatory requirements relating to labor rights, health, safety and environment within both Electrolux and its suppliers. Electrolux continues to drive a company culture based on ethics, integrity and respect by providing leadership that demonstrates and nurtures inclusion and accountability.

Electrolux monitors performance and manages risks through internal and external audits of manufacturing units, local human rights assessments, education, the Ethics Helpline, management-labor dialogue, as well as health and safety committees. Risks in the supply chain are addressed through audits and training efforts as part of the Responsible Sourcing program and the Conflict Minerals program.

Human rights procedures engage many functions throughout the organization, from Human Resources to Purchasing and Group Operations. Accountability for the ethics program and the oversight of human rights lies with the Ethics & Human Rights Steering Group, which comprises of senior management representatives from Group functions.

Electrolux conducts human rights impact assessments at both Group and local level, in line with the UN Guiding Principles on Business and Human Rights. Five issues and three business processes constitute the Group's salient human rights issues. The methodology for the assessments focuses on identifying the risk of harming people, as a direct or indirect result of Electrolux operations.

Anti-corruption

Corruption poses a threat to sustainable economic and social development around the world. Corruption could also have severe negative impacts for the Group by obstructing business growth, increasing costs and imposing serious legal and reputational risks. With operations all over the world, including countries in emerging markets, Electrolux is exposed to risks related to corruption and bribery. These risks may arise in several stages of the value chain, such as in purchasing and sales.

Electrolux has zero tolerance for corruption and works continuously to raise awareness among employees in order to minimize the risk for corruption. Measures against corruption are included in the Anti-Corruption Policy, which all employees are required to follow. This policy provides guidance to employees on how to do the right thing and explains which actions constitute unlawful and inappropriate behavior.

Employees can report ethical misconduct through the Electrolux whistle-blower system.

Electrolux provides Group-wide e-learning courses on anti-corruption. These initiatives complement the tailored training that certain functions such as sales, procurement and senior management receive (roles that are more exposed to corruption risks). Such training sessions have been conducted locally throughout the organization by either in-house legal counsel or by external experts. Training requirements are continuously monitored and evaluated based on business needs, and the legal and risk context. The local human rights assessments include the review and assessment of corruption risks.

For more information on how the Group manages risks and impact throughout the value chain, see the Risk Management section.

EU Taxonomy report

Introduction
This is the 2022 EU Taxonomy report by Electrolux, which is prepared in accordance with the EU taxonomy regulation for the establishment of a framework to facilitate sustainable investment.

The purpose of the taxonomy is to establish common definitions and reporting on the economic activities that are in line with the EU sustainability objectives for 2030.

As a leading global appliance company, Electrolux must adhere to local legislation regarding, for example, product energy efficiency and product labelling, wherever it operates in the world. There are no global performance standards (in terms of energy efficiency) for appliances but rather fundamental differences in the standards for various markets around the world.

The EU Taxonomy describes, among other things, which economic activities are within the scope of the taxonomy ("taxonomy eligible activities") and which of such activities qualify as environmentally sustainable ("aligned economic activities"), by meeting the EU Taxonomy's technical screening criteria. For Electrolux products to be deemed "aligned" with screening criteria, activities must comply with certain EU specific standards (EU Regulation 2017/1369).

For the above reasons, Electrolux has deemed that the eligible activities in this report should focus on the EU market[1]. In 2022, the EU market accounted for 27% of Group Net Sales.

The EU Taxonomy framework is still under development. Therefore the content and format of this report will develop over time in parallel with the progress of the taxonomy.

The current format of this report is aligned with the regulation requirements.

Reporting on Key Performance Indicators
According to the EU Taxonomy framework, Electrolux is considered to be a manufacturer of energy efficiency equipment for buildings. The economic activities reported in the result tables are only those activities that have the potential to comply with technical screening criteria that deem them aligned with economic activity within the current EU Taxonomy framework. The applicable technical screening criteria for potentially aligned economic activities for Electrolux are:
- household appliances
- cooling and ventilation systems

These activities are rated in the highest two populated classes of energy efficiency in accordance with EU Regulation (EU) 2017/1369, and other relevant legislation.

The numerator in the Key Performance Indicators presented in the result tables only encompasses household appliances and cooling and ventilation systems that are sold by Electrolux in the EU market under its own brands. Not all household products sold by Electrolux worldwide or products sold under private brands are included due to the aforementioned reasons.

Eligibility in 2021 and 2022
This is the second year Electrolux reports on eligibility. In 2022, the proportion of eligible turnover was 17% compared to 19% in 2021. The proportion of eligible CapEx was 29% in 2022 and was 31% in 2021. The proportion of eligible OpEx was 23% in 2022 and was 29% in 2021. This shows that the relative sales of eligible products decreased in 2022 and had an impact on results.

Background and Electrolux approach
The main technical screening criteria for substantial contribution to climate change mitigation for Electrolux products are based on the EU framework regulation for the energy labelling of appliances and air conditioners (the "EU Labelling Framework")[2]. The energy labels for washing machines, washer dryers, dish washers and refrigerators/freezers have been revised. Tumble dryers, ovens, hoods and air conditioners continue to use the older energy scales, but the scales are expected to be revised in the coming years.

The new energy labelling schemes have much stricter performance requirements resulting in a major downgrade of the energy classes, e.g. a refrigerator previously in energy efficiency class A+++ could be now class C, D or E after rescaling without any significant change in its energy consumption. Since the applicable taxonomy screening criteria only deem products environmentally sustainable if they are within "the highest two populated classes of energy efficiency", this rescaling, as well as a gradual shift of sales towards more efficient appliances, will create dynamic conditions for what will be defined as an environmentally sustainable product.

Electrolux is investing in new product architectures with further improved energy efficiency with the objective of meeting the current and future technical screening criteria for potentially aligned economic activities and a top priority is to bring more efficient products to consumers. For instance, in Europe Electrolux is investing in the refrigeration lines in the Italian Susegana plant for this purpose.

The Group monitors the development of product legislation to be prepared for future changes.

The long-term ambition of Electrolux is to ensure that its entire value chain is climate neutral by 2050. To achieve this, improving product efficiency is fundamental since carbon emissions resulting from the consumption of energy from non-renewable sources during the product use dominates.

Included activities
Eligible activities in this report include economic activities for Electrolux that, according to the taxonomy regulation, could potentially be defined as "taxonomy aligned" activities based on the technical screening criteria:
- Electrolux is a manufacturer of energy efficient equipment for buildings, i.e. household appliances and cooling and ventilation systems.
- The sales of products covered by the EU framework for energy labelling regulation are included, e.g. washing machines, washer dryers, tumble dryers, dish washers, refrigerators/freezers, ovens, hoods and air conditioners.
- Only sales in the EU market are assessed as taxonomy eligible. This is because the necessary information for the assessment of products is only available for products sold in the EU in order to determine if they are defined as "taxonomy aligned". In addition, energy labelling standards around the world are not uniform.
- "Manufacturer" is defined by Electrolux as either in-house manufacturing or a third-party manufacturer, and these products are sold under the Group's brands or trademarks[3]. Electrolux products sold under private labels are excluded.

Electrolux considers this approach to be in compliance with the EU Taxonomy regulation, its purpose and the definition of "manufacturing" as set out in other relevant EU legislation.

Excluded activities
As most Electrolux products (approximately 70%) are sold outside the EU market, they are not in the scope of the EU framework regulation for energy labelling and therefore will not be compatible with the technical screening criteria in the taxonomy. The energy labelling varies from market to market, and it sends strong signals to consumers who want to buy products with superior performance. However, different energy labelling systems are not comparable for the purpose of the EU Taxonomy report. This is because various energy

[1] The European Union member states.
[2] Regulation (EU) 2017/1369 of the European Parliament and of the Council of July 4, 2017.
[3] "Manufacturer" refers to a natural or legal person who manufactures a product or has a product designed or manufactured, and markets that product under its name or trademark (Regulation (EU) 2019/1020).

labeling systems around the world use different criteria to classify domestic appliances.

Several product categories sold in the EU are not included in the EU framework for energy labelling and therefore not assessed as taxonomy eligible in the EU taxonomy, e.g. cooktops and small kitchen appliances. Vacuum cleaners are also excluded from the taxonomy as the regulation for energy labelling has been repealed. Since 1997, Electrolux has internally tracked the most-resource efficient products sold by the Group and each year the criteria have become more stringent.

Read more in the Better Solutions section on page 57.

Turnover

				Substantial contribution criteria (%)						DNSH criteria ("Does Not Significantly Harm") (Y/N)										
Economic activities (1)[1]	Code(s) (2)[2]	Absolute turnover (3) (SEKm)	Proportion of turnover (4) (%)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Minimum safeguards (17)	Taxonomy aligned proportion of turnover, year N (18)	Taxonomy aligned proportion of turnover, year N-1 (19)	Category (enabling activity or) (20)	Category (transitional activity) (21)
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)																				
Manufacture of energy efficient equipment for buildings	3.5	5,691	4	100	0	N/A[3]	N/A[3]	N/A[3]	N/A[3]		Y	Y	Y	Y	Y	Y	4	N/A	E	
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																				
Manufacture of energy efficient equipment for buildings	3.5	17,892	13																	
Total (A.1 + A.2)[4]	**3.5**	**23,583**	**17[5]**														**4**	**N/A**	**E**	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities (B)	3.5	111,297	83																	
Total (A + B)	**3.5**	**134,880**	**100**																	

[1] Turnover is the proportion of net turnover that is derived from products or services, which equals Electrolux total Net Sales. See the Consolidated statement of comprehensive income on page 68.
[2] EU economic activity code.
[3] Regulation for these areas is not yet released.
[4] Eligible economic activities are those that have technical screen criteria to formally permit such activities to potentially being deemed as aligned economic activity within the current EU Taxonomy framework, i.e. sales of washing machines, washer dryers, tumble dryers, dish washers, refrigerators/freezers, ovens, hoods and air conditioners under own brand names on the EU Market. CapEx refers to Electrolux investments in assets used to manufacture these products regardless of where they are located. OpEx refers to expenses associated with maintaining the value of these assets.
[5] Turnover eligibility in 2021 was 19%.

CapEX

Economic activities (1)[1]	Code(s) (2)	Absolute CapEX (3) (SEKm)	Proportion of CapEX (4)	Substantial contribution criteria (%): Climate change mitigation (5)	Substantial contribution criteria (%): Climate change adaptation (6)	Substantial contribution criteria (%): Water and marine resources (7)	Substantial contribution criteria (%): Circular economy (8)	Substantial contribution criteria (%): Pollution (9)	Substantial contribution criteria (%): Biodiversity and ecosystems (10)	DNSH criteria ("Does Not Significantly Harm") (Y/N): Climate change mitigation (5)	DNSH criteria ("Does Not Significantly Harm") (Y/N): Climate change adaptation (6)	DNSH criteria ("Does Not Significantly Harm") (Y/N): Water and marine resources (7)	DNSH criteria ("Does Not Significantly Harm") (Y/N): Circular economy (8)	DNSH criteria ("Does Not Significantly Harm") (Y/N): Pollution (9)	DNSH criteria ("Does Not Significantly Harm") (Y/N): Biodiversity and ecosystems (10)	Minimum safeguards (17)	Taxonomy-aligned proportion of CapEx, year N (18)	Taxonomy aligned proportion of CapEx, year N-1 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)																				
Manufacture of energy efficient equipment for buildings	3.5	512	7	100	0	N/A	N/A	N/A	N/A		Y	Y	Y	Y	Y	Y	7	N/A	E	
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																				
Manufacture of energy efficient equipment for buildings	3.5	1,609	22																	
Total (A.1 + A.2)[2]	**3.5**	**2,120**	**29**														**7**	**N/A**	**E**	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
CapEx of Taxonomy-non-eligible activities (B)	3.5	5,269	71																	
Total (A + B)	**3.5**	**7,389**	**100**																	

[1] Capital expenditure (CapEx) are additions to tangible and intangible assets during the year. The total CapEx is reported in Note 12 and 13.
[2] Eligible economic activities are those that have technical screen criteria to formally permit such activities to potentially being deemed as aligned economic activity within the current EU Taxonomy framework, i.e. sales of washing machines, washer dryers, tumble dryers, dish washers, refrigerators/freezers, ovens, hoods and air conditioners under own brand names on the EU Market. CapEx refers to Electrolux investments in assets used to manufacture these products regardless of where they are located. OpEx refers to expenses associated with maintaining the value of these assets.

OpEx

Economic activities (1)[1]	Code(s) (2)	Absolute OpEx (3) (SEKm)	Proportion of OpEx (4)	Substantial contribution criteria (%): Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	DNSH criteria ("Does Not Significantly Harm") (Y/N): Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Minimum safeguards (17)	Taxonomy aligned proportion of OpEx, year N (18)	Taxonomy aligned proportion of OpEx, year N-1 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)																				
Manufacture of energy efficient equipment for buildings	3.5	281	5	100	0	N/A	N/A	N/A	N/A		Y	Y	Y	Y	Y	Y	5	N/A	E	
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																				
Manufacture of energy efficient equipment for buildings	3.5	1,005	18																	
Total (A.1 + A.2)[2]	3.5	**1,286**	**23**														**5**	**N/A**	**E**	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
OpEx of Taxonomy-non-eligible activities (B)	3.5	4,231	77																	
Total (A + B)	3.5	**5,517**	**100**																	

[1] Operating expenditure (OpEx), in the context of the taxonomy and according to the regulation, is defined as direct non-capitalized costs that relate to research and development (R&D), building renovation measures, short-term lease, maintenance and repair, as well as direct expenditure relating to the day-to-day servicing of assets, i.e. not the total operating expenses, but only expenses associated with maintaining the value of assets linked to eligible products. In this report, R&D and maintenance are included as the other areas deemed to be non-material.

[2] Eligible economic activities are those that have technical screen criteria to formally permit such activities to potentially being deemed as aligned economic activity within the current EU Taxonomy framework, i.e. sales of washing machines, washer dryers, tumble dryers, dish washers, refrigerators/freezers, ovens, hoods and air conditioners under own brand names on the EU Market. CapEx refers to Electrolux investments in assets used to manufacture these products regardless of where they are located. OpEx refers to expenses associated with maintaining the value of these assets.

Minimum safeguards

Electrolux adheres to strict norms and strives to maintain efficient governance processes to ensure that all operations create long-term and sustainable value for shareholders and other stakeholders.

This involves an efficient organizational structure, systems for internal control and risk management and transparent internal and external reporting. It is the assessment of Electrolux that it adheres to the Minimum safeguards.[1)]

Certain Electrolux processes and procedures in respect of four core areas, which are relevant for adherence to the Minimum safeguards, are further outlined below.

It is assessed that adequate processes are in place in such areas, both to capture legal actions taken towards the company, its subsidiaries and senior management and to prevent substantiated failures or wrongdoings in these areas and to undertake remedial actions, including to improve processes, to ensure that any such failures or wrongdoings are unlikely to be repeated.[2)]

Human rights

Electrolux conducts human rights impact assessments at both Group and local level, in line with the UN Guiding Principles on Business and Human Rights. *For more information, please see section "Social, labor and human rights", on page 60.*

Corruption

Electrolux has zero tolerance for corruption and works continuously to raise awareness among employees to minimize the risk for corruption. Measures against corruption are included in the Group's Anti-Corruption Policy, which all employees are required to follow. *For more information, please see section "Anti-corruption", on page 60.*

Taxation

One important aspect of the Electrolux company purpose – Shape living for the better – is to act as a good corporate citizen and taxpayer wherever Electrolux operates. *For more information, please see the Corporate Governance Report, section "Electrolux as a taxpayer", on page 22.*

Fair competition

The Group's commitments, including fair competition, are specified in its Code of Conduct and Anti-Trust Policy, including supporting guidelines.

Do no significant harm

Climate mitigation activities will only be considered as aligned if they do not negatively impact the five "do no significant harm" criteria listed below.

Climate adaptation

The Electrolux Enterprise Risk Management (ERM) framework and related processes identify, mitigate, communicate and report risks that can significantly affect the business – including climate change. Electrolux follows a risk mapping process for the collection and incorporation of risk information into decision making and governance processes. The ERM includes climate-related risks in line with the Climate Risk Disclosure. Climate-related risks usually have a longer time-horizon than other ERM risks. Electrolux has assessed two different climate scenarios that result in various risks and opportunities for Electrolux throughout its value chain. *Read more in the Risk Management section, on page 44.*

Water and marine resources

The company's water management is based on the WWF Water Risk Filter, which helps identify which Electrolux factories are located in water scarce areas. Decisions around the company's management targets is based on the tool. The Electrolux Green Spirit program shares water management best practice, monthly reporting on water performance indicators as well water mapping globally.

Circular economy

Electrolux has an important role to play in enabling people to live more circular lives through its products and solutions. Electrolux contributes to the circular economy by integrating recycled materials into its product platforms and by promoting circular business models. The company also designs its products to optimize longevity and recyclability at their end-of-life. In operations, the Electrolux Zero Waste to Landfill program has the objective to find opportunities for material reuse and recycling, and at the same time decrease the amount of waste sent to landfill and/or incinerated without energy recovery. Electrolux protects people and the environment by managing chemicals carefully and continuing to replace those that cause concern.

Pollution

In the EU, the Group complies with all relevant regulations related to substances in products through the Electrolux Restricted Material List. The list includes all substances that are restricted and banned according to EU regulations. Approved exemptions of restricted substances are present in our products where there is no technical alternative currently available, as our products are essential to society.

All European manufacturing sites have environmental permits they abide by to meet local environmental legislation requirements. This includes controlling pollution.

Biodiversity and ecosystems

All Electrolux European manufacturing sites are certified to the ISO 14001 environmental management system, which integrates biodiversity considerations. The Electrolux Workplace Policy prohibits its operations from operating in protected areas. These manufacturing sites have environmental permits they abide by to meet local environmental legislation requirements. This includes protecting local biodiversity and ecosystems.

[1)] As defined in Articles 3 and 18 of European Union Regulation (EU) 2020/852.
[2)] During 2022, one of Electrolux subsidiaries was found to have been in breach of local competition law, without further possibility to appeal. However, this matter originated from certain business undertakings that took place prior to 2010 and the reasons for this breach of local competition laws and well as underlying circumstances were promptly remedied and local processes improved in ways so that a repetition of this breach is unlikely.

Sustainability reporting

The sustainability reporting section in the administration report has been developed to fulfill the requirements in the Swedish Annual Accounts Act and the EU Taxonomy Regulation (EU 2020/852).

For more detailed information on Electrolux and sustainability, read the latest Sustainability Report prepared according to the GRI Standards at: www.electroluxgroup.com/sustainability

ELECTROLUX — A LEADER IN THE HOUSEHOLD DURABLES INDUSTRY

The Group's sustainability performance strengthens relations with investors and Electrolux is recognized in the household durables industry by Dow-Jones sustainability index and recieved a score of A- for climat & water from CDP. Additionally, Electrolux has received recognition from other indexes and organizations, including S&P Global, MSCI and ISS ESG.

Sustainability reporting and information

The Electrolux sustainability routines and systems for information and communication aim to provide key stakeholders with accurate, relevant and timely information concerning the Group's progress on its sustainability framework, For the Better 2030.

The sustainability reporting section in the administration report has been developed to fulfill the requirements of the Swedish Annual Accounts Act. This report also highlights how the Group's priorities reflect its commitment to the ten principles of the UN Global Compact. Unless otherwise indicated, sustainability disclosures include all operations that contributed to Group performance for the calendar year 2022.

Sustainability information is shared regularly in the form of:

- Electrolux Sustainability Report, including the United Nations Guiding Principles Reporting Framework
- Electrolux Sustainability in Brief
- Mandatory reporting regarding transparency in the supply chain
- Press releases
- Meetings with key stakeholders worldwide
- Responses to questionnaires from investors and analysts
- Annual submission to CDP for Climate and Water

Reports, policies and press releases are available at www.electroluxgroup.com.

Stockholm, February 17, 2023

AB Electrolux (publ)
Board of Directors

Auditor's report on the statutory sustainability report

To the general meeting of the shareholders in AB Electrolux (publ), corporate identity number 556009-4178

Engagement and responsibility

It is the board of directors who is responsible for the statutory Sustainability Report for the year 2022 on pages 47-48, 56-66 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 12. The auditor's opinion regarding the statutory Sustainability Report. This means that our examination of the statutory Sustainability Report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion

A statutory Sustainability Report has been prepared.

Stockholm February 21, 2023

PricewaterhouseCoopers AB

Peter Nyllinge
Authorised Public Accountant
Partner in Charge

Helena Kaiser de Carolis
Authorised Public Accountant

This is a translation of the Swedish language original. In the event of any differences between this translation and the Swedish language original, the latter shall prevail.

Financial reports

Amounts are stated in MSEK unless otherwise stated.

AB Electrolux (publ), 556009-4178. S:t Göransgatan 143, SE-105 45 Stockholm, Sweden.
The registered office of the Board of Directors is in Stockholm, Sweden

Consolidated statement of comprehensive income

SEKm	Note	2022	2021
Net sales	3, 4	**134,880**	**125,631**
Cost of goods sold	5, 7	–117,177	–101,647
Gross operating income		**17,703**	**23,984**
Selling expenses	5, 7	–12,997	–11,835
Administrative expenses	5, 7	–5,752	–4,972
Other operating income and expenses	6, 7, 29	830	–376
Operating income	3, 8	**–215**	**6,801**
Financial income	9	88	44
Financial expenses	9	–1,545	–589
Financial items, net		**–1,457**	**–546**
Income after financial items		**–1,672**	**6,255**
Taxes	10	352	–1,577
Income for the period		**–1,320**	**4,678**
Items that will not be reclassified to income for the period:			
Remeasurement of provisions for post-employment benefits	22	1,614	2,746
Income tax relating to items that will not be reclassified		–411	–584
		1,204	**2,161**
Items that may be reclassified subsequently to income for the period:			
Cash flow hedges	11, 18	39	–35
Exchange-rate differences on translation of foreign operations	11	2,643	1,284
Income tax relating to items that may be reclassified	11	1	9
		2,684	**1,258**
Other comprehensive income, net of tax		**3,887**	**3,419**
Total comprehensive income for the period		**2,568**	**8,097**

SEKm	Note	2022	2021
Income for the period attributable to:			
Equity holders of the Parent Company		–1,320	4,678
Non-controlling interests		0	0
Total		**–1,320**	**4,678**
Total comprehensive income for the period attributable to:			
Equity holders of the Parent Company		2,567	8,096
Non-controlling interests		0	0
Total		**2,568**	**8,097**
Earnings per share	20		
For income attributable to the equity holders of the Parent Company:			
Basic, SEK		–4.81	16.31
Diluted, SEK		–4.75	16.21
Average number of shares[1]	20		
Basic, million		274.7	286.9
Diluted, million		278.0	288.5

[1] Average numbers of shares excluding shares held by Electrolux.

Consolidated balance sheet

SEKm	Note	December 31, 2022	December 31, 2021
ASSETS			
Non-current assets			
Property, plant and equipment, owned	12	29,876	25,422
Property, plant and equipment, right-of-use	8	3,906	2,771
Goodwill	13	7,081	6,690
Other intangible assets	13	5,223	4,000
Investments in associates	29	24	76
Deferred tax assets	10	7,672	5,746
Financial assets	18	259	65
Pension plan assets	22	2,164	1,732
Other non-current assets	14	904	634
Total non-current assets		**57,108**	**47,136**
Current assets			
Inventories	15	24,374	20,478
Trade receivables	17, 18	21,487	23,110
Tax assets		1,208	959
Derivatives	18	99	204
Other current assets	16	5,098	4,632
Short-term investments	18	168	165
Cash and cash equivalents	18	17,559	10,923
Total current assets		**69,994**	**60,471**
Total assets		**127,102**	**107,607**

SEKm	Note	December 31, 2022	December 31, 2021
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Parent Company			
Share capital	20	1,545	1,545
Other paid-in capital	20	2,905	2,905
Other reserves	20	–651	–3,335
Retained earnings	20	12,644	17,489
		16,443	**18,604**
Non-controlling interests		7	6
Total equity		**16,449**	**18,610**
Non-current liabilities			
Long-term borrowings	18	28,738	10,205
Long-term lease liabilities	8	3,210	2,173
Deferred tax liabilities	10	731	476
Provisions for post-employment benefits	22	1,919	2,623
Other provisions	23	4,655	4,664
Total non-current liabilities		**39,253**	**20,142**
Current liabilities			
Accounts payable	18	38,357	38,182
Tax liabilities		1,453	1,704
Other liabilities	24	17,543	19,745
Short-term borrowings	18	8,377	5,563
Short-term lease liabilities	8	1,054	882
Derivatives	18	578	75
Other provisions	23	4,037	2,704
Total current liabilities		**71,400**	**68,854**
Total liabilities		**110,653**	**88,996**
Total equity and liabilities		**127,102**	**107,607**

Changes in consolidated equity

SEKm	Attributable to equity holders of the Parent Company						
	Share capital	Other paid-in capital	Other reserves	Retained earnings	Total	Non-controling interests	Total equity
Opening balance, January 1, 2021	**1,545**	**2,905**	**–4,593**	**18,846**	**18,702**	**7**	**18,709**
Income for the period	**—**	**—**	**—**	**4,678**	**4,678**	**0**	**4,678**
Cash flow hedges	—	—	–35	—	–35	—	–35
Exchange differences on translation of foreign operations	—	—	1,284	—	1,284	–0	1,284
Remeasurement of provisions for post-employment benefits	—	—	—	2,746	2,746	—	2,746
Income tax relating to other comprehensive income	—	—	9	–584	–576	—	–576
Other comprehensive income, net of tax	**—**	**—**	**1,258**	**2,161**	**3,419**	**–0**	**3,419**
Total comprehensive income for the period	**—**	**—**	**1,258**	**6,839**	**8,096**	**0**	**8,097**
Share-based payments	—	—	—	–116	–116	—	–116
Dividend	—	—	—	–2,299	–2,299	–0	–2,299
Bonus issue	772	—	—	–772	—	—	—
Redemption of shares	–772	—	—	–4,113	–4,886	—	–4,886
Repurchase of shares	—	—	—	–894	–894	—	–894
Acquisition of non-controlling interest	—	—	—	–1	–1	–1	–1
Total transactions with equity holders	**—**	**—**	**—**	**–8,195**	**–8,195**	**–1**	**–8,196**
Closing balance, December 31, 2021	**1,545**	**2,905**	**–3,335**	**17,489**	**18,604**	**6**	**18,610**
Income for the period	**—**	**—**	**—**	**–1,320**	**–1,320**	**0**	**–1,320**
Cash flow hedges	—	—	39	—	39	—	39
Exchange differences on translation of foreign operations	—	—	2,644	—	2,644	–0	2,644
Remeasurement of provisions for post-employment benefits	—	—	—	1,614	1,614	—	1,614
Income tax relating to other comprehensive income	—	—	1	–411	–411	—	–411
Other comprehensive income, net of tax	**—**	**—**	**2,684**	**1,203**	**3,887**	**0**	**3,887**
Total comprehensive income for the period	**—**	**—**	**2,684**	**–117**	**2,567**	**0**	**2,568**
Share-based payments	—	—	—	–72	–72	—	–72
Dividend	—	—	—	–2,521	–2,521	0	–2,521
Bonus issue	129	—	—	–129	—	—	—
Cancellation of shares	–129	—	—	129	—	—	—
Repurchase of shares	—	—	—	–2,138	–2,138	—	–2,138
Acquisition of non-controlling interest	—	—	—	2	2	0	2
Total transactions with equity holders	**—**	**—**	**—**	**–4,729**	**–4,729**	**0**	**–4,729**
Closing balance, December 31, 2022	**1,545**	**2,905**	**–651**	**12,644**	**16,443**	**7**	**16,449**

For more information on share capital, number of shares and earnings per share, see Note 20.

