How we create value
**Electrolux Group in 15 seconds**

**GLOBAL LEADER**
Electrolux Group is a global leader in household appliances. We reinvent lifetime taste, care and wellbeing experiences for more enjoyable and sustainable living around the world. We offer thoughtfully designed, innovative and sustainable solutions, under well-established brands including Electrolux, AEG and Frigidaire.

**Well-established brands with a strong innovation heritage**

**Sales by region, 2023**

*Includes Frigidaire Gallery and Frigidaire Professional

**Forward Looking Statements**
This document 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.

*This document is an excerpt from Electrolux Investor Relations web "How we create value" available at electroluxgroup.com/ir/create-value*
Global industry trends

By leveraging its global scale and focusing on consumer-centric innovation, Electrolux Group is able to benefit from dominant long-term industry trends and rapidly introduce new innovative and sustainable products that are attractive in an increasingly competitive market.

Consumer power

Greater consumer awareness and access to information on prices, offers, product characteristics and consumer reviews online, via social media and through mobile access, increasingly empowers consumers. 93% of consumers say online reviews impact their purchase decisions and 63% of consumers are willing to pay up to 15% more for a better experience. This makes developing products that offer outstanding consumer experiences more important than ever to allow premium pricing and greater competitiveness.

Consumers are increasingly choosing brands with a purpose that they feel matches their own values. 80% of consumers prefer buying from and into the brands whose actions align with their beliefs and values.

**Strategic focus:** Electrolux Group’s experience innovation and brand/offering focus are specifically tailored to appeal to targeted consumer segments and needs.

Digitalization

Digitalization enhances consumer power, while enabling increasingly advanced products, and greater productivity and flexibility in industrial operations. Consumers have even greater expectations than before on how they interact digitally with brands and products. Since the pandemic, 69% of consumers are shopping more online.

**Strategic focus:** Electrolux Group has a strong focus on consumer experiences, with connectivity and productivity as key value drivers. R&D investments focus on digitalization and will increasingly shift more to software compared to hardware. To utilize common solutions across all business areas and product lines as well as to get speed to scale, the digitalization is performed in the global function Technology & Sustainability.
Sustainability

Sustainability is becoming more important for consumers. Nearly 60% of affluent Americans say they are willing to pay more for products that are environmentally friendly4) and 90% of consumers surveyed in Europe, Asia and the Americas are willing to pay more for a brand that gives back to society3).

Authorities around the world are also putting increasing demands on manufacturers to develop and offer more sustainable products, such as product energy efficiency requirements.

Strategic focus: Electrolux Group is a sustainability leader in the appliance industry, demonstrated by numerous third-party recognitions, and has a clear strategic sustainability agenda.

Global scale

The industry is consolidating into a handful of global actors as global scale is necessary due to the increasing pace of innovation and investment requirements as well as to ensure cost competitiveness.

Strategic focus: With sales in 120 countries and investments in global product architectures, Electrolux Group is able to deploy technologies across the Group, leveraging its global scale and competence to be one of the drivers of this consolidation.

Growing global middle class

The expanding 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.

Strategic focus: Electrolux Group is a global business with a local presence. It has extensive consumer knowledge and brands targeting growing product categories in regions with a rapidly growing middle class.

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4) Ipsos (2022). Who are the affluent environmentalists? An Ipsos point of View.
Key areas to drive profitable growth

Strong focus on sustainable consumer experience innovation and operational efficiency through modularized products in automated production are key drivers for profitable growth, supported by a solid balance sheet. Sustainability is an integral part of Electrolux Group’s strategy.

Strategy for profitable growth

Financial targets

<table>
<thead>
<tr>
<th>Operating margin</th>
<th>Return on net assets (RONA)</th>
<th>Sales growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>≥6%</td>
<td>&gt;20%</td>
<td>≥4%</td>
</tr>
</tbody>
</table>

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.

Driving sustainable consumer experience innovation

Increasing efficiency through digitalization, automation and modularization

Solid balance sheet facilitates profitable growth
## How we create value

### Driving innovation

**Innovative product portfolio**

- Strengthen our position in the high-margin aftermarket business

### Increasing efficiency

- Driving sustainable consumer experience innovation

### A sustainability leader

- Well-established brands with a strong innovation heritage

### Solid balance sheet

- Strengthen our position in the high-margin aftermarket business

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### Driving sustainable consumer experience innovation

**Innovation is key to drive margin expansion**

- Product innovation, built on deep consumer insight in the specific consumer audiences for our three main brands, has resulted in products with enhanced consumer benefits. These products command a higher price and drive margin expansion – known as 'mix improvement'.

- Mix improvements have significantly contributed to operating income in recent years, demonstrating that our product innovations are in demand.
  - In recent years, mix improvements have contributed an average of SEK 1bn to operating income.

- Our most resource-efficient products also drive profitability – enjoying higher margins than other products on average since the 1990s.

- Streamlining of the product portfolio has resulted in fewer product variants – which has reduced cost and increased sales. This is a key focus also going forward.

### Three clear innovation areas - Taste, Care & Wellbeing

- Targeted R&D gives us a competitive advantage – optimizing our offering and shortening the time to market.