Consolidated cash flow statement

SEKm	Note	2022	2021
Operations			
Operating income		–215	6,801
Depreciation and amortization	8, 12, 13	5,390	4,489
Other non-cash items		1,670	895
Financial items paid, net	9	–1,238	–470
Taxes paid		–1,514	–1,480
Cash flow from operations, excluding change in operating assets and liabilities		**4,093**	**10,235**
Change in operating assets and liabilities			
Change in inventories		–1,556	–6,401
Change in trade receivables		4,074	–2,253
Change in accounts payable		–4,026	5,372
Change in other operating assets, liabilities and provisions		–4,859	106
Cash flow from change in operating assets and liabilities		**–6,367**	**–3,175**
Cash flow from operations		**–2,274**	**7,059**
Investments			
Acquisition of operations	26	—	–1,006
Divestment of operations	26	–367	—
Capital expenditure in property, plant and equipment	12	–5,649	–4,847
Capital expenditure in product development	13	–740	–578
Capital expenditure in software and other intangibles	13	–1,001	–618
Other		795	233
Cash flow from investments		**–6,962**	**–6,815**

SEKm	Note	2022	2021
Cash flow from operations and investments		**–9,236**	**244**
Financing			
Change in short-term investments		–4	8
Change in short-term borrowings		5,355	–291
New long-term borrowings	18	22,244	1
Amortization of long-term borrowings	18	–6,158	–284
Payment of lease liabilities		–960	–880
Dividend		–2,521	–2,299
Redemption of shares		—	–4,886
Repurchase of shares		–2,138	–894
Share-based payments		–217	–259
Cash flow from financing		**15,601**	**–9,785**
Total cash flow		**6,365**	**–9,541**
Cash and cash equivalents at beginning of period		**10,923**	**20,196**
Exchange-rate differences referring to cash and cash equivalents		271	267
Cash and cash equivalents at end of period		**17,559**	**10,923**

Parent Company

Parent Company income statement

SEKm	Note	2022	2021
Net sales	4	**42,063**	**43,805**
Cost of goods sold		-37,873	-36,717
Gross operating income		**4,190**	**7,088**
Selling expenses		-3,320	-3,746
Administrative expenses		-2,470	-1,992
Other operating expenses	6	-1,860	-75
Operating income		**-3,460**	**1,275**
Financial income	9	3,920	3,717
Financial expenses	9	-1,073	-457
Financial items, net		**2,847**	**3,260**
Income after financial items		**-613**	**4,535**
Appropriations	21	-60	-20
Income before taxes		**-673**	**4,515**
Taxes	10	437	-405
Income for the period		**-236**	**4,110**

Total comprehensive income for the period

SEKm	2022	2021
Income for the period	**-236**	**4,110**
Other comprehensive income		
Exchange rate differences	13	21
Cash flow hedges	5	2
Income tax relating to other comprehensive income	-1	0
Other comprehensive income, net of tax	**17**	**23**
Total comprehensive income for the period	**-219**	**4,133**

The Parent Company comprises the functions of the Group's head office in Sweden, as well as five companies operating on a commission basis for AB Electrolux.

Net sales for the Parent Company, AB Electrolux, during 2022 amounted to SEK 42,063m (43,805) of which SEK 34,865m (36,581) referred to sales to Group companies and SEK 7,198m (7,224) to external customers. Income after financial items was SEK -613m (4,535), including dividends from subsidiaries amounting to SEK 3,167m (3,434). Income for the period amounted to SEK -236m (4,110).

Income tax related to group contributions is reported in the income statement. Income tax related to cash flow hedges is reported in other comprehensive income.

Capital expenditures in tangible and intangible assets amounted to SEK 1,222m (860). Liquid funds at the end of the period amounted to SEK 12,899m, compared to SEK 6,705m at the start of the year.

Undistributed earnings in the Parent Company at the end of the period amounted to SEK 9,353m, compared to SEK 15,002m at the start of the year. Dividend payments to shareholders for 2021 amounted to SEK 2,521m. For information on the number of employees, salaries and remuneration, see Note 27. For information on shareholdings and participations, see Note 29.

Parent Company balance sheet

SEKm	Note	December 31, 2022	December 31, 2021
ASSETS			
Non-current assets			
Intangible assets	13	2,923	2,201
Property, plant and equipment	12	267	273
Deferred tax assets		824	309
Financial assets	14	37,175	37,144
Total non-current assets		**41,189**	**39,927**
Current assets			
Inventories	15	3,688	3,376
Receivables from subsidiaries		17,622	12,531
Trade receivables	17	677	1,256
Derivatives with subsidiaries		273	83
Derivatives		96	179
Other receivables		270	364
Prepaid expenses and accrued income		494	490
Cash and bank		12,899	6,705
Total current assets		**36,019**	**24,984**
Total assets		**77,208**	**64,911**

SEKm	Note	December 31, 2022	December 31, 2021
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	20	1,545	1,545
Statutory reserve		3,017	3,017
Development reserve		2,251	1,552
		6,813	**6,114**
Non-restricted equity			
Retained earnings		9,589	10,892
Income for the period		-236	4,110
		9,353	**15,002**
Total equity		**16,166**	**21,116**
Untaxed reserves	21	**668**	**586**
Provisions			
Provisions for pensions and similar commitments	22	434	424
Other provisions	23	1,492	1,072
Total provisions		**1,926**	**1,496**
Non-current liabilities			
Payable to subsidiaries		75	75
Bond loans	18	25,456	9,774
Other non-current loans	18	3,240	365
Total non-current liabilities		**28,771**	**10,214**
Current liabilities			
Payable to subsidiaries		19,957	22,410
Accounts payable		2,153	2,318
Other liabilities		483	509
Short-term borrowings	18	5,061	4,158
Derivatives with subsidiaries		174	104
Derivatives		482	49
Accrued expenses and prepaid income	24	1,367	1,951
Total current liabilities		**29,677**	**31,499**
Total liabilities and provisions		**60,374**	**43,209**
Total liabilities, provisions and equity		**77,208**	**64,911**

Parent Company change in equity

	Restricted equity			Non-restricted equity		
SEKm	Share capital	Statutory reserve	Development reserve	Fair value reserve	Retained earnings	Total equity
Opening balance, January 1, 2021	**1,545**	**3,017**	**1,162**	**–15**	**19,468**	**25,177**
Income for the period	**—**	**—**	**—**	**—**	**4,110**	**4,110**
Exchange rate differences	—	—	—	21	—	21
Cash flow hedges	—	—	—	2	—	2
Income tax relating to other comprehensive income	—	—	—	0	—	0
Other comprehensive income, net of tax	**—**	**—**	**—**	**23**	**—**	**23**
Total comprehensive income for the period	**—**	**—**	**—**	**23**	**4,110**	**4,133**
Share-based payments	—	—	—	—	–116	–116
Development reserve	—	—	389	—	–389	0
Dividend	—	—	—	—	–2,299	–2,299
Bonus issue	772	—	—	—	–772	0
Redemption of shares	–772	—	—	—	–4,113	–4,886
Repurchase of shares	—	—	—	—	–894	–894
Total transactions with equity holders	**—**	**—**	**389**	**—**	**–8,583**	**–8,194**
Closing balance, December 31, 2021	**1,545**	**3,017**	**1,551**	**8**	**14,995**	**21,116**
Income for the period	**—**	**—**	**—**	**—**	**–236**	**–236**
Exchange rate differences	—	—	—	13	—	13
Cash flow hedges	—	—	—	5	—	5
Income tax relating to other comprehensive income	—	—	—	–1	—	–1
Other comprehensive income, net of tax	**—**	**—**	**—**	**17**		**17**
Total comprehensive income for the period	**—**	**—**	**—**	**17**	**–236**	**–219**
Share-based payments	—	—	—	—	–72	–72
Development reserve	—	—	700	—	–700	0
Dividend	—	—	—	—	–2,521	–2,521
Bonus issue	129	—	—	—	–129	0
Cancellation of shares	–129	—	—	—	129	0
Repurchase of shares	—	—	—	—	–2,138	–2,138
Total transactions with equity holders	**—**	**—**	**700**	**—**	**–5,431**	**–4,731**
Closing balance, December 31, 2022	**1,545**	**3,017**	**2,251**	**25**	**9,328**	**16,166**

Parent Company cash flow statement

SEKm	2022	2021
Operations		
Income after financial items	–613	4,535
Depreciation and amortization	549	437
Capital gain/loss included in operating income	1,821	104
Share-based compensation	–72	–116
Group contributions	22	19
Taxes paid	–79	–169
Cash flow from operations, excluding change in operating assets and liabilities	**1,628**	**4,811**
Change in operating assets and liabilities		
Change in inventories	–312	–874
Change in trade receivables	579	–102
Change in current intra-group balances	–6,317	5,509
Change in other current assets	173	–265
Change in other current liabilities and provisions	88	472
Cash flow from operating assets and liabilities	**–5,789**	**4,740**
Cash flow from operations	**–4,161**	**9,551**
Investments		
Change in shares and participations	–1,535	–4,536
Capital expenditure in intangible assets	–1,119	–730
Capital expenditure in property, plant and equipment	–103	–130
Other	–360	–1,632
Cash flow from investments	**–3,117**	**–7,028**
Total cash flow from operations and investments	**–7,278**	**2,523**
Financing		
Change in short-term borrowings	4,885	94
Change in intra-group borrowings	–1,342	–2,799
New long-term borrowings	22,255	0
Amortization of long-term borrowings	–7,680	–104
Dividend	–2,521	–2,299
Redemption of shares	—	–4,886
Repurchase of shares	–2,138	–894
Cash flow from financing	**13,459**	**–10,888**
Total cash flow	**6,181**	**–8,365**
Cash and cash equivalents at beginning of period	**6,705**	**15,049**
Exchange-rate differences referring to cash and cash equivalents	13	21
Cash and cash equivalents at end of period	**12,899**	**6,705**

All amounts in SEKm unless otherwise stated

Note 1 Accounting principles

This section describes the comprehensive basis of preparation which has been applied in preparing the financial statements. Accounting principles for specific accounting areas and individual line items are described in the related notes. For additional information on accounting principles, please contact Electrolux Investor Relations.

Basis of preparation

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU). The consolidated financial statements have been prepared under the historical cost convention, except for financial instruments at fair value (including derivative financial instruments). Some additional information is disclosed based on the standard RFR 1 issued by the Swedish Financial Reporting Board and the Swedish Annual Accounts Act. As required by IAS 1, Electrolux companies apply uniform accounting rules, irrespective of national legislation, as defined in the Electrolux Accounting Manual which is fully compliant with IFRS. The policies set out below have been consistently applied to all years presented with the exception of new accounting standards where the application follows the rules in each particular standard. For information on new standards, see the section on new or amended accounting standards below.

Enumerated amounts presented in tables and statements may not always agree with the calculated sum of the related line items due to rounding differences. The aim is for each line item to agree with its source and therefore there may be rounding differences affecting the total when adding up the presented line items.

The Parent Company applies the same accounting principles as the Group, except in the cases specified in the section entitled 'Parent Company accounting principles'.

The financial statements were authorized for issue by the Board of Directors on February 17, 2023. The balance sheets and income statements are subject to approval by the Annual General Meeting of shareholders on March 29, 2023.

Principles applied for consolidation

The consolidated financial statements have been prepared by use of the acquisition method of accounting, whereby the assets and liabilities and contingent liabilities assumed in a subsidiary on the date of acquisition are recognized and measured to determine the acquisition value to the Group.

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Costs directly attributable to the acquisition effort are expensed as incurred. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the fair value of the acquired net assets exceeds the cost of the business combination, the identification and measurement of the acquired assets must be reassessed. Any excess remaining after that reassessment represents a 'bargain purchase' and is recognized immediately in the statement of comprehensive income.

The consolidated financial statements for the Group include the financial statements of the Parent Company and its directly and indirectly owned subsidiaries after:

- elimination of intra-group transactions, balances and unrealized intra-group profits, and
- carrying values, depreciation and amortization of acquired surplus values.

Definition of Group companies

The consolidated financial statements include AB Electrolux and all companies over which the Parent Company has control, i.e., the power to direct the activities; exposure to variable return and the ability to use its power. When the Group ceases to have control, any retained interest in the entity is remeasured at its fair value, with the change in carrying amount recognized in profit or loss.

At year-end, the Group consisted of 133 (136) companies with 189 (192) operating units.

The following apply to acquisitions and divestments:

- Companies acquired are included in the consolidated income statement as of the date when Electrolux gains control.
- Companies divested are included in the consolidated income statement up to and including the date when Electrolux loses control.

Associated companies

Associates are all companies over which the Group has significant influence but not control, generally accompanying a shareholding of between 20 and 50% of the voting rights. Investments in associated companies are accounted for in accordance with the equity method.

Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of each transaction.

Monetary assets and liabilities denominated in foreign currencies are measured at year-end exchange rates and any exchange-rate differences are included in income for the period, except when deferred in other comprehensive income for the effective part of qualifying net investment hedges.

The consolidated financial statements are presented in Swedish krona (SEK), which is the Parent Company's functional currency and the Group's presentation currency according to IAS 21.

The balance sheets of foreign subsidiaries are translated into SEK at year-end closing rates. The income statements are translated at the average rates for the year. Translation differences thus arising are included in other comprehensive income.

Exchange rates

SEK	2022		2021	
Exchange rate	Average	End of period	Average	End of period
ARS	0.0785	0.0589	0.0904	0.0880
AUD	7.00	7.09	6.42	6.57
BRL	1.95	2.00	1.59	1.62
CAD	7.73	7.70	6.82	7.07
CHF	10.59	11.29	9.40	9.88
CLP	0.0116	0.0121	0.0113	0.0107
CNY	1.50	1.51	1.33	1.42
EUR	10.63	11.12	10.15	10.24
GBP	12.45	12.54	11.78	12.21
HUF	0.0272	0.0277	0.0283	0.0277
MXN	0.5028	0.5333	0.4216	0.4407
RUB	0.1495	0.1426	0.1159	0.1207
THB	0.2881	0.3019	0.2685	0.2705
USD	10.09	10.43	8.57	9.04

New or amended accounting standards applied in 2022

The following amended accounting standards were applicable from January 1, 2022: Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16. Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37. Annual Impovements IFRS Standards 2018–2020, and Reference to the Conceptual Framework – Amendments to IFRS 3. Deferred Tax related to Assets and Liabilities arising from a Single Transaction – amendments to IAS 12,

All amounts in SEKm unless otherwise stated

and Disclosure of accounting Policies – Amendements to IAS 1 and IFRS Practice Statement 2. The amendments listed above did not have any material impact on Electrolux financial statements.

New or amended accounting standards to be applied after 2022
Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for December 31, 2022, reporting periods and have not been early adopted by Electrolux. These Standards, amendments of interpretations are not expected to have a material impact on Electrolux in the current or future reporting periods and on foreseeble future transactions.

Critical accounting policies and key sources of estimation uncertainty

Use of estimates
Management has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare the financial statements in conformity with IFRS. Actual results may differ from these estimates under different assumptions or conditions. Below, Electrolux has summarized the accounting policies that require more subjective judgement by management in making assumptions or estimates regarding the effects of matters that are inherently uncertain.

Asset impairment and useful lives
Non-current assets, including goodwill, are evaluated for impairment yearly or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impaired asset is written down to its recoverable amount, being the higher of fair value less costs of disposal and value in use. Impairment charges are recorded when the information shows that the carrying amount of an asset is not recoverable. In many cases, market value is not available and the fair value has been estimated by using the discounted cash flow method based on expected future results. Differences in the estimation of expected future results and the discount rates used may result in different asset valuations. The yearly impairment testing of goodwill and other intangible assets with indefinite useful lives, including sensitivity analyses performed, has not indicated any impairment. See Note 13 for more information. Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Useful lives for property, plant and equipment are estimated between 10 and 40 years for buildings, 15 years for land improvements and between 3 and 15 years for machinery, technical installations and other equipment. Management regularly reassesses the useful lives of all significant assets. The carrying amount of property, plant and equipment at year-end 2022 amounted to SEK 29,876m. The carrying amount for goodwill at year-end 2022 amounted to SEK 7,081m.

Deferred taxes
In the preparation of the financial statements, Electrolux estimates the income taxes in each of the tax jurisdictions in which the Group operates as well as any deferred taxes based on temporary differences. Deferred tax assets relating mainly to tax loss carry-forwards, energy-tax credits and temporary differences are recognized in those cases when future taxable income is expected to permit the recovery of those tax assets. Changes in assumptions in the projection of future taxable income as well as changes in tax rates could result in significant differences in the valuation of deferred taxes. As of December 31, 2022, Electrolux had a net amount of SEK 7,672m recognized as deferred tax assets in excess of deferred tax liabilities. As of December 31, 2022, the Group had tax loss carry-forwards and other deductible temporary differences of SEK 4,401m, which have not been included in the computation of deferred tax assets.

Current taxes
Electrolux estimates regarding uncertain outcome of tax audits and tax litigations are based on management's best estimates and recorded in the balance sheet. These estimates might differ from the actual outcome and the timing of the potential effect on Electrolux cash flow is normally not possible to predict.

In recent years, tax authorities have been focusing on transfer pricing. Transfer-pricing matters are normally very complex, include high amounts and it might take several years to reach a conclusion.

Trade receivables and calculation of loss allowance
Receivables are reported net of provision for expected credit losses. The net value reflects the amounts that are expected to be collected, based on circumstances known at the balance sheet date. Changes in circumstances such as higher than expected defaults or changes in the financial situation of a significant customer could lead to significantly different valuations.

When measuring expected credit loss the Group uses reasonable and supportable forward looking information, which is based on assumptions regarding the future movement of different economic drivers and how these drivers will affect each other. A sensitivity analysis is presented in Note 17.

At year-end 2022, trade receivables, net of provisions for expected credit losses, amounted to SEK 21,487m. The total provision for expected credit losses at year-end 2022 was SEK 493m.

Post-employment benefits
Electrolux sponsors a number of defined contribution and defined benefit pension plans for its employees. The pension calculations, referring to defined benefit plans, are based on actuarial assumptions regarding discount rates, mortality rates, as well as future salary and pension increases. The calculation of the pension obligation also depends on the discount rate. Changes in assumptions directly affect the defined benefit obligation, service cost, interest income and expense. The discount rate used for the calculation of expenses during 2022 was 3.67% in average. Sensitivities for the main assumptions are presented in Note 22.

Restructuring
Restructuring charges include required write-downs of assets and other non-cash items, as well as estimated costs for personnel reductions and other direct costs related to the termination of the activity. The charges are calculated based on detailed plans for activities that are expected to improve the Group's cost structure and productivity. In general, the outcome of similar historical events in previous plans are used as a guideline to minimize these uncertainties. The total provision for restructuring at year-end 2022 was SEK 2,222m.

Warranties
As is customary in the industry in which Electrolux operates, many of the products sold are covered by an original warranty, which is included in the price and which extends for a predetermined period of time. Provisions for this original warranty are estimated based on historical data regarding service rates, cost of repairs, etc. As of December 31, 2022, Electrolux had a provision for warranty commitments amounting to SEK 2,416m.

Disputes
Electrolux is involved in disputes in the ordinary course of business. The disputes concern, among other things, product liability, alleged defects in delivery of goods and services, patent rights and other rights and other issues on rights and obligations in connection with Electrolux operations. Such disputes may prove costly and time consuming and may disrupt normal operations. In addition, the outcome of complicated disputes is difficult to foresee. It cannot be ruled out that a disadvantageous outcome of a dispute may prove to have a material adverse effect on the Group's earnings and financial position.

Parent Company accounting principles
The Parent Company has prepared its Annual Report in compliance with Swedish Annual Accounts Act (1995:1554) and recommendation RFR2, Accounting for Legal Entities of the Swedish Financial Reporting Board. RFR2 prescribes that the Parent Company in the Annual Report of a legal entity shall apply all International Financial Reporting Standards and interpretations approved by the EU as far as this is possible within the framework of the Annual Accounts Act, taking into account the connection between accounting and taxation. The recommendation states which exceptions from IFRS and additions that shall or can be made.

Shares in subsidiaries
Holdings in subsidiaries are recognized in the Parent Company financial statements according to the cost method of accounting. The value of subsidiaries are tested for impairment when there is an indication of a decline in the value.

Foreign currency translations
The Annual Report is presented in Swedish krona (SEK), which is the Parent Company's accounting currency according to the Swedish Annual Accounts Act. One of the companies operating on a commission basis for AB Electrolux has euro as its functional currency. The balance sheet of the commissioner company has been translated into SEK at year-end rate. The income statement has been translated at the average rate for the year. Translation differences thus arising have been included in Other comprehensive income.

Anticipated dividends
Dividends from subsidiaries are recognized in the income statement after decision by the annual general meeting in the respective subsidiary. Anticipated dividends from subsidiaries are recognized in cases where the Parent Company has exclusive rights to decide on the size of the dividend and the Parent Company has made a decision on the size of the dividend before the Parent Company has published its financial reports.

Taxes
The Parent Company's financial statements recognize untaxed reserves including deferred tax. The consolidated financial statements, however, reclassify untaxed reserves to deferred tax liability and equity. Tax on group contribution is reported in the income statement.

Group contributions
Group contributions provided or received by the Parent Company are recognized as appropriations in the income statement. Shareholder contributions provided by the Parent Company are recognized in shares and participations which are subject to impairment tests as indicated above.

Pensions
The Parent Company reports pensions in the financial statements in accordance with the exemption in RFR2. According to RFR2, IAS 19 shall be adopted regarding supplementary disclosures when applicable.

Intangible assets
The Parent Company amortizes trademarks in accordance with RFR2. The Electrolux trademark in North America is amortized over 40 years using the straight-line method. All other trademarks are amortized over their useful lives, estimated to 10 years, using the straight-line method.

Development reserve
The Parent Company's financial statements recognize a development reserve in compliance with the Swedish Annual Accounts Act (1995:1554). An amount equal to the period's total expenditure of own developed intangible assets has been transferred from unrestricted equity to the development reserve within restricted equity.

Appropriations and untaxed reserves
The Parent Company reports additional fiscal depreciation, required by Swedish tax law, as appropriations in the income statement. In the balance sheet, these are included in untaxed reserves.

Leases
All lease agreements where the Parent Company is a lessee are reported in accordance with the exemption to IFRS 16 in RFR2, i.e. right-of-use assets and lease liabilities are not reported in the balance sheet. The leasing fee is recognized as an expense on a straight-line basis over the lease period.

Critical judgements and uncertainties
Valuation of shares in subsidiaries is an area involving judgement and/or uncertainties for the Parent Company, in addition to the applicable critical accounting policies and key sources of estimation presented for the Group.

Financial statements presentation
The Parent Company presents the income statement and the balance sheet in compliance with the Swedish Annual Accounts Act (1995:1554) and recommendation RFR2.

Note 2 Financial risk management

Financial risk management
The Group is exposed to a number of risks from liquid funds, trade receivables, customer-financing receivables, payables, borrowings, commodities and foreign exchange. The risks include:
- Liquidity risk from the Group's liquidity requirements
- Interest-rate risk on liquid funds and borrowings
- Financing risk in relation to the Group's capital requirements
- Foreign-exchange risk on commercial flows and net investments in foreign subsidiaries
- Commodity-price risk affecting the expenditure on raw materials and components; and
- Credit risk relating to financial and commercial activities

Comparative information regarding risks described and quantified in this note are for total Group, including discontinued operations, unless otherwise stated.

The Board of Directors of Electrolux has established several policies for the Group (hereinafter all policies are referred to as the Financial Policy) to monitor and manage the financial risks relating to the operations of the Group.

Group Treasury in Stockholm, supported by three regional treasury centers located in Asia, North America, and Latin America, provide services to the business, co-ordinate access to financial markets, monitor and manage the financial risks through internal risk reports.

The Group seeks to minimize the effects of these risks by using derivatives to hedge the exposures. The Group's Financial Policy governs the use of financial derivatives and provide principles for the management of foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. The internal auditors review on a continuous basis compliance with policies and exposure limits. Policy compliance is reported on a monthly basis by Group Treasury to the Board of Directors.

Liquidity risk
Liquidity risk is defined as the risk of the Group not being able to meet its payment obligations due to lack of liquidity or due to the inability to convert assets into liquidity without incurring a loss.

Liquid funds as defined by the Group consist of cash and cash equivalents, short-term investments, financial derivative assets, prepaid interest expenses and accrued interest income. Electrolux Financial Policy stipulates that the level of liquid funds including unutilized committed credit facilities shall correspond to at least 2.5% of annualized net sales, at year-end 2022 this level was 24.9% (24.4). In addition, net liquid funds defined as liquid funds less short-term

All amounts in SEKm unless otherwise stated

borrowings shall exceed zero, taking into account fluctuations arising from acquisitions, divestments, and seasonal variations. At year-end 2022 the Group had net liquid funds of SEK 8,724m (5,560), well above target. Liquid funds shall be deposited in bank accounts or invested in instruments with high liquidity and issued by creditworthy issuers. See separate section "Credit risk in financial activities" within this note. The liquidity risk is considered low at the end of 2022 given the size of liquid funds available.

Interest-rate risk on liquid funds and borrowings
Interest-rate risk refers to the adverse effects of changes in interest rates on the Group's income. The main factors determining this risk include the interest-fixing period.

Interest-rate risk in liquid funds
Liquidity is either deposited in bank accounts or invested in instruments, normally with maturities between 0 and 3 months. A downward shift in the yield curves of one percentage point would reduce the Group's interest income by approximately SEK 171m (108). For more information, see Note 18.

Interest-rate risk in borrowings
The debt financing of the Group is managed by Group Treasury in order to ensure efficiency and risk control. Debt is primarily raised at Parent Company level and transferred to subsidiaries through internal loans or capital injections. In this process, swap instruments are used to convert the funds to the required currency. Short-term financing is also undertaken locally in subsidiaries where there are capital restrictions. The Group's borrowings contain no financial covenants that can trigger premature cancellation of the loans. For more information, see Note 18.

Group Treasury manages the long-term loan portfolio to keep the average interest-fixing period between 0 and 3 years. Derivatives, such as interest-rate swap agreements, are used to manage the interest-rate risk by changing the interest from fixed to floating or vice versa. For those derivatives Electrolux practice hedge accounting, which has affected other comprehensive income by SEK 5m (–2) during 2022. On the basis of 2022 long-term interest-bearing borrowings with an average interest fixing period of 2.3 years (1.2), a one percentage point shift in interest rates would impact the Group's interest expenses by approximately SEK +/–162m (53) and the other comprehensive income by approximately SEK +/-1m (2). This calculation is based on a parallel shift of all yield curves simultaneously by one percentage point. Electrolux acknowledges that the calculation is an approximation and does not take into consideration the fact that the interest rates on different maturities and different currencies might change differently.

The Group's exposure to the reform of IBOR-rates is limited. At year-end 2022, the Group had one floating rate loan denominated in USD maturing after the indicated USD LIBOR cessation date, see Note 18.

Capital structure and credit rating
The Group defines its capital as equity stated in the balance sheet including non-controlling interests. On December 31, 2022, the Group's capital amounted to SEK 16,449m (18,610). The Group's objective is to have a capital structure resulting in an efficient weighted cost of capital and sufficient credit worthiness where operating needs and the needs for potential acquisitions are considered.

To achieve and keep an efficient capital structure, the Financial Policy states that the Group's long-term ambition is to maintain a long-term rating within a safe margin from a non-investment grade. In December 2022, S&P Global Ratings confirmed the Group's rating as shown in the table below.

Rating

	Long-term debt	Outlook	Short-term debt	Short-term debt, Nordic
S&P Global Ratings	A–	Negative	A–2	K–1

When monitoring the capital structure, the Group uses different key figures, which are consistent with methodologies used by rating agencies and banks. The Group manages the capital structure and makes adjustments to adapt to changes in economic conditions. In order to maintain or adjust the capital structure, the Electrolux Board of Directors may propose to adjust dividends paid to shareholders, return capital to shareholders, buy back own shares, issue new shares, or sell assets to reduce debt.

Financing risk
Financing risk refers to the risk that financing of the Group's capital requirements and refinancing of existing borrowings could become more difficult or more costly. This risk can be decreased by ensuring that maturity dates are evenly distributed over time, and that total short-term borrowings do not exceed liquidity levels. The financial net debt, total borrowings less liquid funds, excluding seasonal variances, shall be long-term according to the Financial Policy. The Group's goals for long-term borrowings include an even spread of maturities. The average time to maturity shall be at least 2 years and a maximum of SEK 5,000m of the long-term borrowings may mature during a 12-month period. During 2022, the Board of Directors approved exceptions from these targets in order to ensure adequate long-term funding during the global downturn in the economy.

Foreign exchange risk
Foreign exchange risk refers to the adverse effects of changes in foreign exchange-rates on the Group's income and equity. In order to manage such effects, the Group hedges these risks within the framework of the Financial Policy. Electrolux uses external loans denominated in foreign currencies as well as various derivatives to facilitate internal lending and to manage the foreign exchange exposure for the Group. The Group's overall currency exposure is managed centrally.

Transaction exposure from commercial flows
The Financial Policy stipulates to what extent commercial flows are to be hedged. Hedging with currency derivatives is, in most cases, applied on invoiced flows. This means that currency exposures from forecasted flows should normally be managed by natural hedges, price adjustments and cost reductions. However, in cases when both price and volume is committed, Electrolux may hedge also forecasted flows. For those derivatives Electrolux practice hedge accounting, which has affected other comprehensive income by SEK 34 m (-37) during 2022.

Group subsidiaries cover their risks in commercial currency flows mainly through the Group's treasury centers. Group Treasury thus assumes the currency risks and covers such risks externally by the use of currency derivatives.

The Group's geographically widespread production reduces the effects of changes in exchange-rates. The remaining transaction exposure is either related to internal sales from producing entities to sales companies or external exposures from purchasing of components and input material for the production paid in foreign currency. These external imports are often priced in U.S. dollar (USD). The global presence of the Group, however, leads to a significant netting of the transaction exposures. For additional information on exposures and hedging, see Note 18.

Translation exposure from consolidation of entities outside Sweden
Changes in exchange-rates also affect the Group's income in connection with translation of income statements of foreign subsidiaries into SEK. Electrolux does not hedge such exposure. The translation exposures arising from income statements of foreign subsidiaries are included in the sensitivity analysis mentioned below.

Foreign-exchange sensitivity from transaction and translation exposure
The major net export currencies that Electrolux is exposed to are the U.S. dollar, the Chinese renminbi and the euro. The major import currencies that Electrolux is exposed to are the British pound, the

All amounts in SEKm unless otherwise stated

Australian dollar, the Canadian dollar and the Brazilian real. These currencies represent the majority of the exposures of the Group, but are largely offsetting each other as different currencies represent net inflows and outflows. A change up or down by 10% in the value of each currency against the Swedish krona would affect the Group's profit and loss for one year by approximately SEK +/– 320m (730), as a static calculation. The model assumes the distribution of earnings and costs effective at year-end 2022 and does not include any dynamic effects, such as changes in competitiveness or consumer behavior arising from such changes in exchange rates.

Sensitivity analysis of major currencies

Risk	Change	Profit or loss impact 2022	Profit or loss impact 2021
Currency			
AUD/SEK	-10%	-457	-388
BRL/SEK	-10%	-378	-371
GBP/SEK	-10%	-279	-303
CAD/SEK	-10%	-442	-305
CHF/SEK	-10%	-330	-238
PLN/SEK	-10%	-221	-132
THB/SEK	-10%	132	228
CNY/SEK	-10%	169	236
EUR/SEK	-10%	752	324
USD/SEK	-10%	1 881	1,070

Exposure from net investments (balance sheet exposure)
The net of assets and liabilities in foreign subsidiaries constitute a net investment in foreign currency, which generates a translation difference in the consolidation of the Group. This exposure can have an impact on the Group's total comprehensive income, and on the capital structure. The exposure is normally handled by natural hedges including matching assets with debts in the same currency. In exceptional cases the exposure can be managed by currency derivatives implemented on Group level and carried out by the Parent Company. For those derivatives Electrolux practice hedge accounting, which has affected other comprehensive income by SEK 0m (0) during 2022. There were no outstanding net investment hedges at year-end 2022.

A change up or down by 10% in the value of each currency against the Swedish krona would affect the net investment of the Group by approximately SEK +/– 3,197m (3,292), as a static calculation at year-end 2022.

Commodity-price risks
Commodity-price risk is the risk that the cost of direct and indirect materials could increase as underlying commodity prices rise in global markets. The Group is exposed to fluctuations in commodity prices through agreements with suppliers, whereby the price is linked to the raw material price on the world market. This exposure can be divided into direct commodity exposure, which refers to pure commodity exposures, and indirect commodity exposure, which is defined as exposure arising from only part of a component. Commodity-price risk is mainly managed through contracts with the suppliers. A change in price up or down by 10% in steel would affect the Group's profit or loss with approximately SEK +/– 1,300m (900) and in plastics with approximately SEK +/– 600m (500), based on volumes in 2022.

Credit risk
Credit risk in financial activities
Exposure to credit risks arises from the investment of liquid funds, and derivatives. In order to limit exposure to credit risk, the Group has adopted a policy of only dealing with creditworthy counterparties. A counterpart list has been established, which specifies the maximum allowable exposure in relation to each counterpart. The Group only transacts investments of liquid funds and derivatives with issuers and counterparts holding a long-term rating of at least A- credit rating, as these are considered to have low credit risk for the purpose of impairment assessment. S&P Global Ratings or similar independent rating agencies supply the credit rating information. Group Treasury can allow exceptions from this rule, e.g., to enable money deposits within countries rated below A-, but this represents only a minor part of the total liquidity in the Group.

The Group strives for master netting agreements (ISDA) with all counterparts for derivative transactions. Assets and liabilities will only be netted from a credit risk perspective for counterparts with valid ISDA-agreements. As a result of these policies and limitations, the credit risk from external financial activities is not material.

Impact from netting agreements on gross exposure from derivatives

	Gross amount	Impact of netting agree-ments	Net position	Change
December 31, 2022				
Interest and currency risk derivatives reported as assets	99	-91	7	92%
Interest and currency risk derivatives reported as liabilities	578	-91	486	16%
December 31, 2021				
Interest and currency risk derivatives reported as assets	204	-49	155	24%
Interest and currency risk derivatives reported as liabilities	75	-49	26	66%

Group Treasury manage a majority of the subsidiary financing through internal loans from the Parent Company, there is a material credit risk originating from internal loans. The Parent Company calculates expected credit losses (ECL) from lending to its subsidiaries. The model defines if it is the entity, or the country where the entity is situated, that accounts for the primary source of credit risk. The credit risk is translated into a probability of default factor based on S&P Global Ratings historic values. The lending exposure is multiplied by the probability of default and a loss given default to result in the ECL of the subsidiary. The model allows for a management overlay to adjust the ECL provision, if management possesses information that qualifies for such an adjustment. Management overlay takes forward looking factors into consideration.

The opening expected credit loss provision in the Parent Company for 2022 amounted to SEK 74m (128) primarily originating from internal loans to Argentina. The closing expected credit loss provision in the Parent Company amounted to SEK 69m (74). ECL provision for loans made to companies with a minority shareholding amounted to SEK 6m (7).

To reduce the settlement risk in foreign exchange transactions done with banks, Group Treasury uses Continuous Linked Settlement (CLS). CLS eliminates temporary settlement risk since both legs of a transaction are settled simultaneously.

Credit risk in trade receivables
Electrolux sells to a substantial number of customers in the form of large retailers, buying groups and independent stores. Sales are made on the basis of normal delivery and payment terms. The Electrolux Group Credit Directive defines how credit management is to be performed in the Electrolux Group to achieve competitive

All amounts in SEKm unless otherwise stated

and professionally performed credit sales, limited bad debts, and improved cash flow and optimized profit. On a more detailed level, it also provides a minimum level for customer and credit risk assessment, clarification of responsibilities and the framework for credit decisions. The credit-decision process combines the parameters risk/reward, payment terms and credit protection in order to obtain as much paid sales as possible. In some markets, Electrolux uses credit insurance as a mean of protection. For many years, Electrolux has used the Electrolux Rating Model (ERM) to have a common and objective approach to credit-risk assessment that enables more standardized and systematic credit evaluations to minimize inconsistencies in decisions. The ERM is based on a risk/reward approach and is the basis for the customer assessment. The Electrolux Rating Model consists of three different parts: Customer and Market Information; Warning Signals; and a Credit Risk Rating (CR2). Through CR2 the customers are classified in risk categories.

Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the Group reviews the recoverable amount of each trade debt and debt investment on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. In this regard, management considers that the Group's credit risk is significantly reduced.

Trade receivables relate to a large number of customers, spread across diverse geographical areas. However, there is a concentration of large credit exposures on a number of customers in, primarily, the U.S., Latin America and Europe. Concentration of credit risk related to a single counterparty did not exceed 9.6% (9.9) of total trade receivables at any time during the year. For more information, see Note 17.

The Group defines default as customers where significant financial difficulties have been identified , or when the receivable is more than 90 days past due, whichever occurs first. A receivable is written off when there are indications of no realistic prospect of recovery or at a 360 days overdue whichever occurs first. There is a limited use of enforcement activities.

Note 3 Segment information

Reportable segments – Business areas

The Group's operations are divided into four reportable segments: Europe; North America; Latin America and Asia-Pacific, Middle East and Africa.

All the segments are producing appliances for the consumer market and products comprise mainly of refrigerators, freezers, cookers, dryers, washing machines, dishwashers, microwave ovens, air conditioners, vacuum cleaners and other small appliances.

The segments are regularly reviewed by the President and CEO, the Group's chief operating decision maker.

The segments are responsible for the operating results and the net assets used in their businesses, whereas financial items and taxes, as well as net debt and equity, are not reported per segment. The operating results and net assets of the segments are consolidated using the same principles as for the total Group. Operating costs not included in the segments are shown under Group Common costs, which mainly are costs related to group management activities typically required to run the Electrolux Group.

Sales between segments are made on market conditions with arm's-length principles.

	Net sales		Operating income	
	2022	2021	2022	2021
Europe	46,573	49,384	683	4,002
North America	47,021	40,468	–2,394	688
Latin America	24,303	19,958	1,058	1,336
Asia-Pacific, Middle East and Africa	16,984	15,820	1,308	1,511
	134,880	**125,631**	**655**	**7,538**
Group Common costs	–	–	–870	–737
Total	**134,880**	**125,631**	**–215**	**6,801**
Financial items, net	**–**	–	**–1,457**	–546
Income after financial items	**–**	**–**	**–1,672**	**6,255**

Inter-segment sales exist with the following split:

	2022	2021
Europe	1,904	1,644
North America	500	363
Latin America	0	2
Asia-Pacific, Middle East and Africa	1,917	1,638
Eliminations	**4,321**	**3,647**

The segments are responsible for the management of the operational assets and their performance is measured at the same level, while financing is managed by Group Treasury at group or country level. Consequently, liquid funds, interest-bearing receivables, interest-bearing liabilities and equity are not allocated to the business segments.

	Assets December 31		Equity and liabilities December 31		Net assets December 31	
	2022	2021	2022	2021	2022	2021
Europe	32,041	30,165	26,273	28,416	5,768	1,749
North America	30,229	26,890	18,375	17,513	11,854	9,376
Latin America	18,141	14,830	9,417	8,937	8,724	5,893
Asia-Pacific, Middle East and Africa	13,821	12,579	7,451	7,679	6,370	4,900
Other[1]	12,722	10,175	5,141	4,893	7,581	5,282
Total operating assets and liabilities	**106,953**	**94,639**	**66,657**	**67,437**	**40,297**	**27,201**
Liquid funds	17,800	11,236	–	–	–	–
Long-term financial receivables	185	–	–	–	–	–
Total borrowings	–	–	37,813	15,881	–	–
Lease liabilities	–	–	4,264	3,055	–	–
Pension assets and liabilities	2,164	1,732	1,919	2,623	–	–
Equity	–	–	16,449	18,610	–	–
Total	**127,102**	**107,607**	**127,102**	**107,607**	**–**	**–**

[1] Includes common functions and tax items.

	Depreciation and amortization		Capital expenditure		Cash flow[1]	
	2022	2021	2022	2021	2022	2021
Europe	1,787	1,520	3,310	2,787	–2,776	3,700
North America	1,934	1,455	1,738	1,311	–2,365	–966
Latin America	617	483	979	933	–585	20
Asia-Pacific, Middle East and Africa	682	669	850	727	214	839
Other[2]	371	363	512	285	–603	–392
Acquisitions/ Divestments	–	–	–	–	–367	–1,006
Financial items paid	–	–	–	–	–1,238	–470
Taxes paid	–	–	–	–	–1,514	–1,480
Total	**5,390**	**4,489**	**7,389**	**6,043**	**–9,236**	**244**

[1] Cash flow from operations and investments.
[2] Includes common functions.

All amounts in SEKm unless otherwise stated

Geographical information

	Net sales[1]	
	2022	2021
USA	42,242	36,540
Brazil	16,812	13,243
Germany	6,076	6,169
Australia	5,961	5,531
Canada	5,117	4,211
United Kingdom	4,289	4,167
Switzerland	4,025	3,356
France	3,922	4,413
Sweden (country of domicile)	3,621	4,058
Poland	3,304	3,173
Other	39,511	40,253
Total	**134,880**	**125,631**

[1] Revenues attributable to countries on the basis of customer location.

Tangible and intangible fixed assets located in the Group's country of domicile, Sweden, amounted to SEK 5,287m (4,503). Tangible and non-tangible fixed assets located in all other countries amounted to SEK 40,799m (34,380). Individually material countries in this aspect are USA with SEK 12,673m (10,608), Italy with SEK 6,977m (6,115) and Poland with SEK 3,768m (3,021) respectively.

No single customer of the Group represents 10% or more of the external revenue.

Note 4 Revenue recognition

Revenue recognition

Electrolux manufactures and sells appliances mainly in the wholesale market to customers being retailers. Electrolux products include refrigerators, freezers, dishwashers, washing machines, dryers, cookers, microwave ovens, vacuum cleaners, air conditioners and small domestic appliances.

Sales are recorded net of value-added tax, specific sales taxes, returns, and trade discounts. Revenues arise from sales of finished products and services.

Sale of finished products including spare parts and accessories

Sales of products are revenue recognized at a point in time i.e. when control of the products has transferred, being when the products are delivered to the customer. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or there is objective evidence that all criteria for acceptance have been satisfied. In practice, transfer of control and thus revenue recognition normally depends on the contractual incoterm.

Transaction price — Volume discounts

The products are often sold with volume discounts based on aggregate sales over a specific time period, normally 3–12 months. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts using either the expected value method or an assessment of the most likely amount. Revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. The estimated volume discount is revised at each reporting date.

Receivables, contract assets and contract liabilities

A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. If the consideration is conditional to additional performance, a contract asset is recorded.

If Electrolux receive prepayments from customer a contract liability is recorded.

Sale of goods and services combined

When contracts include both goods and services the sales value is split into the separate performance obligations as applicable and revenue is recognized when each of the separate performance obligations is satisfied. In general, types of performance obligations that may occur are products, spare parts, installation, service and support and education.

Sale of services in a separate contract

Electrolux recognizes revenue from services related to installation of products, repairs or maintenance service when control is transferred, being over the time the service is provided. For service contracts covering a longer period revenue is recognized on a linear basis over the contract period.

Sale of licenses in a separate contract

Electrolux is licensing trade names to other companies. The license provides the licensee a right to access intellectual property throughout the license period and revenue is recognized over time. The most common license type for Electrolux is sales based royalty where the revenue is recognized when the sales occur.

Payments to customers

Agreements can be made with customers to compensate for various services or actions the customer takes. This relates to e.g. agreements under which Electrolux agrees to compensate the customer for e.g. marketing activities undertaken by the customer. The main rule is that if the payment is related to a distinct service or product it shall be accounted for as a purchase of that service or product. If not it shall be deducted from the related revenue stream. In practice, if the contract doesn't include any requirement of follow up from Electrolux side and/or reporting back from the customer that the service is performed, the payment shall be accounted for as a reduction of revenue.

Customer incentives

Customer incentives include promotional activities as e.g. coupons, gift cards, free products and loyalty/cash points. Customer incentives are additional performance obligations providing the customer with a material right, i.e. the customer is purchasing a product or service in the original purchase and the right to a free or discounted product or service in the future. The customer is effectively paying in advance for future products or services. Revenue is therefore allocated to two performance obligations, the originally purchased product and the product bought in the future (payment in advance). A liability is recognized for the rebate until it's used or expires unused.

Within Electrolux a common promotional activity is to offer free products in combination with other sales. When the free products are related to the Electrolux product range, revenue is allocated to both the ordinary products sold and the free products.

When the free products are unrelated to the Electrolux product range, the free products are recognized as marketing/sales cost.

Warranties

The most common warranty for Electrolux is to replace a faulty product under legal and common practice warranty terms. In those cases warranty is recognized as a provision. Electrolux also sells extended warranty where the revenue is recognized during the warranty period, which usually starts after the legal warranty period. Sometimes warranty offered is including a service part and if it is difficult to separate the warranty from the service the two are bundled together and revenue is recognized over the warranty period.

All amounts in SEKm unless otherwise stated

Sales with a right of return

A right of return is not a separate performance obligation, but it affects the transaction price for the transferred goods. Returns rights are commonly granted in the retail and consumer industry.

Regarding a right of return which follows from legislation, statutory requirements, business practice or is stipulated in the contract with the customer, revenue is not recognized for goods expected to be returned. Instead, a liability is recognized for expected refunds to customers. An asset is also recorded for the expected returned item. The estimated amount of returned goods in each sale with a right of return, is based on a probability-weighted approach or most likely outcome, whichever is most predictive. The estimate is revised on each reporting date.

Principal versus agent

In some countries Electrolux acts as an agent, i.e. Electrolux arranges for goods or services to be provided by an external supplier to the customer. Electrolux records as revenue the commission fee earned for facilitating the transfer of goods or service or the net amount of consideration that the company retains after paying the other party the consideration received in exchange for the goods or services to be provided by that party.

Freight charges

In most cases freight is included in the price of the product sold and revenue is recognized at the same time as for the product.

Consignment stock or sell-through arrangement

For some customers Electrolux keeps the inventory of products in the warehouse of the customer or in the customer's outlet. Transfer of control of the products are done when the customer lifts the product from the warehouse or when the product is sold to the end consumer. Electrolux recognizes revenue when the control has been transferred or when there is a legal right of forcing a sales transaction.

Revenue types and flows

The vast majority of the Group's revenues of SEK 134,880m (125,631) during the year consisted of product sales. Revenue from service activities amounted to SEK 2,240m (1,950). The Group's net sales in Sweden amounted to SEK 3,621m (4,058). Exports from Sweden during the year amounted to SEK 41,307m (43,717), of which SEK 37,124m (39,655) were to Group subsidiaries. The major part of the Swedish export comes from two of the Swedish entities acting as buying/selling hubs for the European business meaning that most of the European product flows are routed via these entities.

Disaggregation of revenue

Electrolux manufactures and sells appliances mainly in the wholesale market to customers being retailers. Electrolux products include refrigerators, freezers, dishwashers, washing machines, dryers, cookers, microwave ovens, vacuum cleaners, air conditioners and small domestic appliances. Electrolux has four business areas with focus on the consumer market. Sales of services are not material in relation to Electrolux total net sales.

Geography and product category are considered important attributes when disaggregating Electrolux revenue. The business areas, also being the Group's segments, are based on geography: Europe, North America, Latin America and Asia-Pacific, Middle East and Africa. In addition, the table to the right presents net sales by product area Taste (cooking, refrigeration and freezer appliances), Care (dish and laundry appliances) and Wellbeing (e.g. air conditioners, cleaning appliances and small domestic appliances). Products within all product areas are sold in each of the reportable segments, i.e. the Business Areas.

	Group		Parent Company	
Disaggregation of revenue	2022	2021	2022	2021
Product Areas				
Taste	85,895	77,457	22,871	22,820
Care	38,661	36,415	16,625	17,687
Wellbeing	10,324	11,758	2,567	3,298
Total	**134,880**	**125,631**	**42,063**	**43,805**

The table below presents the opening and closing balances of contract liabilities as well as movements during the years.

			Prepaid income – service & warranty		
Contract liabilities	Advances from customers	Customer bonuses/ incentives	Short-term	Long-term	Total
Opening balance, January 1, 2021	**139**	**5,696**	**200**	**319**	**6,354**
Gross increase during the period	1,153	22,244	206	43	23,646
Paid to/settled with customer	—	–21,026	—	—	–21,026
Revenue recognized during the year	–1,141	—	–196	–4	–1,341
Contracts cancelled during the year	—	–175	–9	–9	–193
Acquisition/divestment of operations	—	—	—	—	—
Other changes to contract balances	0	77	—	–7	70
Exchange-rate differences	13	290	17	16	336
Closing balance, December 31, 2021	**164**	**7,106**	**218**	**358**	**7,846**
Gross increase during the period	546	22,332	175	59	23,112
Paid to/settled with customer	—	–22,300	—	—	–22,300
Revenue recognized during the year	–517	—	–322[1)]	–243[1)]	–1,082
Contracts cancelled during the year	—	–337	–22	0	–359
Acquisition/divestment of operations	–10	–277	—	—	–287
Other changes to contract balances	–14	–126	5	–16	–151
Exchange-rate differences	1	693	20	23	737
Closing balance, December 31, 2022	**170**	**7,091**	**74**	**181**	**7,516**

1) Revenue recognized during the year on service and warranty contracts includes SEK 548m relating to contract obligations transferred to a third party in the U.S.

For the Parent Company contract liabilities as per December 31, amounted to SEK 275m (318).

All amounts in SEKm unless otherwise stated

Note 5 Operating expenses

Cost of goods sold and additional information on costs by nature

Cost of goods sold includes expenses for the following items:

- Finished goods i.e. cost for production and sourced products
- Warranty
- Environmental fees
- Warehousing and transportation
- Exchange-rate changes on payables and receivables and the effects from currency hedging

Operating expenses	2022	2021
Direct material and components	50,828	42,919
Sourced products	18,033	18,413
Depreciation and amortization	5,390	4,489
Salaries, other renumeration and employer contribution	23,818	20,423
Other operating expenses	37,026	32,586
Total	**135,095**	**118,830**

Operating expenses

Cost of goods sold includes direct material and components amounting to SEK 50,828m (42,919) and sourced products amounting to SEK 18,033m (18,413). The depreciation and amortization charge for the year amounted to SEK 5,390m (4,489). Costs for research and development amounted to SEK 4,291m (3,620).

Government grants relating to expenses have been deducted in the related expenses by SEK 65m (60).

Government grants related to assets have been recognized as deferred income in the balance sheet and will be recognized as income over the useful life of the assets. The remaining value of these grants, at the end of 2022, amounted to SEK 484m (634).

The Group's operating income includes net exchange-rate differences in the amount of SEK –388m (–78). The Group's Swedish factories accounted for 0.1% (0.2) of the total value of production.

Selling and administration expenses

Selling expenses include expenses for brand communication, sales driving communication and costs for sales and marketing staff. Selling expenses also include the cost for impairment of trade receivables.

Administration expenses include expenses for general management, controlling, human resources, shared service and IT expenses related to the named functions. Administration costs related to manufacturing are included in cost of goods sold.

Note 6 Other operating income and expenses

	Group		Parent Company	
Other operating income	2022	2021	2022	2021
Gain on sale of property, plant and equipment	726	185	–	–
Settlement arbitration U.S. tariff case	656	–	–	–
Recovery of overpaid sales tax	58	90	–	–
Asbestos litigation	59	41	–	–
Other	15	130	–	–
Total	**1,514**	**446**	**–**	**–**

	Group		Parent Company	
Other operating expenses	2022	2021	2022	2021
Russia divestment	-350	–	-250	–
US pension plan termination	-210	–	–	–
Loss on sale of property, plant and equipment	-37	–	–	–
Arbitration in U.S. tariff case	–	-727	–	–
Impairment	–	–	-1,610	-75
Other	-87	-95	–	–
Total	**-684**	**-822**	**-1,860**	**-75**
Other operating income and expenses, net	**830**	**-376**	**-1,860**	**-75**

Note 7 Material profit or loss items in operating income

This note summarizes events and transactions with significant effects, which are relevant for understanding the financial performance when comparing income for the current period with previous periods, including items such as:

- Capital gains and losses from divestments of product groups or major units
- Close-down or significant down-sizing of major units or activities
- Restructuring initiatives with a set of activities aimed at reshaping major structure or process
- Significant impairment
- Other major non-recurring costs or income

Material items in 2022 amount to SEK -1,046m and contain a settlement regarding the arbitration in u.s. tariff case on washing machines imported into the U.S. from Mexico in 2016/2017, a loss from the exit from the Russian market, restructuring measures across business areas and Group common cost, the divestment of the office facility in Zürich, Switzerland and costs for a U.S. pension plan termination.

Material items in 2021 amount to SEK –727m and refer to business area North America and an arbitration in U.S. tariff case on washing machines imported into the U.S. from Mexico in 2016/2017.

Material profit or loss items	2022	2021
Restructuring charge	-1,536	–
Office sale, Switzerland	394	–
Arbitration/settlement U.S. tariff case	656	-727
Russia divestment	-350	–
U.S. pension plan termination	-210	–
Total	**-1,046**	**-727**

Effect from material profit or loss items by function	2022	2021
Cost of goods sold	-863	–
Selling expenses	-67	–
Administration expenses	-547	–
Other operating income and expenses	431	-727
Total	**-1,046**	**-727**

Note 8 Leases

The major part of the group's lease arrangements are those under which the group is a lessee. This applies to a large number of assets such as warehouses, office premises, vehicles, and certain office equipment. The group's activities as a lessor are limited.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Such an assessment is performed at inception of a contract. An identified lease agreement is further categorized by the group as either a short-term lease, a lease of a low-value asset or a standard lease. Short-term leases are defined as leases with a lease term of 12 months or less. The group's definition of low-value assets comprises all personal computers and laptops, phones, office equipment and furniture and all other assets, independent of asset class, of lower value when new. Lease payments related to short-term leases and leases of low value assets are recognized as operating expenses on a straight-line basis over the term of the lease. The group applies the term 'standard lease' to all identified leases which are categorized as neither short-term leases nor leases of a low-value asset. Thus, a standard lease is a lease agreement for which a right-of-use asset and a corresponding lease liability are recognized at commencement of the lease, i.e. when the asset is available for use. The group's right-of-use assets and its long-term and short-term lease liabilities are presented as separate line items in the consolidated statement of financial position.

All amounts in SEKm unless otherwise stated

Assets and liabilities arising from a lease are initially measured on a present value basis. The lease liability is determined as the present value of all future lease payments at the commencement date, discounted using the Group's calculated incremental borrowing rate determined by country and contract duration (12–36 months, 37–72 months and >72 months).

The following lease payments are included in the measurement of a lease liability:

- fixed payments, less any lease incentives,
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the lessee under residual value guarantees,
- the exercise price of a purchase option if reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of that option.

Variable lease fees that do not depend on an index or rate (including property tax related to leased buildings) are not included in the measurement of the lease liability. The related variable payments are charged to the statement of comprehensive income as incurred.

The lease liability is subsequently measured by reducing the carrying amount to reflect the lease payments made and by increasing the carrying amount to reflect interest on the lease liability, using the effective interest method.

A right-of-use asset is measured at cost comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement day, less any lease incentives received, and any initial direct costs, and restoration costs (unless incurred to produce inventories) with the corresponding obligation recognized and measured as a provision under IAS 37. The right-of-use asset is subsequently measured at cost less accumulated depreciation, any impairment losses as well as any remeasurement of the lease liability. Impairment of right-of-use assets is determined and accounted for in accordance with IAS 36.

A remeasurement of the lease liability, and a corresponding applicable adjustment to the related right-of-use asset, is performed when:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate,
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used), or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

A right-of-use asset is normally depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term. However, if ownership of the asset is reasonably certain to be transferred at the end of the lease, the right-of-use asset is depreciated over its useful life. Depreciation of a right-of-use asset starts at the commencement date of the lease.

A lease payment related to a standard lease is accounted for partly as amortization of the lease liability and partly as interest expense in the statement of comprehensive income.

Lease components are separated from non-lease components for leases regarding buildings (offices, warehouses etc.). For leases regarding other asset classes (machinery, vehicles etc.) the lease components and any associated non-lease components are accounted for as a single arrangement.

In determining the lease term, extension options are only included if it is determined as reasonably certain to extend, being subject to continuous re-assessment. Periods after termination options are only included in the lease term if the lease is reasonably certain not to be terminated. A lease term is reviewed if a significant event or a significant change in circumstances occurs which affects the assessment.

	Group	
Lease income and expenses	2022	2021
Income from subleasing	7	7
Lease expenses:		
Short-term leases	–11	–12
Leases of low-value assets	–36	–35
Variable lease payments	–195	–182
Depreciation of right-of-use assets	–997	–876
Total lease expenses in operating income	**–1,239**	**–1,105**
Lease liability interest expense	–143	–105

Total cash outflow for lease contracts amounts to SEK 1,345m (1,215) for the year. The calculated average lease interest rate for the year was 3.8% (3.5). Lease commitments related to leases not yet commenced per December 31 amount to SEK 73m (170).

Maturity profile of lease liabilities is presented in Note 18.

For the Parent Company, lease expenses for the year amounted to SEK 64m (113) and future lease payment obligations at year end amount to SEK 269m (208). The most relevant lease agreement for the Parent company during 2022 was IT equipment.

Property, plant and equipment, right-of-use

Group	Land	Buildings	Machinery	Other equipment	Total
Carrying amount					
Opening balance, January 1, 2021	**7**	**1,864**	**40**	**440**	**2,351**
Acquisition of operations	0	7	–	24	31
Additions	1	1,125	13	196	1,335
Cancellations	0	–198	–8	–9	–215
Depreciation	–1	–633	–14	–228	–876
Exchange rate differences	0	128	1	15	145
Closing balance, December 31, 2021	**7**	**2,293**	**32**	**439**	**2,771**
Acquisition of operations	–	0	–	0	–
Additions	4	1,582	1	232	1,819
Cancellations	–	–17	–	–10	–27
Depreciation	–1	–752	–12	–232	–998
Other changes	–	0	0	0	0
Exchange rate differences	1	299	2	38	340
Closing balance, December 31, 2022	**11**	**3,405**	**23**	**467**	**3,905**

All amounts in SEKm unless otherwise stated

Note 9 Financial income and financial expenses

	Group		Parent Company	
	2022	2021	2022	2021
Financial income				
Interest income				
from subsidiaries	–	–	723	264
from others	88	44	30	2
Dividends from subsidiaries	–	–	3,167	3,434
Other financial income	–	–	–	17
Total	**88**	**44**	**3,920**	**3,717**
Financial expenses				
Interest expenses				
to subsidiaries	–	–	–241	–68
to others	–586	–286	–201	–260
Lease liability interest expenses	–143	–105	–	–
Pension interest expenses, net	10	–17	–	–
Exchange-rate differences, net	17	–8	34	–49
Other financial expenses	–843	–173	–665	–80
Total	**–1,545**	**–589**	**–1,073**	**–457**
Financial items, net	**–1,457**	**–546**	**2,847**	**3,260**

Other financial expenses, for the Group and Parent Company, include gains and losses on derivatives used for managing the Group's interest fixing. For information on financial instruments, see Note 18. For more information on post-employment benefits, see Note 22.

Cash flow: Financial items paid, net
Interest and similar items received amounted to SEK 71m (58), interest and similar items paid amounted to SEK –1,206m (–430) and other financial items received and paid amounted to SEK –103m (–98).

Note 10 Taxes

	Group		Parent Company	
	2022	2021	2022	2021
Current taxes	–1,028	–1,512	–79	–169
Deferred taxes	1,380	–65	516	–236
Taxes in income for the period	**352**	**–1,577**	**437**	**–405**
Taxes related to OCI	–409	–576	–1	0
Taxes included in total comprehensive income	**–57**	**–2,153**	**436**	**–405**

Deferred taxes include an effect of SEK 14m (3) due to changes in tax rates. The consolidated accounts include deferred tax liabilities of SEK 138m (121) related to untaxed reserves in the Parent Company.

Theoretical and actual tax rates	Group		Parent Company	
%	2022	2021	2022	2021
Theoretical tax rate	19.6	25.8	20.6	20.6
Non-taxable/non-deductible income statement items, net	–2.7	0.5	39.3	–16.9
Non-recognized tax losses carried forward	–4.4	0.6	–	–
Utilized non-recognized tax losses carried forward	1.2	–0.9	–	–
Other changes in recognition of deferred tax	7.3	–0.2	17.9	–
Withholding tax	–5.4	3.6	–11.7	3.5
Other	5.4	–4.2	–1.2	1.9
Actual tax rate	**21.0**	**25.2**	**64.9**	**9.1**

For the Group in 2022, the majority of 'Other' relates to a capital gains tax in Switzerland.

The theoretical tax rate for the Group is calculated on the basis of the weighted total income after financial items per country, multiplied by the local statutory tax rates.

Non-taxable/non-deductible items in the Parent Company are mainly related to dividends from subsidiaries.

Non-recognized deductible temporary differences
As of December 31, 2022, the Group had tax loss carry-forwards and other deductible temporary differences of SEK 4,401m (3,633), which have not been included in computation of deferred tax assets. The decision not to recognize certain temporary differences is based on an assessment where the likelihood of future utilization is evaluated for each of the temporary items. The Group typically does not recognize temporary differences in situations where the ability to utilize these is considered limited.

The non-recognized deductible temporary differences will expire as follows:

	December 31	
Non-recognized temporary differences	2022	2021
2022	n/a	30
2023	10	38
2024	30	67
2025	141	60
2026	85	70
2027	57	n/a
And thereafter	53	975
Without time limit	4,026	2,393
Total	**4,401**	**3,633**

All amounts in SEKm unless otherwise stated

The tables below show deferred tax assets and liabilities at the end of each reporting period and the change in net deferred tax assets and liabilities.

Deferred tax assets and liabilities

	2022	2021
Deferred tax assets:		
Property, plant and equipment	374	327
Provision for Pension obligations	334	422
Provision for restructuring	466	230
Other provisions	888	817
Inventories	107	93
Accrued expenses and prepaid income	616	579
Unused tax losses carried forward	994	422
Tax credits	3,650	2,903
Other deferred tax assets	2,915	1,711
Deferred tax assets before netting of deferred tax assets and liabilities	**10,342**	**7,505**
Netting of deferred tax assets and liabilities	–2,670	–1,760
Deferred tax assets, net	**7,672**	**5,746**
Deferred tax liabilities:		
Property, plant and equipment	952	926
Other provisions	63	81
Inventories	622	339
Other taxable temporary differences	1,764	890
Deferred tax liabilities before netting of deferred tax assets and liabilities	**3,402**	**2,236**
Netting of deferred tax assets and liabilities	–2,670	–1,760
Deferred tax liabilities, net	**731**	**476**
Deferred tax assets and liabilities, net	**6,940**	**5,269**

	2022	2021
Deferred tax assets and liabilities, net opening balance	**5,269**	**5,588**
Recognized in income statement	1,380	–65
Recognized in other comprehensive income	–411	–584
Acquisitions of operations	–	1
Exchange rate differences	702	329
Deferred tax assets and liabilities, net closing balance	**6,940**	**5,269**

As per December 31, the Parent Company reported deferred tax assets amounting to SEK 824m (309) which mainly relate to unused tax losses carried forward, pensions and restructuring provisions.

Note 11 Other comprehensive income

	Group	
	2022	2021
Items that will not be reclassified to income for the period:		
Remeasurement of provisions for post-employment benefits		
Opening balance, January 1	**2,333**	**172**
Gain/loss taken to other comprehensive income	1,614	2,746
Income tax relating to items that will not be reclassified	–410	–584
Closing balance, December 31	**3,537**	**2,333**
Items that may be reclassified subsequently to income for the period:		
Cash flow hedges		
Opening balance, January 1	**–21**	**14**
Gain/loss taken to other comprehensive income	5	2
Transferred to profit and loss on sale	34	–37
Closing balance, December 31	**18**	**–21**
Exchange differences on translation of foreign operations		
Opening balance, January 1	**–3,303**	**–4,588**
Net investment hedge	–41	–5
Translation differences	2,684	1,289
Closing balance, December 31	**–660**	**–3,303**
Income tax relating to items that may be reclassified		
Opening balance, January 1	**–11**	**–19**
Cash flow hedges	–7	8
Net investment hedges	8	1
Closing balance, December 31	**–10**	**–11**
Non-controlling interests, translation differences	0	0
Other comprehensive income, net of tax	**3,887**	**3,419**

Income taxes affecting other comprehensive income during the year amounted to a total of SEK –409m (–576) of which SEK –410m (–584) related to remeasurement of provisions for post-employment benefits and SEK 1m (9) related to financial instruments for hedging.

All amounts in SEKm unless otherwise stated

Note 12 Property, plant and equipment, owned

Property, plant, and equipment are stated at historical cost less straight-line accumulated depreciation, adjusted for any impairment charges. Land is not depreciated as it is considered to have an unlimited useful life. All other depreciation is calculated using the straight-line method and is based on the following estimated useful lives:

- Land — No depreciation
- Land improvements — 0–15 years
- Buildings — 10–40 years
- Machinery and technical installations — 3–15 years
- Other equipment — 3–10 years

Total net impairment for the year was SEK 6m (–) on buildings and land, and SEK 19m (2) on machinery and other equipment and SEK –m (–) on plants under construction. The impairment 2022 relates to business areas Europe, North America and 2021 to business areas Asia-Pacific, Middle East and Africa.

Group	Land and land improvements	Buildings	Machinery and technical installations	Other equipment	Plants under construction and advances	Total
Acquisition costs						
Opening balance, January 1, 2021	**1,334**	**10,414**	**37,974**	**2,797**	**5,119**	**57,639**
Acquired during the year	130	378	1,236	185	2,918	4,847
Acquisition of operations	950	914	1	1	106	1,972
Transfers and reclassifications	232	1,867	269	333	-2,712	-11
Sales, scrapping, etc.	-10	-158	-846	-118	-4	-1,137
Exchange-rate differences	64	516	1,921	84	286	2,871
Closing balance, December 31, 2021	**2,700**	**13,931**	**40,555**	**3,282**	**5,712**	**66,181**
Acquired during the year	5	317	968	259	4,100	5,649
Divestment of operations	0	-1	0	-4	0	-5
Transfers and reclassifications	11	533	3,160	198	-3,912	-10
Sales, scrapping, etc.	-100	-194	-2,136	-286	-6	-2,721
Exchange-rate differences	176	1,426	4,794	283	583	7,262
Closing balance, December 31, 2022	**2,792**	**16,012**	**47,342**	**3,733**	**6,478**	**76,356**
Accumulated depreciation						
Opening balance, January 1, 2021	**284**	**5,257**	**29,098**	**2,210**	**338**	**37,187**
Depreciation for the year	29	447	2,025	321	–	2,822
Transfers and reclassifications	70	795	-934	58	1	-10
Sales, scrapping, etc.	-2	-147	-811	-109	0	-1,069
Impairment	–	–	2	–	–	2
Exchange-rate differences	18	262	1,449	65	34	1,828
Closing balance, December 31, 2021	**398**	**6,614**	**30,829**	**2,545**	**374**	**40,759**
Depreciation for the year	34	541	2,551	355	–	3,481
Transfers and reclassifications	1	-2	-168	6	162	-1
Sales, scrapping, etc.	0	-167	-1,912	-259	–	-2,337
Divestment of operations	-1	–	–	-14	–	-15
Impairment	0	6	19	0	0	25
Exchange-rate differences	43	706	3,584	217	18	4,568
Closing balance, December 31, 2022	**476**	**7,699**	**34,903**	**2,849**	**554**	**46,480**
Net carrying amount, December 31, 2021	**2,302**	**7,317**	**9,726**	**737**	**5,339**	**25,422**
Net carrying amount, December 31, 2022	**2,317**	**8,314**	**12,438**	**883**	**5,924**	**29,876**

Parent Company	Land and land improvements	Buildings	Machinery and technical installations	Other equipment	Plants under construction and advances	Total
Acquisition costs						
Opening balance, January 1, 2021	**1**	**1**	**213**	**480**	**22**	**717**
Acquired during the year	–	–	71	–	59	130
Transfer of work in progress and advances	–	–	15	5	-20	0
Sales, scrapping, etc.	–	–	7	-31	–	-24
Exchange-rate differences	–	–	2	1	–	3
Closing balance, December 31, 2021	**1**	**1**	**308**	**455**	**61**	**826**
Acquired during the year	–	4	6	23	70	103
Transfer of work in progress and advances	–	–	85	–	-85	0
Sales, scrapping, etc.	–	–	-20	-23	–	-43
Exchange-rate differences	–	–	8	6	1	15
Closing balance, December 31, 2022	**1**	**5**	**387**	**461**	**47**	**901**
Accumulated depreciation						
Opening balance, January 1, 2021	**1**	**1**	**99**	**373**	**0**	**474**
Depreciation for the year	–	–	64	25	–	89
Sales, scrapping, etc.	–	–	19	-31	–	-12
Exchange-rate differences	–	–	1	1	–	2
Closing balance, December 31, 2021	**1**	**1**	**183**	**368**	**0**	**553**
Depreciation for the year	–	–	80	25	–	105
Sales, scrapping, etc.	–	–	-14	-23	–	-37
Exchange-rate differences	–	–	8	5	–	13
Closing balance, December 31, 2022	**1**	**1**	**257**	**375**	**0**	**634**
Net carrying amount, December 31, 2021	**0**	**0**	**125**	**87**	**61**	**273**
Net carrying amount, December 31, 2022	**0**	**4**	**130**	**86**	**47**	**267**

All amounts in SEKm unless otherwise stated

Note 13 Goodwill and other intangible assets

Goodwill

Goodwill is reported as an indefinite life intangible asset at cost less accumulated impairment losses.

Product development

Electrolux capitalizes expenses for certain own development of new products provided that the level of certainty of their future economic benefits and useful life is high. The intangible asset is only recognized if the product is sellable on existing markets and that resources exist to complete the development. Only expenditures which are directly attributable to the new product's development are recognized. Capitalized development costs are amortized over their useful lives, up to 5 years, using the straight-line method.

Software

Acquired software licenses and development expenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over useful lives, between 3 and 5 years, using the straight-line method.

Trademarks

Trademarks are reported at historical cost less amortization and impairment. The Electrolux trademark in North America, acquired in 2000, is regarded as an indefinite life intangible asset and is not amortized in the group accounts. One of the Group's key strategies is to develop Electrolux into the leading global brand within the Group's product categories. This acquisition gave Electrolux the right to use the Electrolux brand worldwide, whereas it previously could be used only outside of North America. The total carrying amount for the Electrolux brand is SEK 410m, included in the item Other in the table on the next page. All other trademarks are amortized over their useful lives, estimated to 5 to 10 years, using the straight-line method.

Customer relationships

Customer relationships are recognized at fair value in connection with acquisitions. The values of these relationships are amortized over their estimated useful lives, between 5 and 15 years, using the straight-line method.

Intangible assets with indefinite useful lives

Goodwill as of December 31, 2022, had a total carrying value of SEK 7,081m. The allocation, for impairment-testing purposes, on cash-generating units is shown in the table below.

All intangible assets with indefinite useful lives are tested for impairment at least once every year. Single assets are tested more often in case there are indications of impairment. The recoverable amounts of the cash-generating units have been determined based on value in use calculations. The cash-generating units equal the business areas. Costs related to group services and global leverage activities are carried by the cash-generating units and therefore included in the impairment testing of each cash-generating unit. Common group costs that cannot be allocated on a reasonable and consistent basis to any of the individual cash-generating units are included in impairment testing in the total carrying amount of all cash-generating units combined.

Value in use is calculated using the discounted cash flow model based on by Group management approved forecasts for the coming four years. The forecasts are built up from the estimate of the units within each business area. The preparation of the forecast requires a number of key assumptions such as volume, price, product mix, prices for raw material and components, which will create a basis for future sales growth and gross margin. These figures are set in relation to historic figures and external reports on market development. The cash flow for the last year of the four-year period is used as the base for the perpetuity calculation. The discount rates are based on the pre-tax Electrolux Group WACC (Weighted Average Cost of Capital) with adjustments for country specific risk premiums and inflation rates for each individual country. The individual country discount rates are used to calculate a weighted average discount rate for each cash-generating unit.

The pre-tax discount rates used in 2022 were within a range of 10.6% (9.6) to 16.0% (14.8). For the calculation of the in-perpetuity value, Gordon's growth model is used. According to Gordon's model, the terminal value of a growing cash flow is calculated as the starting cash flow divided by cost of capital less the growth rate. Cost of capital less growth of 2% (2%) is within the range of 8.6 to 14.0%.

Sensitivity analyses have been carried out based on a reduction of the operating margin by 0.5 percentage points and by an increase in the cost of capital by one percentage point respectively. None of the sensitivity analyses led to a reduction of the recoverable amount below the carrying amount for any of the cash-generating units, i.e. the hypothetical changes in key assumptions would not lead to any impairment. The calculations are based on management's assessment of reasonably possible adverse changes in operating margin and cost of capital, yet they are hypothetical and should not be viewed as an indication that these factors are likely to change. The sensitivity analyses should therefore be interpreted with caution.

As from 2019, right-of-use assets are included in the carrying amount of each cash-generating unit. Accordingly, lease payments, representing lease liability amortization and interest expense, are not considered in the forecasted cash flows. However, the forecasted cash flows have been charged with a 'replacement capital expenditure' for right-of-use assets, calculated based on an assumed normalized level of depreciation per cash-generating unit and a calculated average remaining lease period of contracts existing at December 31.

Goodwill, value of trademark and discount rate

	2022			2021		
	Goodwill	Electrolux trademark	Discount rate, %	Goodwill	Electrolux trademark	Discount rate, %
Europe	531	–	10.6	499	–	9.6
North America	1,857	410	11.5	1,610	410	10.1
Latin America	1,008	–	16.0	909	–	14.8
Asia-Pacific, Middle East and Africa	3,685	–	11.9	3,672	–	11.1
Total	**7,081**	**410**		**6,690**	**410**	

All amounts in SEKm unless otherwise stated

Goodwill and other intangible assets

	Group					Parent Company
		Other intangible assets				
	Goodwill	Product development	Software	Other	Total other intangible assets	Trademarks, software, etc.
Acquisition costs						
Opening balance, January 1, 2021	**6,369**	**2,443**	**2,748**	**2,167**	**7,358**	**3,472**
Acquired during the year	–	–	261	25	286	–
Acquisition of operations	57	–	5	1	6	–
Internally developed	–	578	332	–	910	730
Reclassification	–	-13	7	17	11	–
Fully amortized	–	-114	-80	–	-194	–
Sales, scrapping etc.	–	-14	-43	–	-57	-39
Exchange-rate differences	264	101	105	6	212	28
Closing balance, December 31, 2021	**6,690**	**2,981**	**3,335**	**2,216**	**8,532**	**4,191**
Acquired during the year	–	–	409	–	409	–
Acquisition of operations	-10[1]	–	–	–	0	–
Internally developed	–	740	592	–	1,332	1,119
Reclassification	–	-1	7	–	6	–
Fully amortized	–	-76	-353	–	-429	-126
Sales, scrapping etc.	–	-111	-56	-7	-174	-67
Exchange-rate differences	401	394	341	77	812	182
Closing balance, December 31, 2022	**7,081**	**3,927**	**4,275**	**2,286**	**10,488**	**5,299**
Accumulated amortization						
Opening balance, January 1, 2021	**0**	**1,149**	**1,409**	**1,320**	**3,878**	**1,638**
Amortization for the year	–	335	329	127	791	348
Reclassification	–	-7	–	17	10	–
Fully amortized	–	-114	-80	–	-194	–
Impairment	–	–	–	–	–	–
Sales, scrapping etc.	–	-6	-24	–	-30	-9
Exchange-rate differences	–	28	54	-5	77	13
Closing balance, December 31, 2021	**0**	**1,385**	**1,688**	**1,459**	**4,532**	**1,990**
Amortization for the year	–	390	466	56	912	444
Reclassification	–	–	1	–	1	–
Fully amortized	–	-76	-353	–	-429	-126
Impairment	–	-58	–	–	-58	–
Sales, scrapping etc.	–	-48	-49	–	-97	-14
Exchange-rate differences	–	178	174	52	404	82
Closing balance, December 31, 2022	**0**	**1,771**	**1,927**	**1,567**	**5,265**	**2,376**
Carrying amount, December 31, 2021	**6,690**	**1,596**	**1,647**	**757**	**4,000**	**2,201**
Carrying amount, December 31, 2022	**7,081**	**2,156**	**2,348**	**719**	**5,223**	**2,923**

[1] Including adjustment of provisional value within the measurement period related to acquisition with a value of SEK -10m for 2021.

Included in the item Other are trademarks of SEK 554m (584) and customer relationships etc. amounting to SEK 165m (173). Amortization of intangible assets is included within Cost of goods sold with SEK 412m (337), Administrative expenses with SEK 297m (255) and Selling expenses with SEK 203m (199) in the income statement.

Note 14 Other non-current assets

	Group December 31		Parent Company December 31	
	2022	2021	2022	2021
Shares in subsidiaries	–	–	33,727	34,056
Participations in other companies	–	–	59	59
Long-term receivables in subsidiaries	–	–	3,359	2,986
Other receivables	904	634	30	43
Total	**904**	**634**	**37,175**	**37,144**

For Group, 'Other receivables' include mainly long-term operational tax credits.

See Note 29 for information on the major subsidiaries held by the Parent Company. A detailed specification of the Parent Company's shares in subsidiaries has been submitted to the Swedish Companies Registration Office and is available upon request from AB Electrolux Investor relations.

All amounts in SEKm unless stated otherwise

Note 15 Inventories

	Group December 31		Parent Company December 31	
	2022	2021	2022	2021
Raw materials	7,023	5,139	–	–
Products in progress	369	264	–	–
Finished products	16,962	15,029	3,688	3,376
Advances to suppliers	20	46	–	–
Total	**24,374**	**20,478**	**3,688**	**3,376**

Inventories and work in progress are valued at the lower of cost, at normal capacity utilization, and net realizable value. Net realizable value is defined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale at market value. The cost of finished goods and work in progress comprises development costs, raw materials, direct labor, tooling costs, other direct costs and related production overheads. The cost of inventories is assigned by using the weighted average cost formula. Provisions for obsolescence are included in the value for inventory.

The cost of inventories recognized as expense and included in Cost of goods sold amounted to SEK 90,219m (79,169) for the Group and SEK 37,873m (36,717) for the Parent Company.

Write-downs due to obsolescence amounted to SEK 352m (215) for the Group and SEK 75m (22) for the Parent Company.

Reversals of previous write-downs, due to inventories either scrapped or sold, amounted to SEK 42m (53) for the Group and SEK 0m (0) for the Parent Company.

The amounts have been included in the item Cost of goods sold in the income statements.

Note 16 Other current assets

	Group December 31	
	2022	2021
VAT receivable	1,692	1,057
Other tax recoverable	254	204
Miscellaneous short-term receivables	1,905	2,041
Provisions for doubtful accounts	-113	-85
Prepaid expenses and accrued income	1,339	1,411
Prepaid interest expenses and accrued interest income	21	4
Total	**5,098**	**4,632**

Note 17 Trade receivables

	Group		Parent Company	
	2022	2021	2022	2021
Trade receivables	21,980	23,576	694	1,265
Provision for expected credit losses	-493	-466	-17	-9
Trade receivables, net	**21,487**	**23,110**	**677**	**1,256**
Provisions in relation to trade receivables, %	2.2	2.0	2.4	0.7

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for expected credit losses (ECL). The Group applies the simplified approach for trade receivables and uses a matrix to estimate the expected credit losses. The change in amount of the provision is recognized in the income statement within selling expenses. The expected loss calculation is based on historical data and is adjusted through a management overlay which considers forward looking analysis, including macroeconomic factors impacting the different customer segments and more specific forward-looking factors such as signs of bankruptcy, officially known insolvency etc. Electrolux uses credit insurance as a mean of protection. The Group's internal guidelines to the companies is to at least reserve 0.11 % for current trade receivables and for receivables maximum 15 days past due. For trade receivables past due between 16 to 60 days Electrolux reserves 1% and increase to 5% for receivables past due between 61 to 90 days. For trade receivables past due between 91 to 180 days Electrolux reserves 20%. Trade receivables that are 6 months past due but less than 12 months is reserved at 40% and receivables that are 12 months past due and more are reserved at 100%. The percentages for ECL are under continuous reassessment. There is no significant impact on provisions from changes in the forward looking factors.

If trade receivables past due between 16 and 60 days had been 10% higher/lower as of December 2022, the loss allowance on trade receivables would have increased/decreased SEK 0.7m (0.7). If trade receivables past due between 61 and 180 days had been 10% higher/lower as of December 2022, the loss allowance on trade receivables would have increased/decreased SEK 6.5m (7.7).

Provision for accounts receivable

	Group		Parent Company	
	2022	2021	2022	2021
Provision, January 1	**–466**	**–698**	**–9**	**–17**
Acquisition of operations	–	0	–	–
New/released provisions	-93	-168	-8	8
Receivables written off against provision	114	430	–	–
Sold operations	1	–	–	–
Exchange-rate differences and other changes	-49	-30	–	–
Provision, December 31	**–493**	**–466**	**–17**	**–9**

New /released provisions of SEK -93m (-168) are mainly due to increased provisions for higher credit risk in Ukraine and the U.S. The fair value of trade receivables equals their carrying amount as the impact of discounting is not significant. Electrolux has a credit exposure on a number of major customers, primarily in the U.S., Latin America and Europe. Receivables concentrated to customers with credit limits amounting to SEK 300m or more represent 40.4% (39.2) of the total trade receivables. The creation and usage of provisions for impaired receivables have been included in selling expenses in the income statement.

All amounts in SEKm unless otherwise stated

Timing analysis of trade receivables past due

	Group		Parent Company	
	2022	2021	2022	2021
Trade receivables not past due	19,269	21,404	637	1,247
Total trade receivables past due, *whereof:*	2,218	1,706	40	9
Past due 1–15 days	598	425	34	9
Past due 16–60 days	783	519	2	0
Past due 2–6 months	518	462	4	0
Past due 6–12 months	275	288	0	0
Past due more than 1 year	44	12	0	0
Provision on expected credit loss	493	466	17	9
Total trade receivables	**21,980**	**23,576**	**694**	**1,265**
Past due, in relation to trade receivables, %	12.3	9.2	8.2	1.4

Note 18 Financial instruments

Additional and complementary information is presented in the following notes to the Annual Report: Note 2, Financial risk management, describes the Group's risk policies in general and regarding the principal financial instruments of Electrolux in more detail. Note 17, Trade receivables, describes the trade receivables and related credit risks.

The information in this note highlights and describes the principal financial instruments of the Group regarding specific major terms and conditions when applicable, the exposure to risk and the fair values at year end.

Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognized when the entity becomes party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognized on trade date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss.

Financial assets

Classification and subsequent measurement

The Group classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortized cost.

The classification requirements for debt and equity instruments are described below.

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as trade receivables, loan receivables as well as government bonds.

The Group classifies its debt instruments into one of the following two measurement categories:

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and are not designated as FVPL, are measured at amortized cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognized (see impairment below). Interest income from these financial assets is included in the financial net using the effective interest rate method.

Fair value through profit or loss (FVPL): Assets that do not meet the criteria for amortized cost are measured at fair value through profit and loss. A gain or loss on a financial debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in the financial net in the period in which it arises. Interest income from these financial assets is included in the financial net using the effective interest rate method. Trade receivables sold on non-recourse terms are categorized as 'Hold to Sell' with gain or loss reported in operating income.

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Gains and losses on equity investments at FVPL are included in the financial net in the statement of comprehensive income. The Group does not have any material investments in equity instruments.

Impairment and expected credit loss

The Group assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instrument assets not carried at fair value. The Group recognizes a provision for such losses at each reporting date. The measurement of ECL reflects an unbiased and probability-weighted amount based on reasonable and supportable information available such as past events, current condition and forecasts of future economic conditions. For trade receivables, the Group applies the 'simplified approach', which means that the provision for bad debts will equal the lifetime expected loss.

To measure the expected credit losses, trade receivables are grouped into six categories based on shared credit risk characteristics and days past due. If the provision is considered insufficient due to individual considerations, the provision is extended to cover the extra anticipated losses.

Derecognition

Financial assets, or a portion thereof, are derecognized when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group transfers substantially all the risks and rewards of ownership, or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control of the asset.

Financial liabilities

Classification and subsequent measurement

All of the Groups financial liabilities, excluding derivatives, are classified as subsequently measured at amortized cost.

Derecognition

Financial liabilities are derecognized when they are extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expires.

Derivatives and hedging activities

Derivatives are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Fair value gain or loss related to derivatives not designated or not qualifying as hedging instruments is recognized in profit or loss.

The Group applies the hedge accounting requirements of IFRS 9. For derivatives designated and qualifying as hedging instruments, the method of recognizing the fair value gain or loss depends on the nature of the item being hedged. Derivatives are designated as either:

- Hedges of the fair value of recognized assets or liabilities or firm commitments (fair value hedges);
- Hedges of highly probable future cash flows attributable to a recognized asset or liability (cash flow hedges); or
- Hedges of a net investment in a foreign operation (net investment hedges).

All amounts in SEKm unless otherwise stated

The Group documents, at the inception of the hedge, the relationship between hedged items and hedging instruments, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at the hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items based on the following hedge effectiveness requirements:
- There is an economic relationship between the hedged item and the hedging instrument;
- The effect of credit risk does not dominate the value changes that result from that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Fair value hedge
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of comprehensive income, together with changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in equity via other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the statement of comprehensive income. Amounts accumulated in equity are recycled to the statement of profit or loss in the periods when the hedged item affects profit or loss. They are recorded in the income or expense lines in which the revenue or expense associated with the related hedged item is reported.

Net investment hedge
Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized directly in equity via other comprehensive income; the gain or loss relating to the ineffective portion is recognized immediately in the statement of comprehensive income. Gains and losses accumulated in equity are included in the statement of comprehensive income when the foreign operation is disposed of as part of the gain or loss on the disposal.

Net debt
At year-end 2022, the Group's financial net debt amounted to SEK 19,828m (4,645). The table below presents how the Group calculates net debt and what it consists of.

Net debt

	December 31	
	2022	2021
Short-term loans	5,732	1,288
Short-term part of long-term loans	2,605	4,187
Trade receivables with recourse	40	87
Short-term borrowings	**8,377**	**5,563**
Financial derivative liabilities	445	48
Accrued interest expenses and prepaid interest income	254	65
Total short-term borrowings	**9,076**	**5,675**
Long-term borrowings	**28,738**	**10,205**
Total borrowings	**37,813**	**15,881**
Long-term financial receivables	**185**	–
Cash and cash equivalents	17,559	10,923
Short-term investments	168	165
Financial derivative assets	51	144
Prepaid interest expenses and accrued interest income	21	4
Liquid funds	**17,800**	**11,236**
Financial net debt	**19,828**	**4,645**
Lease liabilities	4,264	3,055
Net provision for post-employment benefits	–245	891
Net debt	**23,848**	**8,591**
Revolving credit facilities[1]	16,622	20,244

[1] For details on the Group's committed revolving credit facilities, see below under "Liquid funds". The facilities are not included in net borrowings, but can be used for short-term and long-term funding.

Liquid funds
Liquid funds as defined by the Group consist of cash and cash equivalents, short-term investments, financial derivative assets and prepaid interest expenses and accrued interest income. Cash and cash equivalents consist of cash on hand, bank deposits and other short-term highly liquid investments with a maturity of 3 months or less.
The table below presents the key data of liquid funds. The carrying amount of liquid funds is approximately equal to fair value.

Liquidity profile

	December 31	
	2022	2021
Cash and cash equivalents	17,559	10,923
Short-term investments	168	165
Financial derivative assets	51	144
Prepaid interest expenses and accrued interest income	21	4
Liquid funds	**17,800**	**11,236**
% of annualized net sales[1]	24.9	24.4
Net liquidity	**8,724**	**5,560**
Fixed interest term, days	13	9
Effective yield, % (average per annum)	0.8	0.3

[1] Liquid funds in relation to annualized net sales, page 119 for definition.

For 2022, liquid funds, including unused committed revolving credit facilities amounted to 24.9% (24.4) of annualized net sales, well above the Financial Policy target of 2.5%. Net liquidity is calculated by deducting short-term borrowings from liquid funds. Unused committed revolving credit facilities as per December 31, 2022 consists of multi-currency sustainability linked facility of EUR 1,000m (1,000), maturing 2027, SEK 2,500m (0), maturing 2023 and SEK 3,000m (0), maturing 2024.

Interest-bearing liabilities
Borrowings are initially recognized at fair value net of transaction costs incurred. After initial recognition, borrowings are valued at amortized cost using the effective interest method.
In 2022, SEK 6,158m (284) of long-term borrowings matured or were amortized. These maturities were partly refinanced to the amount of SEK 22,715m (0).
At year-end 2022, the Group's total interest-bearing liabilities amounted to SEK 37,075m (15,681), of which SEK 31,343m (14,392) referred to long-term borrowings including maturities within 12 months. Long-term borrowings with maturities within 12 months amounted to SEK 2,605m (4,187). The outstanding long-term borrowings have mainly been made under the Euro Medium Term Note (EMTN) Programme and via bilateral loans. The majority of total long-term borrowings, SEK 31,277m (14,297), is raised at Parent Company level. Electrolux also has unused committed revolving credit facilities of SEK 16,622m (20,244) (details stated above under "Liquid funds"). However, Electrolux expects to meet any future requirements for short-term borrowings through bilateral bank facilities and capital market programs such as commercial paper programs.

All amounts in SEKm unless otherwise stated

At year-end 2022, the average interest-fixing period for long-term borrowings was 2.3 years (1.2). The calculation of the average interest-fixing period includes the effect of interest-rate swaps used to manage the interest-rate risk of the debt portfolio. The average interest rate for the total borrowings was 3.4% (1.4) at year-end.

The fair value of the interest-bearing borrowings was SEK 32,409m (14,547). The fair value including swap transactions used to manage the interest fixing was approximately SEK 32,662m (14,554).

Changes in liabilities arising from financing

		Cash Flow			Non Cash flow				
	Opening Balance	Amortization	New debt	Net cash change	Acquisitions	Reclassi-fications	Additions/ Cancellations	Exchange rate differences	Closing Balance
2022									
Long-term borrowings (including short-term part of long-term)	14,392	–6,158	22,244	—	—	—	—	864	31,343
Short-term borrowings (excluding short-term part of long-term)	1,375	—	—	4,148	—	—	—	249	5,772
Lease liabilities	3,055	–948	—	—	—	—	1,782	374	4,264
Total	**18,823**	**–7,106**	**22,244**	**4,148**	—	—	**1,782**	**1,487**	**41,379**
2021									
Long-term borrowings (including short-term part of long-term)	14,400	–284	1	—	30	—	—	245	14,392
Short-term borrowings (excluding short-term part of long-term)	1,052	—	—	–445	733	—	—	36	1,375
Lease liabilities	2,618	–880	—	—	—	—	1,154	163	3,055
Total	**18,070**	**–1,164**	**1**	**–445**	**762**	**—**	**1,154**	**444**	**18,823**

All amounts in SEKm unless otherwise stated

The table below sets out the carrying amount of the Group's borrowings.

Borrowings

Issue/maturity date	Description of loan	Interest rate, %	Currency	Nominal value (in currency)	Carrying amount, December 31 2022	Carrying amount, December 31 2021
Bond loans						
2017–2024	Euro MTN Programme	Floating[1) 2)]	SEK	350	350	350
2018–2023	Euro MTN Programme	1.125	SEK	200	–	200
2018–2023	Euro MTN Programme	Stibor 3M + 0.75	SEK	800	–	802
2018–2025	Euro MTN Programme	Fixed[1)]	USD	73	761	660
2019–2024	Euro MTN Programme	1.103	SEK	1,000	1,000	1,000
2019–2024	Euro MTN Programme	0.885	SEK	750	750	750
2019–2024	Euro MTN Programme	Stibor 3M + 0.75	SEK	750	753	754
2020–2023	Euro MTN Programme	Stibor 3M + 1.85	SEK	1,700	–	1,700
2020–2023	Euro MTN Programme	1.995	SEK	1,700	–	1,700
2020–2025	Euro MTN Programme	Fixed[1) 3)]	NOK	500	502	503
2020–2027	Euro MTN Programme	Fixed[1)]	USD	150	1,564	1,356
2022–2027	Euro MTN Programme	Stibor 3M + 0.6	SEK	1,250	1,249	–
2022–2027	Euro MTN Programme	1.705	SEK	750	749	–
2022–2025	Euro MTN Programme	Stibor 3M + 0.85	SEK	1,000	1,000	–
2022–2026	Euro MTN Programme	4.125 [3)]	EUR	500	5,507	–
2022–2024	Euro MTN Programme	Stibor 3M + 1.15	SEK	750	750	–
2022–2024	Euro MTN Programme	4.363	SEK	750	750	–
2022–2027	Euro MTN Programme	4.838	SEK	1,500	1,500	–
2022–2025	Euro MTN Programme	Stibor 3M + 1.4	SEK	1,000	1,000	–
2022–2025	Euro MTN Programme	4.42	SEK	2,000	2,000	–
2022–2030	Euro MTN Programme	2.5[3)]	EUR	500	5,270	–
Total bond loans[4)]					**25,455**	**9,774**
Other long-term loans						
2017–2026[4)]	Amortizing bank loan Nordic Investment Bank, long-term part	Floating	USD	75	301	365
2022–2029[4)]	European Investment Bank	Fixed	USD	282	2,939	–
	Other long-term loans				42	66
Total other long-term loans					**3,282**	**431**
Long-term borrowings					**28,738**	**10,205**
Short-term part of long-term loans[5)]						
2019–2022[4)]	Euro MTN Programme	Stibor 3M + 0.75	SEK	1,250	–	1,252
2020–2022[4)]	Euro MTN Programme	Stibor 3M + 0.60	SEK	2,550	–	2,552
2020–2022[4)]	Euro MTN Programme	0.405	SEK	250	–	250
2018–2023[4)]	Euro MTN Programme	1.125	SEK	200	200	–
2018–2023[4)]	Euro MTN Programme	Stibor 3M + 0.75	SEK	800	294	–
2020–2023[4)]	Euro MTN Programme	Stibor 3M + 1.85	SEK	1,700	1,099	–
2020–2023[4)]	Euro MTN Programme	1.995	SEK	1,700	868	–
2017–2026[4)]	Amortizing bank loan Nordic Investment Bank, short-term part	Floating	USD	75	120	104
	Other short-term part of long-term loans				24	29
Total short-term part of long-term loans					**2,605**	**4,187**
Other short-term loans						
	Short-term bank loans in Canada	Floating	CAD	30	231	212
	Short-term bank loans in Egypt	Floating	EGP	–	–	–
	Short-term bank loans in Brazil	Floating	BRL	934	1,946	829
	Short-term bank loans in Thailand	Floating	THB	732	221	–
	Short-term bank loans in Chile	Floating	CLP	18,917	230	–
	Other bank borrowings and commercial papers				3,105	247
Total other short-term loans					**5,732**	**1,288**
Trade receivables with recourse					40	87
Short-term borrowings					**8,377**	**5,563**
Long-term and short-term borrowings					**37,114**	**15,768**
Fair value of financial derivative liabilities					445	48
Accrued interest expenses and prepaid interest income					254	65
Total borrowings					**37,813**	**15,881**

1) Private placement
2) The interest-rate fixing profile of nominal amount SEK 100m has been adjusted with an interest-rate swap, where floating rate is swapped for fixed interest rate. The Group applies hedge accounting of cash flows on the relation, and the net effect on the income statement from this hedge for 2022 was SEK 5m (-2).
3) The interest-rate fixing profile of the loans has been adjusted with interest-rate swaps, where fixed interest rate is swapped for floating interest rate. The Group applies hedge accounting of fair value on the relations, and the net effect on the income statement from these hedges for 2022 was SEK 299m (13).
4) Long-term borrowings raised on Parent Company level amount to a total of SEK 31,277m (14,297).
5) Long-term borrowings with maturities within 12 months are classified as short-term borrowings in the Group's balance sheet.

All amounts in SEKm unless otherwise stated

Other short-term loans pertain mainly to countries with capital restrictions. The average maturity of the Group's long-term borrowings including long-term borrowings with maturities within 12 months was 4.0 years (1.9), at the end of 2022. The table below presents the repayment schedule of long-term borrowings.

Repayment schedule of long-term borrowings, December 31

	2023	2024	2025	2026	2027	2028–	Total
Debenture and bond loans	–	4,353	5,263	5,507	5,062	5,270	25,455
Bank and other loans	–	162	120	61	–	2,939	3,282
Short-term part of long-term loans	2,605	–	–	–	–	–	2,605
Total	**2,605**	**4,515**	**5,383**	**5,568**	**5,062**	**8,209**	**31,343**

Commercial flows

The table below shows the forecasted transaction flows, imports and exports, for the 12-month period of 2023 and hedges at year-end 2022.

The hedged amounts are dependent on the hedging policy for each flow considering the existing risk exposure. The effect of hedging on operating income during 2022 amounted to SEK -169m (-108). At year-end 2022, the unrealized fair value of forward contracts for hedging of forecasted transaction flows amounted to SEK 34m (-37). Nominal amount of forecasted transacion flows hedged as per December 31, 2022, was SEK -689m (818). The hedge accounting relations have an average maturity period of 8 months (7).

Forecasted transaction flows and hedges

	AUD	BRL	CAD	CHF	CNY	EUR	GBP	PLN	THB	USD	Other	Total
Inflow of currency, long position	4,150	3,561	4,295	3,112	403	1,051	3,865	2,858	3,961	6,373	12,129	45,758
Outflow of currency, short position	-250	-563	0	-309	-2,204	-8,413	-954	-1,103	-5,412	-22,920	-3,629	-45,758
Gross transaction flow	3,900	2,998	4,295	2,803	-1,801	-7,362	2,911	1,754	-1,451	-16,547	8,500	0
Hedges	-615	-668	-333	-295	964	-506	-166	-294	-328	2,436	-195	0
Net transaction flow	3,284	2,330	3,962	2,508	-837	-7,868	2,745	1,461	-1,779	-14,111	8,305	0

Maturity profile of financial liabilities and derivatives

The table below presents the undiscounted cash flows of the Group's contractual liabilities related to financial instruments based on the remaining period at the balance sheet date to the contractual maturity date. Floating interest cash flows with future fixing dates are estimated using the forward-forward interest rates at year-end. Any cash flow in foreign currency is converted to Swedish krona using the FX spot rates at year-end. The short-term liabilities from account payables are matched by positive cash flow from trade receivables. The loan maturities can be offset by the available liquidity and/or a combination by new issued bonds, commercial papers or bank loans. On top of the other sources, Electrolux has unused committed revolving credit facilities of SEK 16,622m (20,244), see details stated above under 'Liquid funds'.

Maturity profile of financial liabilities and derivatives – undiscounted cash flows

	≤ 0.5 year	> 0.5 year < 1 year	> 1 year < 2 years	> 2 years < 5 years	> 5 years	Total
Loans	-8,660	-677	-5,466	-17,749	-8,979	-41,531
Net settled derivatives	-32	11	-87	-105	-67	-280
Lease liabilities	-545	-498	-858	-1,795	-979	-4,675
Gross settled derivatives	-332	21	3	–	–	-308
whereof outflow	-34,154	-703	-112	–	–	-34,969
whereof inflow	33,821	723	115	–	–	34,659
Accounts payable	-38,357	–	–	–	–	-38,357
Financial guarantees	-1,491	–	–	–	–	-1,491
Total	**-49,417**	**-1,143**	**-6,408**	**-19,649**	**-10,025**	**-86,642**

Net gain/loss, fair value and carrying amount on financial instruments

The tables below and overleaf present net gain/loss on financial instruments, the effect in the income statement and equity, and the fair value and carrying amount of financial assets and liabilities. Net gain/loss can include both exchange-rate differences and gain/loss due to changes in interest-rate levels.

Net gain/loss, income and expense on financial instruments

	2022				2021			
	Gain/loss in profit and loss	Gain/loss in OCI	Interest income	Interest expense	Gain/loss in profit and loss	Gain/loss in OCI	Interest income	Interest expense
Recognized in operating income								
Financial assets and liabilities at fair value through profit and loss	-169	34	–	–	35	-37	–	–
Financial assets and liabilities at amortized cost	-219	–	–	–	-113	–	–	–
Total net gain/loss, income and expense	**-388**	**34**	–	–	**-78**	**-37**	**–**	**–**
Recognized in financial items								
Financial assets and liabilities at fair value through profit and loss	17	5	–	-727	-8	-2	–	-76
Financial assets at amortized cost	–	–	88	–	–	–	44	–
Other financial liabilities at amortized cost	–	-41	299	-1,001	–	-5	–	-383
Total net gain/loss, income and expense	**17**	**-36**	**387**	**-1,728**	**-8**	**-7**	**44**	**-459**

All amounts in SEKm unless otherwise stated

Fair value and carrying amount on financial assets and liabilities

	Fair value hierarchy level	2022 Fair value	2022 Carrying amount	2021 Fair value	2021 Carrying amount
Financial assets					
Financial assets at fair value through profit or loss		**425**	**425**	**227**	**227**
Whereof short-term investments	1	166	166	162	162
Whereof other financial assets	3	259	259	65	65
Financial assets at amortized cost		**39,048**	**39,048**	**34,036**	**34,036**
Whereof trade receivables		21,487	21,487	23,110	23,110
Whereof short-term investments		2	2	3	3
Whereof cash and cash equivalents		17,559	17,559	10,923	10,923
Derivatives		**99**	**99**	**204**	**204**
Whereof derivatives at fair value through profit or loss	2	60	60	204	204
Whereof derivatives in hedge relations	2	39	39	–	–
Total financial assets		**39,572**	**39,572**	**34,467**	**34,467**
Financial liabilities					
Financial liabilities at amortized cost		**74,123**	**75,472**	**54,207**	**53,950**
Whereof long-term borrowings		27,368	28,738	10,455	10,205
Whereof short-term borrowings		8,398	8,377	5,570	5,563
Whereof accounts payable		38,357	38,357	38,182	38,182
Derivatives		**578**	**578**	**75**	**75**
Whereof derivatives at fair value through profit or loss	2	279	279	68	68
Whereof derivatives in hedge relations	2	299	299	7	7
Total financial liabilities		**74,701**	**76,050**	**54,282**	**54,025**

Fair value estimation

Valuation of financial instruments at fair value is done at the most accurate market prices available. Instruments which are quoted on the market, e.g. the major bond and interest-rate future markets, are all marked-to-market with the current price. The foreign-exchange spot rate is used to convert the value into Swedish krona. For instruments where no reliable price is available on the market, cash flows are discounted using the deposit/swap curve of the cash flow currency. If no proper cash flow schedule is available, e.g. as in the case with forward-rate agreements, the underlying schedule is used for valuation purposes. To the extent option instruments are used, the valuation is based on the Black & Scholes formula.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market-interest rate that is available to the Group for similar financial instruments. The Group's financial assets and liabilities at fair value are measured according to the following hierarchy:

- Level 1: Fair value is based on quoted prices in active markets for identical assets or liabilities.
- Level 2: Fair Value is based on other than quoted prices included in level 1 that are observable for assets or liabilities either directly or indirectly such as interest rate curves and FX rates.
- Level 3: Inputs for Fair Value Calculations of the assets or liabilities that are not entirely based on observable market data.

All amounts in SEKm unless otherwise stated

Note 19 Assets pledged for liabilities to credit institutions

	Group December 31		Parent Company December 31	
	2022	2021	2022	2021
Pledged assets	–	–	–	–
Total	**–**	**–**	**–**	**–**

Note 20 Share capital, number of shares and earnings per share

The equity attributable to equity holders of the Parent Company consists of the following items:

Share capital

As per December 31, 2022 the share capital of AB Electrolux consisted of 8,192,348 Class A shares and 274,885,045 Class B shares with a quota value of SEK 5.46 per share. All shares are fully paid. One A share entitles the holder to one vote and one B share to one-tenth of a vote. All shares entitle the holder to the same proportion of assets and earnings, and carry equal rights in terms of dividends.

Share capital

Share capital, December 31, 2021	
8,192,498 Class A shares, quota value SEK 5	41
300,727,810 Class B shares, quota value SEK 5	1,504
Total	**1,545**
Share capital, December 31, 2022	
8,192,348 Class A shares, quota value SEK 5.46	45
274,885,045 Class B shares, quota value SEK 5.46	1,500
Total	**1,545**

Number of shares

	Owned by Electrolux	Owned by other shareholders	Total
Shares, December 31, 2021			
Class A shares	–	8,192,498	8,192,498
Class B shares	25,842,915	274,884,895	300,727,810
Total	**25,842,915**	**283,077,393**	**308,920,308**
Conversion of Class A shares into Class B shares			
Class A shares	–	-150	-150
Class B shares	–	150	150
Redemption of shares			
Class A shares	–	–	–
Class B shares	-25,842,915	–	-25,842,915
Repurchase of shares			
Class A shares	–	–	–
Class B shares	13,049,115	-13,049,115	–
Shares, December 31, 2022			
Class A shares	–	8,192,348	8,192,348
Class B shares	13,049,115	261,835,930	274,885,045
Total	**13,049,115**	**270,028,278**	**283,077,393**

Other paid-in capital

Other paid-in capital relates to payments made by owners and includes share premiums paid in connection with share issues.

Other reserves

Other reserves include the following items: cashflow hedges which refer to changes in valuation of currency contracts used for hedging future foreign currency transactions and exchange-rate differences on translation of foreign operations which refer to changes in exchange rates when net investments in foreign subsidiaries are translated to SEK. The amount of exchange-rate changes includes the value of hedging contracts for net investments. Finally, other reserves include tax relating to the mentioned items.

Retained earnings

Retained earnings, including income for the period, include the income of the Parent Company and its share of income in subsidiaries and associated companies. Retained earnings also include remeasurement of provision for post-employment benefits, reversal of the cost for share-based payments recognized in income, income from sales of own shares and the amount recognized for the common dividend.

Earnings per share

	2022	2021
Income for the period attributable to equity holders of the Parent Company	-1,320	4,678
Earnings per share, SEK		
Basic	-4.81	16.31
Diluted	-4.75	16.21
Average number of shares, million		
Basic	274.7	286.9
Diluted	278.0	288.5

Basic earnings per share is calculated by dividing the income for the period attributable to the equity holders of the Parent Company with the average number of shares. The average number of shares is the weighted average number of shares outstanding during the year, after repurchase of own shares. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding with the estimated number of shares from the share programs. Share programs are included in the dilutive potential ordinary shares as from the start of each program. The dilution in the Group is a consequence of the Electrolux long-term incentive programs.

The average number of shares during the year has been 274,658,318 (286,852,239) and the average number of diluted shares has been 277,996,529 (288,472,807).

All amounts in SEKm unless otherwise stated

Note 21 Untaxed reserves, Parent Company

	December 31, 2022	Appropriations	December 31, 2021
Accumulated depreciation in excess of plan			
Brands	382	–14	396
Licenses	0	0	0
Machinery and equipment	168	7	161
Buildings	0	0	0
Other	118	89	29
Total	**668**	**82**	**586**
Group contributions		–22	
Total appropriations		**60**	

Note 22 Post-employment benefits

Post-employment benefits

The Group sponsors pension plans in many of the countries in which it has significant activities. Pension plans can be defined contribution or defined benefit plans or a combination of both. Under defined benefit pension plans, the company enters into a commitment to provide post-employment benefits based upon one or several parameters for which the outcome is not known at present. For example, benefits can be based on final salary, on career average salary, or on a fixed amount of money per year of employment. Under defined contribution plans, the company's commitment is to make periodic payments to independent authorities or investment plans, and the level of benefits depends on the actual return on those investments. Some plans combine the promise to make periodic payments with a promise of a guaranteed minimum return on the investments. These plans are also defined benefit plans.

In some countries, Electrolux makes provisions for compulsory severance payments. These provisions cover the Group's commitment to pay employees a lump sum upon reaching retirement age, or upon the employees' dismissal or resignation.

In addition to providing pension benefits and compulsory severance payments, the Group provides healthcare benefits for some of its employees in certain countries, predominantly so in the U.S.

The cost for pension is disaggregated into three components; service cost, financing cost or income and remeasurement effects. Service cost is reported within Operating income and classified as Cost of goods sold, Selling expenses or Administrative expenses depending on the function of the employee. Financing cost or income is recognized in the Financial items and the remeasurement effects in Other comprehensive income. The Projected Unit Credit Method is used to measure the present value of the obligations and costs.

Net provisions for post-employment benefits in the balance sheet represent the present value of the Group's obligations less market value of plan assets. The remeasurements of the obligations are made using actuarial assumptions determined at the balance sheet date. Changes in the present value of the obligations due to revised actuarial assumptions and experience adjustments on the obligation are recorded in Other comprehensive income as remeasurements. The actual return less calculated interest income on plan assets is also recorded in other comprehensive income as remeasurements. Past-service costs are recognized immediately in income for the period.

Some features of the defined benefit plans in the main countries are described below.

U.S.

The number of pension plans in the U.S. has been significantly reduced over the years through plan consolidation. In 2022, the single remaining funded plan was terminated through a buyout transaction with an external insurance company, and only a small unfunded plan remains. Current employees participate in defined contribution plans.

United Kingdom

The defined benefit plan is closed for future accruals and employees are offered defined contribution. The funding position is reassessed every three years and a schedule of contributions is agreed between the Trustee and the company, if so required. The Trustee decides the investment strategy and consults with the company. Benefits are paid from the plan assets.

Sweden

The main defined benefit plan in Sweden is the collectively agreed pension plan for white collar employees, the ITP 2 plan. Benefits in payment are indexed according to decisions made by Alecta's Board of Directors. Indexation typically follow inflation. Electrolux secures its obligation for old age pension (ITP 2) through a pension foundation. The majority of employees are however covered by the collectively agreed defined contribution plan (ITP 1).

Germany

There are several defined benefit plans based on final salary in Germany. Benefits in payment are indexed every three years according to inflation levels. All plans are closed for new participants. Electrolux has arranged a Contractual Trust Arrangement (CTA) and the funds are held by a local bank who acts as the trustee for the scheme. The assets are managed by a fund management company, Electrolux performs an oversight on the strategy via an investment committee with members both from Group staff functions and the local German company. No minimum funding requirements or regular funding obligations apply to CTAs. If there is a surplus under both German GAAP and IFRS rules, Electrolux can take a refund up to the German GAAP surplus. Benefits are paid directly by the company and Electrolux can refund itself for pension pay-outs. Over time, Electrolux will have access to any residual funds after the last beneficiary has left the plan.

Switzerland

In Switzerland benefits are career average in nature, with indexation of benefits following decisions of the foundation board, subject to legal minima. Contributions are paid to the pension foundation and a recovery plan has to be set up if the plans are underfunded on the local funding basis. Swiss laws do not state any specific way of calculating an employer's additional contribution and because of that there is normally no minimum funding requirement. Benefits are paid from the plan assets.

Other countries

There is a variety of smaller plans in other countries and the most important of those are in France, Italy and Canada. The pension plans in France and Italy are mainly unfunded. In Canada there are both funded and unfunded pension plans. A mix of final salary and career average exists in these countries. Some plans are open for new entrants.

All amounts in SEKm unless otherwise stated

Explanation of amounts in the financial statements relating to defined benefit obligations.

Information by country December 31, 2022

	U.S.	U.S. Medical	UK	Sweden	Germany	Switzer-land	Other	Total
Amounts included in the balance sheet								
Present value of funded and unfunded obligations	313	1,589	5,693	2,334	3,623	2,517	154	16,223
Fair value of plan assets (after change in asset ceiling)	–1,446	–1,573	–6,370	–2,302	–2,374	–2,522	119	–16,468
Total (surplus)/deficit	**–1,133**	**16**	**–677**	**31**	**1,249**	**–5**	**273**	**–245**
Whereof reported as:								
Pension plan assets	–1,446	–	–676	–	–	–5	–6	–2,133
Provisions for post-employment benefit plans	313	16	–	31	1,249	–	279	1,888
Total funding level for all pension plans, %	462	99	112	99	66	100	–77	102
Average duration of the obligation, years	9.0	8.0	12.0	20.0	14.0	13.0	–	12.0
Amounts included in total comprehensive income								
Service cost	–33	–	–	124	22	15	3	131
Net interest cost	–28	0	0	6	9	0	3	–9
Remeasurements (gain)/loss	33	13	691	602	236	–337	66	1,304
Total expense (gain) for defined benefit plans	**–28**	**13**	**691**	**732**	**267**	**–322**	**72**	**1,426**
Expenses for defined contribution plans								849
Amounts included in the cash flow statement								
Contributions by the employer	–	22	–	–	–	70	0	92
Reimbursement	–	–	–	–80	–507	–	–	–587
Benefits paid by the employer	6,086	141	282	–	–	137	12	6,659
Major assumptions for the valuation of the liability								
Longevity, years[1]								
Male	20.5	20.3	20.8	23.0	20.5	21.8	–	21.0
Female	22.4	22.0	23.7	24.8	24.0	23.5	–	23.4
Inflation, %[2]	–	–	3.25	2.00	2.50	1.50	–	2.54
Discount rate, %	5.20	5.20	4.40	3.50	3.10	1.80	–	3.66

Information by country December 31, 2021

	U.S.	U.S. Medical	UK	Sweden	Germany	Switzer-land	Other	Total
Amounts included in the balance sheet								
Present value of funded and unfunded obligations	7,442	1,783	7,941	2,876	4,088	2,683	798	27,611
Fair value of plan assets (after change in asset ceiling)	–8,316	–1,776	–7,929	–2,464	–3,065	–2,979	–191	–26,720
Total (surplus)/deficit	**–874**	**7**	**12**	**412**	**1,023**	**–296**	**607**	**891**
Whereof reported as:								
Pension plan assets	–	–	–	–	–	–	–	1,732
Provisions for post-employment benefit plans	–	–	–	–	–	–	–	2,623
Total funding level for all pension plans, %	112	100	100	86	75	111	24	97
Average duration of the obligation, years	10.3	9.2	15.2	22.2	14.3	12.8	–	14.0
Amounts included in total comprehensive income								
Service cost	–	–	–	159	23	37	3	222
Net interest cost	–16	–	3	19	9	–	2	17
Remeasurements (gain)/loss	–79	12	–196	–1,889	–241	–355	2	–2,746
Total expense (gain) for defined benefit plans	**–95**	**12**	**–193**	**–1,712**	**–209**	**–318**	**7**	**–2,507**
Expenses for defined contribution plans								678
Amounts included in the cash flow statement								
Contributions by the employer	–	23	–	–	–	33	1	57
Reimbursement	–	–	–	–86	–	–	–	–86
Benefits paid by the employer	48	–	–	109	172	–	26	355
Major assumptions for the valuation of the liability								
Longevity, years[1]								
Male	20.7	20.7	20.8	22.7	20.4	21.8	–	21.2
Female	22.6	22.3	23.6	24.8	23.8	24.8	–	23.6
Inflation, %[2]	3.00	–	3.50	1.75	2.00	1.00	–	2.62
Discount rate, %	2.60	2.60	1.60	1.60	0.90	0.10	–	1.67

[1] Expressed as the average life expectancy of a 65-year-old person in number of years.
[2] General inflation impacting salary and pensions increase. For USA Medical, the number refers to the inflation of healthcare benefits.

All amounts in SEKm unless otherwise stated

Reconciliation of change in present value of funded and unfunded obligations

	2022	2021
Opening balance, January 1	**27,611**	**28,874**
Current service cost	164	222
Special events	—	—
Interest expense	467	416
Remeasurement arising from changes in financial assumptions	-6,902	-507
Remeasurement from changes in demographic assumptions	310	-234
Remeasurement from experience	533	-417
Contributions by plan participants	39	35
Benefits paid [2]	-6,914	-1,586
Exchange differences	2,029	1,867
Settlements and other	-1,114	-1,059
Closing balance, December 31	**16,223**	**27,611**

Reconciliation of change in the fair value of plan assets

	2022	2021
Opening balance, January 1	**26,720**	**25,194**
Interest income[1]	492	399
Return on plan assets, excluding amounts included in interest[1]	-4,361	1,880
Effect of asset ceiling	-853	-292
Net contribution by employer	-533	-30
Contribution by plan participants	39	35
Benefits paid [2]	-6,658	-1,232
Exchange differences	2,167	1,945
Settlements and other	-545	-1,179
Closing balance, December 31	**16,468**	**26,720**

[1] The actual return on plan assets amounts to SEK 3,869m (2,279).
[2] During Q4 2022 a U.S. pension plan buyout was completed with pension obligations transferred to a third party. This resulted in a reduction of gross pension liabilities and assets of SEK 6bn respectively at year-end 2022.

Risks
There are mainly three categories of risks related to defined benefit obligations and pension plans. The first category relates to risks affecting the actual pension payments. Increased longevity and inflation of salary and pensions are risks that may increase the future pension payments and, hence, increase the pension obligation. The second category relates to investment return. Pension plan assets are invested in a variety of financial instruments and are exposed to market fluctuations. Poor investment return may reduce the value of investments and render them insufficient to cover future pension payments. The third category relates to measurement and affects the accounting for pensions. The discount rate used for measuring the present value of the obligation may fluctuate which impacts the valuation of the Defined Benefit Obligation (DBO). The discount rate also impacts the size of the interest income and expense that is reported in the Financial items and the service cost. When determining the discount rate, the Group uses AA rated corporate bond indexes which match the duration of the pension obligations. In Sweden, mortgage-backed bonds are used for determining the discount rate. Expected inflation and mortality assumptions are based on local conditions in each country and changes in those assumptions may also affect the measured obligation and, therefore, the accounting entries.

Investment strategy and risk management
The Group manages the allocation and investment of pension plan assets with the aim of decreasing the total pension cost over time. This means that certain risks are accepted in order to increase the return. The investment horizon is long-term and the allocation ensures that the investment port-folios are well diversified. In some countries, a so called trigger-points scheme is in place, whereby the investment in fixed income assets increases as the funding level improves. The Board of Electrolux annually approves the limits for asset allocation. The final investment decision often resides with the local trustee that consults with Electrolux. The risks related to pension obligations, e.g., mortality exposure and inflation, are monitored on an ongoing basis. Buy-out premiums are also monitored and other potential liability management actions are also considered to limit the exposure to the Group.

Below is the sensitivity analysis for the main financial assumptions and the potential impact on the present value of the defined pension obligation. Note that the sensitivities are not meant to express any view by Electrolux on the probability of a change.

Sensitivity analysis on defined benefit obligation

	U.S.	U.S. Medical	UK	Sweden	Germany	Switzerland	Other	Total
Longevity +1 year	7	87	370	64	219	76	5	828
Inflation +0.5%[1]	—	—	148	240	212	27	12	639
Discount rate +1%	-33	-117	-599	-405	-401	-253	-47	-1,855
Discount rate –1%	38	130	734	507	494	313	54	2,270

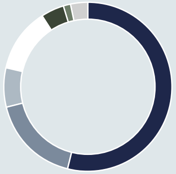
[1] The inflation change feeds through to other inflation-dependent assumptions, i.e., pension increases and salary growth.

In the coming year, the Group expects to pay a total of SEK 274m in contributions to the pension funds and as payments of benefits directly to the employees.

All amounts in SEKm unless otherwise stated

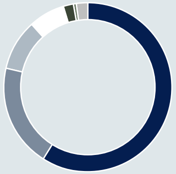
Market value of plan assets by category

2022



- Fixed income, SEK 8,911m
- Equity, SEK 2,836m
- Real estate, SEK 2,014m
- Hedge funds, SEK 1,218m
- Infrastructure, SEK 739m
- Private equity, SEK 244m
- Cash, SEK 505m

2021



- Fixed income, SEK 15,805m
- Equity, SEK 5,219m
- Hedge funds, SEK 2,598m
- Real estate, SEK 1,876m
- Infrastructure, SEK 518m
- Private equity, SEK 179m
- Cash, SEK 525m

Market value of plan assets without quoted prices

	December 31 2022	2021
Fixed income	1,629	1,412
Real estate	2,014	1,876
Infrastructure	739	518
Private equity	244	179

Governance

Defined benefit pensions and pension plan assets are governed by the Electrolux Pension Board, which resumes 3 to 4 times per year and has the following responsibilities:

- Implementation of pension directives of the AB Electrolux Board of Directors.
- Evaluation and approval of new plans, changes to plans or termination of plans.
- Approval of the Group's and local pension funds' investment strategies.
- Approval of the Group's global and local benchmarks for follow up of pension plan assets.
- Approval of the election of company representatives in the Boards of Trustees.
- Approval of the financial and actuarial assumptions to be used in the measurement of the defined benefit obligations.

Parent Company

According to Swedish accounting principles adopted by the Parent Company, defined benefit liabilities are calculated based upon officially provided assumptions, which differ from the assumptions used in the Group under IFRS. The pension benefits are secured by contributions to a separate fund or recorded as a liability in the balance sheet. The accounting principles used in the Parent Company's separate financial statements differ from the IFRS principles, mainly in the following:

- The pension liability calculated according to Swedish accounting principles does not take into account future salary increases.
- The discount rate used in the Swedish calculations is set by the Swedish Pension Foundation (PRI) and was for 2022 3,0% (4,0). The rate is the same for all companies in Sweden.
- Changes in the discount rate and other actuarial assumptions are recognized immediately in the profit or loss and the balance sheet.
- Deficit must be either immediately settled in cash or recognized as a liability in the balance sheet.
- Surplus cannot be recognized as an asset, but may in some cases be refunded to the company to offset pension costs.

Change in the present value of defined benefit pension obligation for funded and unfunded obligations

	Funded	Unfunded	Total
Opening balance, January 1, 2021	**1,815**	**440**	**2,255**
Current service cost	356	10	366
Interest cost	56	17	73
Benefits paid	–1,258	–43	–1,301
Closing balance, December 31, 2021	**969**	**424**	**1,393**
Current service cost	331	33	364
Interest cost	34	13	47
Benefits paid	–5	–36	–41
Closing balance, December 31, 2022	**1,329**	**434**	**1,763**

Change in fair value of plan assets

	Funded
Opening balance, January 1, 2021	**2,563**
Actual return on plan assets	1,165
Contributions and compensation to/from the fund	–1,264
Closing balance, December 31, 2021	**2,464**
Actual return on plan assets	–106
Contributions and compensation to/from the fund	–80
Closing balance, December 31, 2022	**2,278**

Amounts recognized in the balance sheet

	December 31 2022	2021
Present value of pension obligations	–1,763	–1,393
Fair value of plan assets	2,278	2,464
Surplus/deficit	**515**	**1,071**
Limitation on assets in accordance with Swedish accounting principles	–949	–1,495
Net provisions for pension obligations	**–434**	**–424**
Whereof reported as provisions for pensions	–434	–424

Amounts recognized in the income statement

	2022	2021
Current service cost	364	366
Interest cost	47	73
Total expenses for defined benefit pension plans	**411**	**439**
Insurance premiums	193	141
Total expenses for defined contribution plans	**193**	**141**
Special employer's contribution tax	40	37
Cost for credit insurance FPG	2	4
Total pension expenses	**646**	**621**
Compensation from the pension fund	–80	–1,264
Total recognized pension expenses	**566**	**–643**

The Swedish Pension Foundation

The pension liabilities of the Group's Swedish defined benefit pension plan (PRI pensions) are funded through a pension foundation established in 1998. The market value of the assets of the foundation amounted at December 31, 2022, to SEK 2,278m (2,464) and the pension commitments to SEK 1,329m (969). The Swedish Group companies recorded a liability to the pension fund as per December 31, 2022, in the amount of SEK 0m (0). Contributions to the pension foundation during 2022 amounted to SEK 0m (0). Contributions from the pension foundation during 2022 amounted to SEK 80m (1,264).

All amounts in SEKm unless otherwise stated

Note 23 Other provisions

	Group					Parent Company			
	Provisions for restructuring	Warranty commitments	Claims	Other	Total	Provisions for restructuring	Warranty commitments	Other	Total
Opening balance, January 1, 2021	**1,486**	**2,039**	**1,153**	**3,406**	**8,083**	**551**	**507**	**52**	**1,110**
Acquisitions of operations	6	–	–	–	6	–	–	–	–
Provisions made	51	544	366	1,460	2,421	–	96	44	140
Provisions used	–282	–258	–520	–872	–1,932	–184	–	–	–184
Unused amounts reversed	–46	–13	–	–453	–512	–5	–	–	–5
Reclassifications	–52	19	25	–1,104	–1,112	–	–	–	–
Exchange-rate differences	77	96	94	146	413	3	7	1	11
Closing balance, December 31, 2021	**1,240**	**2,427**	**1,118**	**2,584**	**7,368**	**365**	**610**	**97**	**1,072**
Of which current provisions	566	1,201	301	635	2,704	259	153	12	424
Of which non-current provisions	674	1,226	816	1,948	4,664	106	457	85	648
Opening balance, January 1, 2022	**1,240**	**2,427**	**1,118**	**2,584**	**7,368**	**365**	**610**	**97**	**1,072**
Acquisitions of operations	–	–	–	–	–	–	–	–	–
Provisions made	1,543	271	424	994	3,231	805	–	8	813
Provisions used	–520	–307	–293	–1,130	–2,250	–146	–180	–11	–337
Unused amounts reversed	–176	–156	–	–125	–457	–113	–	–15	–128
Reclassifications	–	–	–	–	–	–	–	–	–
Exchange-rate differences	136	181	144	340	801	38	30	4	72
Closing balance, December 31, 2022	**2,222**	**2,416**	**1,391**	**2,664**	**8,693**	**949**	**460**	**83**	**1,492**
Of which current provisions	1,660	1,272	346	759	4,037	778	111	8	897
Of which non-current provisions	562	1,144	1,045	1,905	4,657	171	349	75	595

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date. Where the effect of time value of money is material, the amount recognized is the present value of the estimated expenditures.

Provisions for warranty are recognized at the date of sale of the products covered by the warranty and are calculated based on historical data for similar products. Provisions for warranty commitments are recognized as a consequence of the Group's policy to cover the cost of repair of defective products. Warranty is normally granted for one to two years after the sale.

Restructuring provisions are recognized when the Group has both adopted a detailed formal plan for the restructuring and either started the plan implementation or communicated its main features to those affected by the restructuring. Provisions for restructuring represent the expected costs to be incurred as a consequence of the Group's decision to close some factories, rationalize production and reduce personnel, both for newly acquired and previously owned companies. The amounts are based on management's best estimates and are adjusted when changes to these estimates are known. The larger part of the restructuring provision as per December 31, 2022, is expected to be consumed in 2023 and 2024.

The provisions for claims refer to the Group's insurance companies and include technical provision for both unearned premium and outstanding claims reserves including claims incurred but not reported (IBNR). Further, these captive provisions are related to the different insurance classes included in the Group's insurance companies. Other provisions include mainly provisions for environmental liabilities, asbestos claims or other liabilities. The timing of any resulting outflows for provisions for claims and other provisions is uncertain.

All amounts in SEKm unless otherwise stated

Note 24 Other liabilities

	Group December 31		Parent Company December 31	
	2022	2021	2022	2021
Accrued holiday pay	1,107	1,100	314	290
Other accrued payroll costs	1,183	2,233	156	692
Accrued interest expenses	254	65	249	62
Contract liabilities[1]	7,516	7,846	–	–
Other accrued expenses	3,607	4,023	443	712
Deferred government grants	484	634	–	–
Other prepaid income	179	109	205	195
VAT liabilities	1,017	908	–	–
Personnel related liabilities	854	979	–	–
Other operating liabilities	1,342	1,848	–	–
Total	**17,543**	**19,745**	**1,367**	**1,951**

[1] Specification of the movement in contract liabilities is presented in Note 4.

Other accrued expenses include for example accruals for fees, advertising and sales promotion. Other operating liabilities include for example credit balances for costumers.

Note 25 Contingent assets and liabilities

	Group December 31		Parent Company December 31	
	2022	2021	2022	2021
Guarantees and other commitments				
On behalf of subsidiaries	–	–	–	–
On behalf of external counterparties	1,491	1,309	1,097	996
Total	**1,491**	**1,309**	**1,097**	**996**

A large part of the guarantees and other commitments on behalf of external counterparties, is related to pension commitments.

In addition to the above contingent liabilities, guarantees for fulfillment of contractual undertakings are given as part of the Group's normal course of business. There was no indication at year-end that payment will be required in connection with any contractual guarantees.

Legal proceedings

Litigation and claims related to asbestos are pending against the Group in the U.S. Almost all of the cases refer to externally supplied components used in industrial products manufactured by discontinued operations prior to the early 1970s. The cases involve plaintiffs who have made substantially identical allegations against other defendants who are not part of the Electrolux Group.

As of December 31, 2022, the Group had a total of 3,365 (3,315) cases pending, representing approximately 3,371 (approximately 3,324) plaintiffs. During 2022, 1,054 new cases with approximately 1,054 plaintiffs were filed and 1,004 pending cases with approximately 1,007 plaintiffs were resolved.

The Group continues to operate under a 2007 agreement with certain insurance carriers who have agreed to reimburse the Group for a portion of its costs relating to certain asbestos lawsuits. The agreement is subject to termination upon 60 days notice and if terminated, the parties would be restored to their rights and obligations under the affected insurance policies.

It is expected that additional lawsuits will be filed against Electrolux. It is not possible to predict the number of future lawsuits. In addition, the outcome of asbestos lawsuits is difficult to predict and Electrolux cannot provide any assurances that the resolution of these types of lawsuits will not have a material adverse effect on its business or on results of operations in the future.

The Group is involved in a legal proceeding in Egypt relating to the privatization of an Egyptian subsidiary. The proceeding is currently on-going in the court of first instance in Cairo, Egypt. Electrolux believes that the lawsuit is without legal merit.

In October 2013, Electrolux became subject of an investigation by the French Competition Authority regarding a possible violation of antitrust rules. The Authority has thereafter decided to conduct two separate investigations whereof one was completed in December 2018. The other investigation is still ongoing, and the Authority has so far not communicated any conclusions. Given the nature of the investigation, it cannot be ruled out that the outcome could have a material impact on Electrolux financial result and cash flow. At this stage it is however not possible to evaluate the extent of such an impact.

In 2019 an order was issued by the Italian Environmental Authorities for certain remediation actions connected to contamination at a manufacturing site in Aviano (Italy), a site that Electrolux subsidiary INFA s.p.a. ("INFA") divested to the current operator of the site, Sarinox s.p.a. ("Sarinox"), in 2001. Following certain court proceedings, the order became final against Sarinox in the fourth quarter of 2021. Pursuant to the order, Sarinox shall, inter alia, participate in projects to improve the groundwater quality in the Friuli region, Italy (whereby interventions for a cost of EUR 42m are mentioned in the order), and take certain other measures to clean 42m cubic meters of contaminated groundwater in the region. Although INFA is not liable to perform the obligations under the order from the Environmental Authority, it is possible that the situation can evolve and result in a liability for INFA in its capacity as former owner and operator or seller of the site. However, it is at this stage not possible to evaluate the extent of such a potential liability. No provision relating to this matter has been set.

Note 26 Acquired and divested operations

Acquisitions in 2022

There were no acquisitions completed during 2022.

Divestments in 2022

Electrolux decided to exit Russia and has divested the business to local management through a sale of its Russian subsidiary on September 9, 2022. A capital loss of SEK 350m was recorded as a non-recurring item affecting the operating income for Business Area Europe in the third quarter of 2022.

Divestment of Russia

Divested operations	2022	2021
Fixed assets	12	–
Other non-current assets	26	–
Current assets	39	–
Cash	546	–
Non-current liabilities	-12	–
Current liabilities	-20	–
Currency effects	-53	–
Other	-10	–
Capital loss	-350	–
Proceeds	**179**	**–**
Divested cash	-546	–
Cash flow effect divested operations	**-367**	**–**

All amounts in SEKm unless otherwise stated

Acquisitions in 2021

CSAV Group

On July 8, 2021, Electrolux acquired La Compagnie du SAV (CSAV) a French service provider specialized in repairing domestic appliances. Through the acquisition Electrolux strengthens its service network in France. CSAV is headquartered in Lisses, south of Paris, and employs around 200 people. Net sales in 2020 amounted to around EUR 25m. The operations are included in Business Area Europe.

Gångaren 13 Holding AB

On December 7, 2021, Electrolux acquired 50% of the shares in the Swedish company Gångaren 13 Holding AB. Before the acquisition, Electrolux held 50% of the shares in the company. The acquired company is accounted for as a fully owned subsidiary as from the acquisition date. Gångaren 13 Holding AB is the owner of Electrolux corporate head office in Stockholm. The purchase price for the additional 50% amounts to SEK 990m and as the acquisition mainly comprises a property, it has been classified as an asset acquisition, which means that it is included in the group accounts at accumulated cost, without effects from deferred taxes.

Acquired operations	2022	2021
Consideration:		
Cash paid for acquisitions made during the year	–	91
Fair value of holding	–	–
Total consideration	**–**	**91**
Recognized amounts of assets acquired and liabilities assumed:		
Total net assets acquired	–	23
Assumed net debt / cash	–	11
Goodwill	–	58
Total	**–**	**91**

Payments for acquisitions:	2022	2021
Cash paid for acquisitions of operations	–	91
Cash and cash equivalents in acquired operations	–	-76
Payments for acquisition of non-controlling interest in CTI SA and Somela SA, Chile	–	1
Payment for acquisition of Gångaren 13 Holding AB	–	990
Total paid	**–**	**1,006**

Note 27 Employees and remuneration

Employees and employee benefits

In 2022, the average number of employees was 50,769 (51,590), of which 31,350 (31,871) were men and 19,419 (19,719) were women.

A detailed specification of the average number of employees by country has been submitted to the Swedish Companies Registration Office and is available upon request from AB Electrolux, Investor Relations. See also Electrolux website www.electroluxgroup.com.

Average number of employees, by geographical area

	Group 2022	Group 2021
Europe	19,574	19,026
North America	8,215	8,383
Latin America	14,339	15,852
Asia-Pacific, Middle East and Africa	8,641	8,329
Total	**50,769**	**51,590**

Salaries, other remuneration and employer contributions

	2022			2021		
	Salaries and remuneration	Employer contributions	Total	Salaries and remuneration	Employer contributions	Total
Parent Company	1,538	832	2,370	1,187	696	1,883
whereof pension costs[1]	–	349	349	–	323	323
Subsidiaries	18,106	3,342	21,448	15,642	2,898	18,540
whereof pension costs	–	624	624	–	577	577
Total	**19,644**	**4,174**	**23,818**	**16,829**	**3,594**	**20,423**
whereof pension costs	–	973	973	–	900	900

[1] Includes SEK 11m (5) refering to the President's predecessors according to local GAAP.

Salaries and remuneration for Board members, senior managers and other employees

	2022			2021		
	Board members and senior managers[1]	Other employees	Total	Board members and senior managers[1]	Other employees	Total
Parent Company	71	1,467	1,538	87	1,100	1,187
Other	467	17,639	18,106	309	15,333	15,642
Total	**538**	**19,106**	**19,644**	**396**	**16,433**	**16,829**

[1] According to the definition of Senior managers in the Swedish Annual Accounts Act.

Of the Board members in Group companies, 79 (84) were men and 25 (19) women, of whom 4 (5) men and 3 (3) women in the Parent Company. According to the definition of Senior managers in the Swedish Annual Accounts Act, the number of Senior managers in the Group consisted of 187 (189) men and 70 (82) women, of whom 5 (6) men and 2 (2) women in the Parent Company. The total pension cost for Board members and Senior managers in the Group amounted to SEK 38m (27).

All amounts in SEKm unless otherwise stated

Compensation to Board members

	2022			2021		
´000 SEK	Ordinary compensation	Compensation for committee work	Total compensation	Ordinary compensation	Compensation for committee work	Total compensation
Staffan Bohman, Chairman	2,371	233	2,604	2,263	300	2,563
Petra Hedengran	691	274	965	659	355	1,014
Henrik Henriksson	691	–	691	659	–	659
Ulla Litzén	691	270	961	659	290	949
Karin Overbeck	691	90	781	659	–	659
Fredrik Persson	691	188	879	659	185	844
David Porter	691	–	691	659	–	659
Jonas Samuelson, President	–	–	–	–	–	–
Kai Wärn (up to AGM 2021)	–	–	–	159	–	159
Mina Billing (up to May 5 2022)	–	–	–	–	–	–
Viveca Brinkenfeldt Lever	–	–	–	–	–	–
Peter Ferm	–	–	–	–	–	–
Wilson Quispe (as from May 9 2022)	–	–	–	–	–	–
Total compensation	**6,517**	**1,055**	**7,572**	**6,376**	**1,130**	**7,506**

Compensation to the Board of Directors

The Annual General Meeting (AGM) determines the compensation to the Board of Directors for a period of one year until the next AGM. The compensation is distributed between the Chairman, other Board Members and remuneration for committee work. The Board decides the distribution of the committee fee between the committee members. Compensation is paid out in advance each quarter. Compensation paid in 2022 refers to one fourth of the compensation authorized by the AGM in 2021 and three fourths of the compensation authorized by the AGM in 2022. Total compensation paid in cash in 2022 amounted to SEK 7.6m, of which SEK 6.5m referred to ordinary compensation and SEK 1.1m to committee work.

Remuneration guidelines for Group Management

The current remuneration guidelines were approved by the AGM in 2020. The guidelines apply until the AGM 2024 and are described below. The detailed guidelines can be found on page 41 in the Annual Report.

Electrolux has a clear strategy to deliver profitable growth and create shareholder value. A prerequisite for the successful implementation of the Company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the Company is able to recruit and retain qualified personnel. To this end, it is necessary that the Company offers competitive remuneration in relation to the country or region of employment of each Group Management member. These guidelines enable the Company to offer the Group Management a competitive total remuneration. The total remuneration for the Group Management shall be in line with market practice and may comprise the following components: fixed compensation, variable compensation, pension benefits and other benefits. Following the 'pay for performance' principle, variable compensation shall represent a significant portion of the total compensation opportunity for Group Management. Variable compensation shall always be measured against pre-defined targets and have a maximum above which no payout shall be made. Variable compensation shall mainly relate to financial performance targets. Non-financial targets may also be used in order to strengthen the focus on delivering on the Company's business strategy and long-term interests, including its sustainability. The targets shall be specific, clear, measurable and time bound and be determined by the Board of Directors.

Since 2004, Electrolux has offered long-term performance share programs for senior managers of the Group. The alignment of Electrolux top management incentives with the interest of shareholders is a longstanding priority of the Board of Directors. Ownership of Electrolux shares by the Group's CEO and other Group Management members is an important measure to strengthen this alignment.

Thus the Board recommends that the CEO shall build up a personal holding of B-shares in Electrolux representing a value of one gross annual base salary and for Group Management members to build up a personal holding of B-shares in Electrolux representing a value of 50% of one gross annual base salary.

Remuneration and terms of employment for the President in 2022

The remuneration package for the President comprises fixed salary, variable salary based on annual targets, a long-term performance-share program and other benefits such as pension and insurance.

For the President, the annualized base salary for 2022 has been set at SEK 13.0m.

The variable salary is based on annual financial and non-financial targets for the Group. Each year, a performance range is determined with a minimum and a maximum. If the performance outcome for the year is below or equal to the minimum level, no pay-out will be made. If the performance outcome is at or above the maximum, pay-out is capped at 100% of the annualized base salary. If the performance outcome is between minimum and maximum, the pay-out shall be determined on a linear basis.

The President participates in the Group's long-term performance based share programs. For further information on these programs, see below.

The notice period from the company is 12 months, and from the President 6 months. The President is entitled to 12 months severance pay based on base salary with deduction for other income during the 12 months severance period. Severance pay is applicable if the employment is terminated by the company. It is also applicable if the employment is terminated by the President provided serious breach of contract on the company's behalf or if there has been a major change in ownership structure in combination with changes in management and changed individual accountability.

Pensions for the President

The President is covered by the collectively agreed ITP plan, the alternative rule of the plan, and Electrolux Pension Plan for CEO. The Electrolux Pension Plan for CEO is a defined contribution plan. The employer contribution to the plan for the President is equivalent to 35% of annual base salary, which also includes the contributions for the benefits of the ITP-plan, alternative ITP and any insurable supplementary disability and survivor's pension.

In addition, the Company provides a disability pension of maximum SEK 1.2m per year if long term disability occurs. The retirement age for the President is 65.

The capital value of pension commitments for the President in 2022, prior Presidents, and survivors is SEK 185m (183), whereof SEK 44m (42) relates to the current President.

Remuneration and terms of employment for other members of Group Management in 2022

Like the President, other members of Group Management receive a remuneration package that comprises fixed salary, variable salary based on annual targets, long-term performance-share programs and other benefits such as pensions and insurance.

Base salary is revised annually per January 1. The average base-salary increase for members of Group Management in 2022 was 7.9% (5.9).

Variable salary in 2022 is based on financial and non-financial targets on business area and Group level. Variable salary for business area heads and heads of Commercial and Consumer Journey, Operations and Consumer Experience & Product Lines varies between a minimum (no pay-out) and a maximum of 100% of annual base salary, which is also the cap. Group Management members in the USA have a maximum of up to 150% of annual base salary.

Group Management members that are Group staff heads receive variable salary that varies between a minimum (no pay out) and a maximum of 80%, which is also the cap.

The members of Group Management participate in the Group's long-term performance based share programs. For further information on these programs, see below.

The notice period for Group Management members employed in Sweden is 12 months for the company and 6 months for the employee. Certain members of Group Management are entitled to 12 months' severance pay based on base salary with deduction for other income during the 12 months severance period. Severance pay is applicable if the employment is terminated by the company. It is also applicable if the employment is terminated by the Group Management member provided serious breach of contract on the company's behalf or if there has been a major change in ownership structure in combination with changes in management and changed individual accountability.

For members of Group Management employed outside of Sweden, varying terms of employment and benefits, such as company car, may apply depending upon the country of employment.

Pensions for other members of Group Management

Group Management members employed in Sweden as from 2012 receive a pension entitlement where the aggregated contribution is 35% of annual base salary. The retirement age is 65 years.

Group Management members employed in Sweden before 2012 are covered by the Alternative ITP plan, as well as a supplementary plan.

The Alternative ITP plan is a defined contribution plan where the contribution increases with age. The contribution is between 20 and 40 % of pensionable salary, between 7.5 and 30 income base amounts. The contribution to the supplementary plan is 35% of annual base salary. Accrued capital is subject to a real rate of return of 3.5% per year.

The retirement age (60) for one member employed prior to 2012 has been amended. The member's employment and pension entitlement is continued post age 60.

For members of Group Management employed outside of Sweden, varying pension terms and conditions apply, depending upon the country of employment.

Share-based compensation

Over the years, Electrolux has implemented several long-term incentive programs (LTI) for senior managers. These programs are intended to attract, motivate, and retain the participating managers by providing long-term incentives through benefits linked to the company's share price. They have been designed to align management incentives with shareholder interests.

For Electrolux, the share-based compensation programs are classified as equity settled transactions, and the cost of the granted instrument's fair value at grant date is recognized over the vesting period which is 3.0 years. At each balance sheet date, the Group revises the estimates to the number of shares that are expected to vest. Electrolux recognizes the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

In addition, the Group provides for employer contributions expected to be paid in connection with the share-based compensation programs. The costs are charged to the income statement over the vesting period. The provision is periodically revalued based on the fair value of the instruments at each closing date.

Performance-share programs 2020, 2021 and 2022

The Annual General Meeting in March 2022, approved a long-term incentive program for 2022. The program is in line with the Group's principles for remuneration based on performance, and is an integral part of the total compensation for Group Management and other senior managers. Electrolux shareholders benefit from this program since it facilitates recruitment and retention of competent executives and aligns management interest with shareholder interest as the program drives executive shareholding and the participants are more aligned with the long-term strategy of the company. The General Meetings of Electrolux have also approved long-term incentive programs for 2020 and 2021.

The allocation of shares in the 2020 and 2021 programs is determined by the position level and the outcome of three objectives; (1) earnings per share, (2) return on net assets and (3) CO_2 reduction. Performance outcome of (1) and (2) is determined by the Board after the expiry of the one-year performance period and (3) after the expiry of the three-year performance period. The allocation of shares in the 2022 program is determined by the position level and the outcome of two objectives; (1) cumulative earnings per share and (2) CO_2 reduction. Performance outcome of (1) and (2) is determined by the Board after the expiry of the three-year performance period.

For the 2020, 2021 and 2022 programs allocation is linear from minimum to maximum. There is no allocation if the minimum level is not reached. If the maximum is reached, 100% of shares will be allocated. Should the achievement of the objectives be below the maximum but above the minimum, a proportionate allocation will be made. For the President and other members of Group Management in the 2022 program the granted shares will be multiplied by 0.75-1.25 depending on the outcome of a relative total shareholder return target. The shares will be allocated after the three-year period free of charge.

If a participant's employment is terminated during the three-year program period, the participant will be excluded from the program and will not receive any shares or other benefits under the program. However, under certain circumstances, including for example a participant's death, disability, retirement or the divestiture of the participant's employing company, a participant could be entitled to reduced benefits under the program.

2020 and 2021 program covers 253 respectively 282 senior managers and key employees whilst the 2022 program covers 817 participants in almost 30 countries. Participants in the 2020 and 2021 program comprise six groups, i.e., the President, other members of Group Management, and four groups of other senior managers. Participants in the 2022 program comprise seven groups, i.e., the President, other members of Group Management, and five groups of other senior managers. All programs comprise Class B shares.

The performance outcome for the financial targets and the CO_2 target in the share program for 2022 will be determined after the expiry of the three year performance period.

For 2022, LTI programs resulted in a cost of SEK 179m (including a cost of SEK 19m in employer contribution) compared to a cost of SEK 138m in 2021 (including a cost of SEK 28m in employer contribution). The total provision for employer contribution in the balance sheet amounted to SEK 67m (52).

Repurchased shares for LTI programs

The Annual General Meeting in 2021 resolved that the company shall be entitled to sell B shares in the company for the purpose of covering costs, including social security charges, that may arise as a result of the 2019 program, but this mandate has not been used by the company.

Allocation of shares for the 2019 program

There was no allocation of the 2019 performance-share program as the minimum level was not reached.

All amounts in SEKm unless otherwise stated

Remuneration to Group Management

'000 SEK	2022 Annual fixed salary[1]	Variable salary[2]	Long-term PSP (cost)[3]	Other remuneration[4]	Total pension contribution	Social contribution	2021 Annual fixed salary[1]	Variable salary[2]	Long-term PSP (cost)[3]	Other remuneration[4]	Total pension contribution	Social contribution
President and CEO	13,310	1,300	9,359	9	4,550	8,080	12,719	12,400	9,177	8	4,340	7,260
Other members of Group Management[5]	46,322	5,497	21,029	5,578	10,389	16,324	38,636	35,601	23,302	2,750	9,649	12,801
Total	**59,632**	**6,797**	**30,388**	**5,587**	**14,939**	**24,404**	**51,355**	**48,001**	**32,479**	**2,758**	**13,989**	**20,061**

1) The annual fixed salary includes vacation salary, paid vacation days and salary deductions for company car.
2) For 2022: variable salary earned 2022 and to be paid in 2023, and for 2021: variable salary earned 2021 and paid in 2022.
3) Cost for share-based incentive programs are accounted for according to IFRS 2, Share-based payments. If the expected cost of the program is reduced, the previous recorded cost is reversed and an income is recorded in the income statement. The cost includes social contribution cost for the program.
4) Includes allowances and other benefits such as gross-up of tax, housing, company car, severance and termination pay, costs for extraordinary arrangements.
5) Other members of Group Management comprised of 9 people at the end of 2022, and of 8 people at the end of 2021.

Number of potential shares per participant, per category and year

	Maximum number of B shares[1,2] 2022	2021	2020	Maximum value, SEK[1,2] 2022	2021	2020
Group 1, President and CEO	133,854	59,702	69,637	16,249,876	12,400,000	11,693,460
Group 2, other members of Group Management	44,990	18,213	21,148	5,461,725	3,782,796	3,551,120
Group 3	19,228	10,609	12,576	2,334,331	2,203,430	2,111,712
Group 4	11,333	6,029	7,394	1,375,778	1,252,228	1,241,534
Group 5	7,952	4,437	5,318	965,312	921,495	892,922
Group 6	5,213	2,841	3,604	632,840	590,054	605,219
Group 7	2,082	–	–	252,709	–	–

1) The maximum performance value for the participant in Group 1 will be 100%, Group 2, 90%, Group 3, 80%, Group 4, 60%, Group 5, 50% and Group 6, 40% of the participants annual base salary in 2020-2022 programs. The maximum performance value for the participant in Group 7 in 2022 program will be 20% of the participants annual base salary. For participants in Group 1 and 2 in 2022 program the granted number of shares will be multiplied by 0.75-1.25 depending on the outcome of a relative total shareholder return target. At maximum performance the aggregated value is converted to the average number of shares and average value per participant in respective category. The calculation was based on a share price of SEK 184.84 for 2020, SEK 224.67 for 2021 and SEK 121.40 for 2022 which is the average closing price of the Electrolux Class B share on the Nasdaq Stockholm during a period of ten trading days before the day participants were invited to participate in the program, adjusted for net present value of dividends for the period until shares are allocated. Due to the extra cash distribution that was distributed during 2021, it was decided to adjust the maximum number of shares in the 2020 and 2021 programs. The maximum number of shares in the above table represents the adjusted numbers.
2) For the 2020 program the outcome was 98,8 % resulting in 1,329,948 shares for allocation. For the 2021 program the outcome of the financial targets was 100% resulting in 1,143,820 shares, 285,956 shares are still subject to the CO_2 reduction target. Decision on final outcome and allocation of shares under the 2021 program will be made after the expiry of the three year performance period for the CO_2 reduction target. Maximum value refers to value at grant. For the 2022 program the allocation will be determined by the Board in 2025 after the expiry of the three year performance period in 2024.

Performance-share program 2022

	Objectives Minimum	Maximum	Actual[1]	Allocation of shares Outcome, %	Weight, %	Allocation, %
Cumulative earnings per share, SEK[1]			TBD	TBD	80	
CO_2 Reduction, %[1]			TBD	TBD	20	
Total shareholder return (TSR) multiplier[2]						
Total allocation					**100**	

1) Measured over 2022 – 2024, outcome will be presented in the 2024 annual report. Outcome of the CO_2 reduction for the 2021 program and final outcome for the 2021 program will be presented in the 2023 annual report.
2) For Group Management members a multiplier is applied. The multiplier is relative Electrolux B-share TSR to the TSR of the FTSE EMEA Consumer Discretionary Index during the period 2022 – 2024. The multiplier at maximum TSR performance is 1.25 times vested number of shares and at minimum TSR performance 0.75 times vested number of shares.

Note 28 Fees to auditors

At the 2022 Annual General Meeting PwC was appointed auditor for the period until the end of the 2023 Annual General Meeting.

	Group 2022	Group 2021	Parent Company 2022	Parent Company 2021
PwC				
Audit fees[1]	56	–	12	–
Audit-related fees[2]	0	–	0	–
Tax fees[3]	1	–	–	–
All other fees[4]	10	–	8	–
Total fees to PwC[5]	**67**	**–**	**20**	**–**
Deloitte				
Audit fees	–	59	–	11
Audit-related fees	–	2	1	0
All other fees	–	0	0	–
Total fees to Deloitte	–	**61**	**1**	**11**
Audit fees to other audit firms	0	0	–	–
Total fees to auditors	**67**	**61**	**21**	**11**

1) Audit fees consist of fees for the annual audit services engagement and other audit services, which are those services that only the external auditors reasonably can provide, and include the Group audit, statutory audits, comfort letters and consents, and attest services.
2) Audit related fees consist of fees for assurance and related services that are reasonably related to the performance of the audit of the accounts and annual reports of the Group and group companies traditionally performed by the external auditors, and include consultations concerning financial accounting and reporting standards, internal control reviews as well as review of interim reports.
3) Tax fees include for example tax compliance and tax consultation services.
4) All other fees include fees for transaction support services, financial advisory and other services.
5) Of audit-related fees, SEK 0m pertains to PwC Sweden, of tax fees, no amount pertains to PwC Sweden and of all other fees, SEK 8m pertains to PwC Sweden.

All amounts in SEKm unless otherwise stated

Note 29 Shares and participations

Investments in associated companies

The holdings in the South African associated companiy Llitha Solar remained unchanged during the year. SYR Africa has been deregistered during the year .

The holdings in Next-Tech BVBA/SPRL, Belgium, has been impaired during the year. Next-Tech designs and provides software and hardware solutions for domestic kitchen retailers.

Electrolux participation in Gångaren 13 Holding AB, Sweden, increased from 50% to 100% through an acquisition in December, 2021. Gångaren 13 Holding AB is a real estate company owning the corporate head office in Sweden.

All associated companies are unlisted.

Investments in associated companies

	2022			2021		
Company	Holding, %	Carrying amount	Net income[1]	Holding, %	Carrying amount	Net income[1]
Gångaren 13 Holding AB, Sweden	n/a	n/a	n/a	n/a	–	14
SYR Africa (Pty), South Africa	n/a	n/a	n/a	50	–	–
Llitha Solar (Pty) LTD, South Africa	49	24	–	49	22	–
Next-Tech BVBA/SPRL, Belgium	49	0	-54	49	45	–
Vitality Ventures Group, Hong Kong	n/a	n/a	-3	22	9	-3
Tradeplace B.V., The Netherlands	20	0	0	20	0	0
Total		**24**	**–57**		**76**	**11**

[1] Represents the Group's share of net income and is reported in the line Other operating income and expenses in the consolidated statement of comprehensive income. Regarding Gångaren 13 Holding AB net income refers to the Group's share up until December 2021.

Group companies

The following table lists the major companies included in the Electrolux Group. A detailed specification of Group companies has been submitted to the Swedish Companies Registration Office and is available upon request from AB Electrolux Investor Relations.

Subsidiaries		Holding, %
Major Group companies		
Argentina	Frimetal S.A.	100
Australia	Electrolux Home Products Pty. Ltd	100
Austria	Electrolux Austria GmbH	100
Belgium	Electrolux Home Products Corporation N.V.	100
Brazil	Electrolux do Brasil S.A.	100
Canada	Electrolux Canada Corp.	100
Chile	Electrolux de Chile S.A.	99.89
China	Electrolux (Hangzhou) Domestic Appliances Co. Ltd	100
	Electrolux (China) Home Appliance Co. Ltd	100
	Guangdong De Yi Jie Appliances Co., Ltd	100
Denmark	Electrolux Home Products Denmark A/S	100
Egypt	Electrolux Egypt for Home Appliances S.A.E.	99.97
Finland	Oy Electrolux Ab	100
France	Electrolux France SAS	100
	Electrolux Home Products France SAS	100
Germany	Electrolux Deutschland GmbH	100
	Electrolux Rothenburg GmbH Factory and Development	100
Hungary	Electrolux Lehel Kft	100
Italy	Electrolux Appliances S.p.A.	100
	Electrolux Italia S.p.A.	100
Mexico	Electrolux de Mexico S.A. de C.V.	100
The Netherlands	Electrolux Associated Company B.V.	100
	Electrolux Home Products (Nederland) B.V.	100
Norway	Electrolux Home Products Norway AS	100
Poland	Electrolux Poland Spolka z.o.o.	100
Romania	SC Electrolux Romania SA	99.83
Singapore	Electrolux SEA Pte Ltd	100
South Africa	Electrolux South Africa (Pty) Ltd.	100
Spain	Electrolux España, S.A.U.	100
Sweden	Electrolux HemProdukter AB	100
	Electrolux Appliances AB	100
Switzerland	Electrolux AG	100
Thailand	Electrolux Thailand Co. Ltd.	100
Ukraine	DC Electrolux LLC	100
United Kingdom	Electrolux Plc	100
USA	Electrolux Home Products, Inc.	100
	Electrolux North America, Inc.	100

All amounts in SEKm unless otherwise stated

Note 30 Transactions with related parties

Transactions with associated companies

	Group		Parent Company	
	2022	2021	2022	2021
Net sales to associates	6	7	–	–
Purchases from associates	6	6	–	–
Receivables on associates	–	2	–	–
Payables to associates	3	1	3	1
Loans to associates	16	12	16	12

The Group's related parties are its associated companies, joint ventures, the Parent company's largest shareholder Investor AB, Board members of AB Electrolux and Group Management members. Commercial terms and market prices apply to all transactions with related parties.

Investment details in associated companies are disclosed in Note 29. Transactions and balances with associated companies are disclosed in the table above.

Investor AB controls approximately 30% (28) of the voting rights in AB Electrolux. The Group has not had any transactions with Investor AB during the year, other than dividends declared, and there are no outstanding balances with Investor AB. Investor AB has controlling or significant influence over companies with which Electrolux may have transactions within the normal course of business. Commercial terms and market prices apply to any such transactions.

Remuneration to members of the Board of Directors and Group management are disclosed in Note 27.

Note 31 Proposed distribution of earnings

	'000 SEK
The Board of Directors proposes that income for the period and retained earnings be distributed as follows:	9,352,571
To be carried forward	9,352,571
Total	**9,352,571**

According to the company's dividend policy, Electrolux target is for the dividend to correspond to approximately 50% of the annual income. As the annual income for 2022 was negative, the Board of Directors has proposed that the Annual General Meeting 2023 resolves that no payment of dividend will be made for the fiscal year 2022 and that the company's available funds shall be carried forward to the new accounts.

The Board of Directors declare that the consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU and give a true and fair view of the Group's financial position and results of operations. The financial statements of the Parent Company have been prepared in accordance with generally accepted accounting principles in Sweden and give a true and fair view of the Parent Company's financial position and results of operations.

The statutory Administration Report of the Group and the Parent Company provides a fair review of the development of the Group's and the Parent Company's operations, financial position and results of operations and describes material risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm, February 17, 2023
AB ELECTROLUX (PUBL)
556009-4178

Staffan Bohman
Chairman of the Board of Directors

Jonas Samuelson
Board member and President and Chief Executive Officer

Petra Hedengran
Board member

Henrik Henriksson
Board member

Ulla Litzén
Board member

Karin Overbeck
Board member

Fredrik Persson
Board member

David Porter
Board member

Viveca Brinkenfeldt Lever
Board member, employee representative

Peter Ferm
Board member, employee representative

Wilson Quispe
Board member, employee representative

Our audit report was submitted on February 21, 2023
PricewaterhouseCoopers AB

Peter Nyllinge
Authorized Public Accountant
Partner in charge

Helena Kaiser de Carolis
Authorized Public Accountant

Auditor's report

To the general meeting of the shareholders of AB Electrolux (publ), corporate identity number 556009-4178

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of AB Electrolux (publ) for the year 2022. The annual accounts and consolidated accounts of the company are included on pages 31–50 and 67-108 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the Group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Our audit approach

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The financial statements of the Electrolux Group consists of some 200 reporting units operating in 55 countries all over the world. The operations are managed and monitored through the regional Business areas – Europe, North America, Latin America and Asia-Pacific Middle East and Africa. We have therefore scoped our audit procedures for the reporting units within each Business area, taking into account control environment and business processes at the individual reporting unit level but also by assessing business performance reviews and management oversight and follow-up activities on Business area level.

In establishing the overall Group audit strategy and plan, we determined the type of work that needed to be performed at the reporting units in scope by component auditors. For the most significant entities we required a full audit on their complete financial reporting, for others we required specified audit procedures for the most significant profit and loss and/or balance sheet accounts depending on the nature of operations conducted at the reporting unit.

The group consolidation, financial statement disclosures and a number of complex transactions were audited by the Group engagement team. These include pensions, tax provisions and impairment of goodwill.

In addition, we have applied a centralized Group audit approach with respect to the Electrolux Control System (ECS), where key processes and controls are documented and tested by management and quality assured by internal audit , all of which is evidenced in a global internal control tool. The result from the centralized testing regarding ECS and centralized IT systems was shared with local auditors. Local teams was then instructed how to carry out their audit procedures based on the shared information.

The reporting units in scope for the Group audit procedures represent approximately 75 percentage of Group net sales. In addition, the Group audit team have carried out analytical procedures on Business area level to include also smaller reporting units. Local statutory audit procedures are conducted for all companies in the Group subject to statutory audit requirements by law.

Our audit is carried out continuously during the year. In connection with the issuance of the interim report for the second quarter, we report our observations to Group management, Business area management and the Audit Committee. At year end, we also report our main observations to the entire Board of Directors. For the second quarter, we issue a public interim review report.

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgment, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Revenue recognition in the appropriate period

Revenue is an important measure in terms of business follow-up and execution on the Electrolux Group strategies and comprise mainly of sales of appliances to retailers. Revenue also represents a significant line item in the Group consolidated income statement amounting to SEK 134.9bn in 2022. The vast majority of the Group's revenue consists of straight-forward product sales where revenue is recognized when the significant risks and rewards connected with ownership of goods have been transferred to the buyer. In our audit of revenue recognition, correct cut-off is considered a matter of high importance due to the complexity in transaction flows. Disclosures in Note 4 Net sales and operating income, provides additional information on how the Group accounts for its revenue.

Our audit included a combination of testing of selected internal controls over financial reporting with respect to revenue recognition, analytical procedures and detailed tests of significant customer contracts. Different contracts may contain different delivery terms that need to be considered in terms of revenue recognition. Our audit also included, if considered, material a sample tests of proof of delivery to confirm that risk had been transferred to the customer as well as data analytics relating to manual and automated journal entries to ascertain reporting in the correct period.

Valuation of inventory

Electrolux keeps a significant stock of raw materials, components and work-in-progress at its production units and stores finished goods mostly at its sales units and distribution centers. Valuation of inventory is important for a fair presentation of gross margin. Inventory is also a significant item in the consolidated balance sheet and amounted to SEK 24.4bn as of December 31, 2022. In 2022 high cost inflation and decreasing customer demand have been specific considerations. Valuation of inventory and provisions for obsolescence requires clear policies and is subject to management's estimates. Note 15 Inventories, provides information about the Group's accounting principles for measuring inventory and additional information on the line item.

In our audit we have assessed the companies' inventory processes including routines for valuation and assessment of obsolescence in order to gain an understanding of risks and controls. Considering the company's operations, system support, inventory turnover and other relevant factors we have tested the obsolescence models in the subsidiaries against accounting principles. We have traced the disclosures information included in Note 15 Inventories to the accounting records and other supporting documentation and ensured that they are in line with the disclosure requirements.

Costs for efficiency measures

Electrolux has announced a cost reduction and North America turnaround program. The purpose of the program is to mitigate a slower demand environment and to ensure optimized efficiency and cover initiatives across all business areas. In 2022, the Group has recorded costs for the program amounting to SEK 1.5bn. The vast majority of the costs are provisions involving management estimates on the timing and measurement of costs for reducing the number of employees. An accurate reporting of an efficiency program involves management estimates on the timing and measurement of costs for reducing the number of employees. This includes impact on other costs that the efficiency measures give rise to as well as the presentation of the effects on the business going forward. Note 23 Other provisions, provide information on the Group's accounting principles for measuring restructuring costs and additional information on the line item.

Our audit included reading the detailed plans for efficiency measures presented to the board as documentation to support the decisions. We also obtained evidence on a sample basis that the criteria for recording provisions were met and properly recorded as well as assessed management's measurement of provisions through evaluation of a sample of supporting documentation. In addition we traced disclosure information to accounting records and other supporting documentation and read the presentation of the costs relating to programs for efficiency measures in the annual report.

Other opinions

The audit of the annual report and consolidated accounts for the financial year 2021 has been performed by another auditor, who has issued an auditor's report dated 22 February 2022, with unqualified opinions in the Report of annual accounts and consolidated accounts.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 2-13, 51-55 and 112-121. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the Group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Directors' responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of AB Electrolux (publ) for the year 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the Group's type of operations, size and risks place on the size of the parent company's and the Group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the Group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

PricewaterhouseCoopers AB, Stockholm, was appointed auditor of AB Electrolux by the general meeting of the shareholders on the 30 March 2022 and has been the company's auditor since the 30 March 2022.

The auditor's examination of the Esef report

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for AB Electrolux (publ) for the financial year 2022.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of AB Electrolux (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for ensuring that the Esef report has been prepared in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to form an opinion with reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the ESEF report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The reasonable assurance engagement involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The reasonable assurance engagement also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a technical validation of the Esef report, i.e. if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, statement of financial position, statement of changes in equity and the statement of cash flow.

Stockholm, February 21, 2023

PricewaterhouseCoopers AB

Signature on Swedish original

Peter Nyllinge
Authorized Public Accountant
Partner in charge

Helena Kaiser de Carolis
Authorized Public Accountant

This is a translation of the Swedish language original. In the event of any differences between this translation and the Swedish language original, the latter shall prevail.

Additional information

Eleven-year review

SEKm	2012[1]	2013	2014	2015	2016	2017[1]	2018	2018[7]	2019	2020	2021	2022	Compound annual growth rate, % 5 years	10 years
Net sales and income														
Net sales	109,994	109,151	112,143	123,511	121,093	120,771	124,129	115,463	118,981	115,960	125,631	134,880	2.2	2.8
Organic growth, %	5.5	4.5	1.1	2.2	-1.1	-0.4	1.3	1.2	-1.0	3.2	14.2	-2.8		
Depreciation and amortization	3,251	3,356	3,671	3,936	3,934	3,977	4,150	3,981	4,821	4,587	4,489	5,390		
Items affecting comparability[2]/ Non-recurring items[6]	-1,032	-2,475	-1,199	—	—	—	-1,343	-1,343	-1,344	—	-727	-1,046		
Operating income	4,000	1,580	3,581	2,741	6,274	7,407	5,310	4,176	3,189	5,778	6,801	-215	n.m.	n.m.
Income after financial items	3,154	904	2,997	2,101	5,581	6,966	4,887	3,754	2,456	5,096	6,255	-1,672	n.m.	n.m.
Income for the period	2,365	672	2,242	1,568	4,493	5,745	3,805	2,854	1,820	3,988	4,678	-1,320	n.m.	n.m.
Cash flow														
Cash flow from operations	7,080	4,455	7,822	8,267	10,165	10,024	8,046	—	7,314	11,932	7,059	-2,274	n.m.	n.m.
Cash flow from investments	-4,702	-4,734	-3,759	-3,403	-2,557	-8,200	-6,506	—	-6,994	-5,115	-6,815	-6,962		
of which capital expenditure in property, plant and equipment	-4,090	-3,535	-3,006	-3,027	-2,830	-3,892	-4,650	—	-5,320	-4,325	-4,847	-5,649		
Cash flow from operations and investments	2,378	-279	4,063	4,864	7,608	1,824	1,540	—	321	6,816	244	-9,236	n.m.	n.m.
Cash flow from operations and investments excluding acquisitions and divestment of operations	2,542	-74	4,132	4,955	7,432	5,229	2,149	—	348	6,824	1,250	-8,868		
Dividend, redemption and repurchase of shares	-1,868	-1,860	-1,861	-1,870	-1,868	-2,155	-2,385	-2,385	-2,443	-2,012	-8,079	-4,659		
Capital expenditure in property, plant and equipment as % of net sales	3.7	3.2	2.7	2.5	2.3	3.2	3.7	3.9	4.5	3.7	3.9	4.2		
Margins[3]														
Operating margin, %	4.6	3.7	3.2	2.2	5.2	6.1	4.3	3.6	2.7	5.0	5.4	-0.2		
Income after financial items as % of net sales	3.8	3.1	2.7	1.7	4.6	5.8	3.9	3.3	2.1	4.4	5.0	-1.2		
Financial position														
Total assets	75,194	76,001	85,688	83,471	85,848	89,542	97,312	—	106,808	99,604	107,607	127,102	7.3	5.4
Net assets	25,890	24,961	26,099	21,412	18,098	20,678	23,574	20,306	26,172	20,265	27,201	40,297	14.3	4.5
Working capital	-6,505	-5,800	-8,377	-12,234	-14,966	-15,873	-16,848	-17,077	-17,390	-19,191	-17,726	-13,731		
Trade receivables	18,288	19,441	20,663	17,745	19,408	20,747	21,482	19,824	20,847	19,944	23,110	21,487	0.7	5.7
Inventories	12,963	12,154	14,324	14,179	13,418	14,655	16,750	15,451	16,194	13,213	20,478	24,374	10.7	6.5
Accounts payable	20,590	20,607	25,705	26,467	28,283	31,114	34,443	32,996	33,892	31,306	38,182	38,357	4.3	6.2
Total equity	15,726	14,308	16,468	15,005	17,738	20,480	21,749	—	22,574	18,709	18,610	16,449	-4.3	0.5
Interest-bearing liabilities	13,088	14,905	14,703	13,097	10,202	9,537	9,982	—	10,989	15,412	15,681	37,075	31.2	11.0
Provisions for post-employment benefits, net	4,479	2,980	4,763	4,509	4,169	2,634	3,814	—	3,866	3,679	891	-245	n.m.	n.m.
Net debt	10,164	10,653	9,631	6,407	360	197	1,825	—	7,683	1,556	8,591	23,848	161.0	8.9

Footnotes, see next page.

													Compound annual growth rate, %	
SEKm	2012[1]	2013	2014	2015	2016	2017[1]	2018	2018[7]	2019	2020	2021	2022	5 years	10 years
Data per share, SEK														
Income for the period	8.26	2.35	7.83	5.45	15.64	19.99	13.24	9.93	6.33	13.88	16.31	-4.81	0.8	8.4
Equity	55	50	57.52	52.21	61.72	71.26	75.67	—	78.55	65.10	65.74	60.92	1.3	-1.0
Dividend[4]	6.50	6.50	6.50	6.50	7.50	8.30	8.50	8.50	7.00	8.00	9.20	—	4.2	3.5
Trading price of B-shares at year-end	170.50	168.50	228.80	205.20	226.30	264.30	187.10	187.10	229.90	191.35	219.50	140.78	-11.8	-1.9
Key ratios														
Return on equity, %	14.4	4.4	15.7	9.9	29.4	31.9	18.2	—	11.4	34.1	24.4	-7.0		
Return on net assets, %	14.8	5.8	14.2	11.0	29.9	36.0	22.7	20.2	12.0	22.6	28.5	-0.6		
Net assets as % of net sales[5]	22.5	21.8	20.4	17.3	14.2	17.5	19.0	17.5	22.3	22.0	19.0	27.2		
Trade receivables as % of net sales[5]	15.9	17.0	16.2	14.3	15.2	17.5	17.3	17.1	17.7	18.6	17.9	15.6		
Inventories as % of net sales[5]	11.3	10.6	11.2	11.5	10.5	12.4	13.5	13.4	13.8	12.3	15.9	17.7		
Net debt/EBITDA	1.2	1.4	1.1	1.0	0.0	0.0	–	0.2	0.8	0.2	0.7	3.8		
Net debt/equity ratio	0.65	0.74	0.58	0.43	0.02	0.01	0.08	—	0.34	0.08	0.46	1.45		
Interest coverage ratio	2.72	2.11	5.16	3.75	3.75	12.16	9.05	—	2.57	5.04	7.29	0.18		
Dividend as % of total equity	11.8	13.0	11.3	12.4	10.5	11.6	11.2	—	10.8	10.8	12.4	—		
Other data														
Average number of employees	59,478	60,754	60,038	58,265	55,400	55,692	54,419	51,253	48,652	47,543	51,590	50,769	-1.8	-0.3
Salaries and remuneration	13,785	13,521	14,278	15,858	15,886	16,470	17,363	15,829	16,318	15,666	16,829	19,644	3.6	3.6
Number of shareholders	51,800	51,500	46,500	45,485	48,939	45,295	49,870	49,870	50,544	59,401	73,578	83,248	12.9	4.9
Average number of shares after buy-backs, million	285.9	286.2	286.3	287.1	287.4	287.4	287.4	287.4	287.4	287.4	286.9	274.7		
Shares at year end after buy-backs, million	286.1	286.2	286.3	287.4	287.4	287.4	287.4	287.4	287.4	287.4	283.1	270.0		

[1] Amounts for 2012 have been restated where applicable as a consequence of the amended standard for pension accounting, IAS 19 Employee Benefits and 2017 as a consequence of the introduction of IFRS 15 Revenue from Contracts with Customers.
[2] As of 2015 the accounting concept of Items affecting comparability is no longer in use. As from 2018, non-recurring items are presented, see page 118 for definition.
[3] Items affecting comparability are excluded for the years 2012 och 2013. 2014 has been restated.
[4] 2022: Proposed by the Board.
[5] Annualized net sales, calculated at end of period exchange rates.
[6] For more information, see Note 7.
[7] Certain amounts have been restated for discontinued operations as a consequence of the distribution of the Professional business area in 2020.

Operations by business area yearly

SEKm	2018	2019[1]	2020	2021	2022
Europe					
Net sales	43,321	45,420	46,038	49,384	46,573
Operating income	2,128	2,493	3,643	4,002	683
Margin, %	4.9	5.5	7.9	8.1	1.5
North America					
Net sales	39,804	38,954	38,219	40,468	47,021
Operating income	1,104	–516	1,215	688	–2,394
Margin, %	2.8	–1.3	3.2	1.7	–5.1
Latin America					
Net sales	17,963	19,653	16,915	19,958	24,303
Operating income	492	1,821	666	1,336	1,058
Margin, %	2.7	9.3	3.9	6.7	4.4
Asia-Pacific, Middle East and Africa					
Net sales	14,375	14,954	14,788	15,820	16,984
Operating income	979	446	1,038	1,511	1,308
Margin, %	6.8	3.0	7.0	9.6	7.7
Other					
Operating income, Group common costs, etc.	–527	–1,055	–783	–737	–870
Total Group					
Net sales	115,463	118,981	115,960	125,631	134,880
Operating income	4,176	3,189	5,778	6,801	–215
Margin, %	3.6	2.7	5.0	5.4	–0.2

[1] Earlier years presented have been restated due to changes in the business area structure in 2019.

Non-recurring items[1]

	2018[2]	2019[3]	2020	2021[4]	2022[5]
Europe	–747	–752	–	–	–774
North America	–596	–1,071	–	–727	241
Latin America	–	1,101	–	–	-80
Asia-Pacific, Middle East and Africa	–	–398	–	–	-66
Group common cost	–	–224	–	–	-367
Total Group	**–1,343**	**–1,344**	**–**	**-727**	**–1,046**

[1] For more information, see Note 7 in the annual reports.
[2] Non-recurring items 2018: SEK –596m refers to the consolidation of freezer production in North America, SEK –747m refers to business area Europe and includes a fine of SEK –493m, relating to an investigation by the French Competition Authority, and a cost of SEK –254m relating to an unfavorable court ruling in France.
[3] Non-recurring items 2019: SEK –829m relates to the consolidation of U.S. cooking production and SEK –225m to the closure of a refrigeration production line in Latin America, recovery of overpaid sales tax in Brazil of SEK 1,403m, a legal settlement in the U.S. of SEK –197m and restructuring charges for efficiency measures and outsourcing projects across business areas and Group common costs of SEK –1,496m.
[4] Non-recurring items 2021: SEK -727m referes to business area North America and arbitration in U.S. tariff case on washing machines imported in to the U.S. from Mexico in 2016/2017.
[5] Non-recurring items 2022: SEK 656m refers to a settlement regarding the arbitration in U.S. tariff case, SEK – 350m to a loss from the exit from the Russian market, SEK -1,536m to restructuring charges across business areas and Group common cost for the Group-wide cost reduction and North America turnaround program, SEK 394m to the divestment of the office facility in Zürich, Switzerland, and SEK -210m to the termination of a U.S pension plan, transferred to a third party.

Quarterly information

Net sales and income by business area per quarter

SEKm	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Full year 2022	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Full year 2021
Europe										
Net sales	11,535	11,345	11,107	12,586	46,573	11,637	11,721	11,905	14,122	49,384
Operating income	602	142	75	–135	683	1,122	1,013	833	1,034	4,002
Operating margin, %	5.2	1.2	0.7	–1.1	1.5	9.6	8.6	7.0	7.3	8.1
North America										
Net sales	9,940	11,905	12,909	12,266	47,021	9,002	10,132	10,378	10,955	40,468
Operating income	752	–270	–1.227	–1,649	–2,394	493	558	196	–559	688
Operating margin, %	7.6	–2.3	–9.5	–13.4	–5.1	5.5	5.5	1.9	–5.1	1.7
Latin America										
Net sales	4,761	6,628	6,518	6,755	24,303	4,516	4,782	4,910	5,750	19,958
Operating income	85	303	440	229	1,058	423	327	387	200	1,336
Operating margin, %	1.8	4.8	6.8	3.4	4.4	9.4	6.8	7.9	3.5	6.7
Asia-Pacific, Middle East and Africa										
Net sales	3,882	4,231	4,710	4,162	16,984	3,871	3,668	3,736	4,545	15,820
Operating income	284	426	511	88	1,308	393	312	362	445	1,511
Operating margin, %	7.3	10.1	10.8	2.1	7.7	10.1	8.5	9.7	9.8	9.6
Other										
Operating income, common group costs, etc.	–148	–41	–184	–497	–870	–134	–226	–139	–237	–737
Total Group										
Net sales	30,118	33,749	35,244	35,769	134,880	29,026	30,303	30,929	35,372	125,631
Operating income	1,575	560	–385	–1,964	–215	2,297	1,983	1,639	882	6,801
Operating margin, %	5.2	1.7	–1.1	–5.5	–0.2	7.9	6.5	5.3	2.5	5.4
Income for the period	950	257	–605	–1,922	–1,320	1,556	1,383	1,143	596	4,678
Earnings per share, SEK[1]	3.40	0.93	–2.23	–7.12	–4.81	5.41	4.81	3.98	2.09	16.31
Number of shares after buy-backs, million	278.0	274.3	270.0	270.0	270.0	287.4	287.4	287.4	283.1	283.1
Average number of shares after buy-backs, million	279.5	276.3	272.0	270.0	274.7	287.4	287.4	287.4	285.6	286.9

[1] Basic, based on average number of shares, excluding shares owned by Electrolux.

Non-recurring items[1]

	Q1 2022[2]	Q2 2022	Q3 2022[3]	Q4 2022[4]	Full year 2022	Q1 2021	Q2 2021	Q3 2021	Q4 2021[5]	Full year 2021
Europe	–	–	–350	–424	–774	–	–	–	–	–
North America	656	–	–	–415	241	–	–	–	–727	–727
Latin America	–	–	–	–80	–80	–	–	–	–	–
Asia-Pacific, Middle East and Africa	–	–	–	–66	–66	–	–	–	–	–
Common Group cost	–	–	–	–367	–367	–	–	–	–	–
Total Group	**656**	**–**	**–350**	**–1,352**	**–1,046**	**–**	**–**	**–**	**–727**	**–727**

[1] For more information, see Note 7.
[2] The non-recurring item of SEK 656m in the first quarter of 2022 refers to business area North America and a settlement regarding the arbitration in U.S. tariff case on washing machines imported into the U.S. from Mexico in 2016/2017.
[3] The non-recurring item of SEK -350m in the third quarter of 2022 refers to the business area Europe and the exit from the Russia market.
[4] The non-recurring items of SEK -1,352m in the fourth quarter of 2022 refer to restructuring charge of SEK -1,536m for the Group-wide cost reduction and North America turnaround program, a capital gain of SEK 394m for the divestment of Electrolux office facility in Zürich, Switzerland, and SEK -210m from the termination of a U.S. pension plan, transferred to a third party.
[5] Non-recurring item of SEK -727m in the fourth quarter of 2021 refers to business area North America and arbitration in U.S. tariff case on washing machines imported into the U.S. from Mexico in 2016/2017.

Definitions

This report includes financial measures as required by the financial reporting framework applicable to Electrolux, which is based on IFRS. In addition, there are other measures and indicators that are used to follow up, analyze and manage the business and to provide Electrolux stakeholders with useful financial information on the Group's financial position, performance and development in a consistent way. These other measures and indicators are considered essential in supporting the Group's financial goals to achieve a combination of continuous growth, high profitability, a stable cash flow, and an optimal capital base to generate a high total return for Electrolux shareholders. Thus, there are measures related to growth, profitability and capital, share-based measures and capital indicators which are considered relevant to present on a continuous basis. Below is a list of definitions of all measures and indicators used, referred to and presented in this report.

Computation of average amounts and annualized income statement measures
In computation of key ratios where averages of capital balances are related to income statement measures, the average capital balances are based on the opening balance and all quarter-end closing balances included in the reporting period, and the income statement measures are annualized, translated at average rates for the period. In computation of key ratios where end-of-period capital balances are related to income statement measures, the latter are annualized, translated at end-of-period exchange rates. The calculation of Net debt/EBITDA is an exception, see definition below. Adjustments are made for acquired and divested operations.

Growth measures

Change in net sales
Current year net sales for the period less previous year net sales for the period as a percentage of previous year net sales for the period.

Sales growth
Change in net sales adjusted for currency translation effects.

Organic growth
Change in net sales, adjusted for changes in exchange rates, acquisitions and divestments.

Acquisitions
Change in net sales, adjusted for organic growth, changes in exchange rates and divestments. The impact from acquisitions relates to net sales reported by acquired operations within 12 months after the acquisition date.

Divestments
Change in net sales, adjusted for organic growth, changes in exchange rates and acquisitions. The impact from divestments relates to net sales reported by the divested operations within 12 months before the divestment date.

Profitability measures

EBITA
Operating income excluding amortization of intangible assets.

EBITA margin
EBITA expressed as a percentage of net sales.

EBITDA
Operating income excluding depreciation and amortization.

Operating margin (EBIT margin)
Operating income (EBIT) expressed as a percentage of net sales.

Operating margin (EBIT margin) excluding non-recurring items
Operating income (EBIT) excluding non-recurring items, expressed as a percentage of net sales.

Return on net assets
Operating income (annualized) expressed as a percentage of average net assets.

Return on equity
Income for the period (annualized) expressed as a percentage of average total equity.

Capital measures
Net debt/equity ratio
Net debt in relation to total equity.

Net debt/EBITDA
Net debt at end of period in relation to EBITDA, excluding non-recurring items, calculated at average rates for the period.

Equity/assets ratio
Total equity as a percentage of total assets less liquid funds.

Capital turnover-rate
Net sales (annualized) divided by average net assets.

Share-based measures

Earnings per share, Basic
Income for the period attributable to equity holders of the Parent Company divided by the average number of shares excluding shares held by Electrolux.

Earnings per share, Diluted
Income for the period attributable to equity holders of the Parent Company divided by the average number of shares after dilution, excluding shares held by Electrolux.

Equity per share
Total equity divided by total number of shares excluding shares held by Electrolux.

Capital indicators

Liquid funds
Cash and cash equivalents, short-term investments, financial derivative assets[1] and prepaid interest expenses and accrued interest income[1].

Liquid funds in relation to net sales
The sum of liquid funds and non-utilized credit facilities divided by annualized net sales.

Operating working capital
Inventories and trade receivables less accounts payable.

Working capital
Total current assets exclusive of liquid funds, less non-current other provisions and total current liabilities exclusive of total short-term borrowings.

Net assets
Total assets exclusive of liquid funds and pension plan assets, less deferred tax liabilities, non-current other provisions and total current liabilities exclusive of total short-term borrowings.

Total borrowings
Long-term borrowings and short-term borrowings, financial derivative liabilities[1], accrued interest expenses and prepaid interest income[1].

Total short-term borrowings
Short-term borrowings, financial derivative liabilities[1], accrued interest expenses and prepaid interest income[1].

Interest-bearing liabilities
Long-term borrowings and short-term borrowings exclusive of liabilities related to trade receivables with recourse[1].

Financial net debt
Total borrowings less liquid funds.

Net provision for post-employment benefits
Provisions for post-employment benefits less pension plan assets.

Net debt
Financial net debt, lease liabilities and net provision for post-employment benefits.

Other measures

Operating cash flow after investments
Cash flow from operations and investments adjusted for financial items paid, taxes paid and acquisitions/divestments of operations.

Interest coverage ratio
Operating income plus interest income in relation to total interest expenses.

Non-recurring items
Material profit or loss items in operating income[2] which are relevant for understanding the financial performance when comparing income for the current period with previous periods.

[1] See table Net debt on page 37.
[2] See Note 7 for more information.

Annual General Meeting

Electrolux Annual General Meeting will be held on March 29, 2023 at 4.00 p.m. CET at Münchenbryggeriet, Torkel Knutssonsgatan 2, Stockholm, Sweden.

Additional information about the Annual General Meeting has been published in the notice convening the Annual General Meeting.

Proposed dividend

According to the company's dividend policy, Electrolux target is for the dividend to correspond to approximately 50% of the annual income. As the annual income for 2022 was negative, the Board of Directors proposes that no dividend shall be distributed for the fiscal year 2022.

Proposal for resolution on acquisition of own shares

Electrolux has, for several years, had a mandate from the Annual General Meetings to acquire own shares.

Even though the Board of Directors currently has no intention to exercise an authorization to acquire additional own shares, the Board of Directors proposes the authorization is to be renewed as an authorization is valid until the following Annual General Meeting. The Board of Directors would then be able to decide to repurchase own shares, if the conditions are appropriate and the Board of Directors were to find it would be in the best interests of the company and the shareholders. The Board of Directors therefore proposes the Annual General Meeting 2023 to authorize the Board of Directors, for the period until the next Annual General Meeting, to resolve on acquisitions of shares in the company and that the company may acquire as a maximum so many shares of series B that, following each acquisition, the company holds at a maximum 10% of all shares issued by the company.

The purpose of the proposal is to be able to use repurchased shares on account of potential company acquisitions, the company's share related incentive programs as well as to be able to adapt the company's capital structure.

As of December 31, 2022, Electrolux held 13,049,115 shares of series B in Electrolux, corresponding to approximately 4.6% of the total number of shares in the company.

Proposal for re-election of all board members

The Nomination Committee has proposed re-election of all board members. Staffan Bohman is proposed to be re-elected as Chairman of the Board of Directors, and Petra Hedengran, Henrik Henriksson, Ulla Litzén, Karin Overbeck, Fredrik Persson, David Porter and Jonas Samuelson as Board members.

Kay dates regarding the AGM 2023

2022

September

23 Nomination Committee appointed for AGM 2023

2023

February

9 Proposals from Nomination Committee presented

March

1 Notice to AGM published at the latest

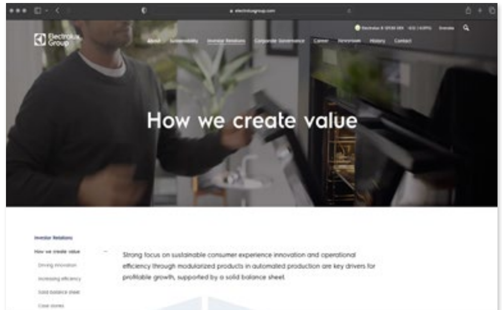
21 Deadline for registration in share register

23 Deadline for notice of intent to participate in AGM

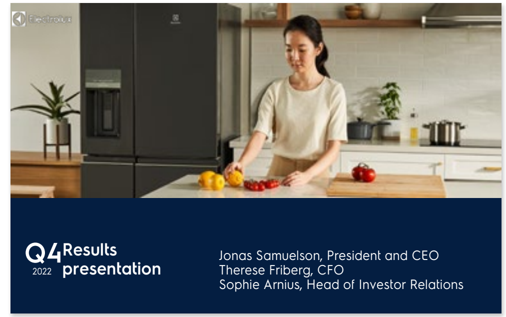
29 AGM 2023

Reports and events

The Electrolux website www.electroluxgroup.com/ir contains additional and updated information about such items as business development, strategy and the Electrolux share, as well as a platform for financial statistics.



How we create value
www.electroluxgroup.com/ir/create-value



Interim Reports
www.electroluxgroup.com/ir

Capital Markets Update
www.electroluxgroup.com/CMU

Sustainability Report
www.electroluxgroup.com/sustainabilityreport2022

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Investor Relations www.electroluxgroup.com/ir

Remuneration Report 2022
www.electroluxgroup.com/en/remuneration-report-2022

Financial reports and major events in 2023

Feb 2
Year-end report 2022

Mar 20
Capital Markets Update

Mar 29
Annual General Meeting

Apr 28
Interim report January–March

Jul 20
Interim report January–June

Oct 27
Interim report January–September

Ecolabelled 341 298 Printed matter Larsson Offsettryck
FSC www.fsc.org MIX Paper from responsible sources FSC® C104421

Concept, text and production by Electrolux Investor Relations and Hallvarsson&Halvarsson.

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