- We are increasing our focus to grow profitably in selected mid- and premium categories with our main brands, while driving even more targeted portfolio management.
  - In 2023, we announced that we are looking at divesting the water heater business in Egypt and South Africa as these assets do not have sufficiently strong synergies with our core strategy to warrant the required focus and investment from Electrolux Group.

- R&D is focused on features that allow a price premium i.e. products that provide great consumer experiences such as:
  - Great tasting food with the right taste and texture, healthy, fresh and nutritious. Inspired by new culinary techniques, while also reducing food waste.
  - Care for clothes so they remain like new for longer, and ready to wear by holding their size and shape, while using minimal water and energy.
  - Healthy wellbeing in the home by using appliances with a visual appeal, while creating a healthy environment.

- The two product lines - Taste and Care - have the global, end-to-end responsibility to prioritize the growing and profitable product categories where we will focus our business and investments, leveraging global scale with speed and lower cost.
  - Wellbeing is also a global product line but as the products are sourced it does not require the same organizational setup as the Taste and Care products.

- On average, 3% of sales have been invested in focused R&D efforts over the last five years. Product efficiency is embedded in our R&D processes through defined targets. Read about our food-waste saving and energy-efficient fridges and freezers, highlighting the company's food preservation and recyclability innovations at [www.electroluxgroup.com/energy-efficient-refrigeration](http://www.electroluxgroup.com/energy-efficient-refrigeration)

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**Targeted R&D – a competitive advantage**

<table>
<thead>
<tr>
<th>SHARE OF SALES</th>
<th>Taste</th>
<th>Care</th>
<th>Wellbeing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taste</td>
<td>Cookers, hobs, ovens, hoods, microwave ovens, refrigerators and freezers.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Care</td>
<td>Washing machines, tumble dryers and dishwashers.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wellbeing</td>
<td>Vacuum cleaners, air-conditioning equipment, water heaters, heat pumps and small domestic appliances.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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This document is an excerpt from Electrolux Investor Relations web "How we create value" available at: [electroluxgroup.com/ir/create-value](http://electroluxgroup.com/ir/create-value)
Deep consumer insight – a competitive advantage in an age of greater consumer awareness

- Deep consumer insight increases our success rate and return on investment.
  - The average consumer star rating for the Group was 4.64 out of 5 in 2023.
- Consumer needs are our starting point to define business opportunities.
- Electrolux Group’s R&D process is based on a long history of consumer insight built on surveys, consumer data, home visits, user experience labs combined with daily monitoring of consumer reviews of both Electrolux and competitors’ offering.
- In recent years, new digital tools for testing products have accelerated the development process and reduced costs.

Digitalization creates opportunities and new routes to market

- Consumers are increasingly using digital tools to find and buy appliances. Through the use of data analytics and digital marketing, Electrolux is well positioned to tailor offers that meet consumers’ needs.
- Our strong focus on innovation for the consumer experience improves consumers’ star ratings of our products, which in turn makes our more innovative products more desirable.
- B2B e-commerce allows us to a larger extent interact directly with the consumers and tell our story.
  - Targeted investment in marketing and brand building is driving sales.
  - Provides strong, differentiated information with clear consumer benefits to help consumers to find the right product.
- D2C e-commerce targets our most loyal consumers with a differentiated offering.
  - A complement to existing B2B sales, business models mutually reinforcing each other.
  - Currently a small part of total sales, but with strong growth the last three years.
  - Differentiated value proposition to leverage bundling, including services as well as products.
  - Already active in approximately 60 countries and scaling up the business in many of those markets.
  - Largest presence in Latin America and Europe, with ongoing rollout in Asia-Pacific, Middle East and Africa, and North America.
- We are continuing to expand our range of connected products to deliver great consumer experiences based on a scalable global IoT platform and with strong partnerships.
Strong brands drive profitable growth

- Strong brands grow faster, are more profitable and more resilient during crisis.
  - 75% of a brand’s value share performance can be explained by being one of the top 3 brands in the minds of the consumers¹).
  - 1.3X higher growth rate of most relevant brands vs. S&P 500 average²).
  - 9X faster recovery for strong brands vs. global average during the 2008-09 financial crisis³).
- Innovation has resulted in growth and higher profit for our premium brands Electrolux and AEG.

Three well-established brands with strong and focused brand propositions

- High brand awareness is built on 100-year track record of innovation.
- The three main brands – Electrolux, AEG and Frigidaire – represent ~80% of total Group sales and receive the vast majority of investments in consumer experience through marketing, design and innovation.
- The main brands have clear target consumer positions where they can grow profitably and with potential to attract a larger audience.
- Distinctive target consumers:
  - The typical Electrolux consumer is someone who actively drives change for the better and with a positive outlook on the future. They are open for new experiences and want progressive, sustainable premium brands that can help them evolve in their daily life.
  - For the AEG consumer, it is all about innovation, performance and premiumness, while acting responsibly. This consumer strives to improve and has very high expectations on brands to support their lifestyle.
  - The Frigidaire consumer represents middle American core families with family life and friends in focus. The consumer seeks practical solutions and wants to improve their local community.
- In 2023, we announced that we are looking at divesting non-core brands including Zanussi as these do not have sufficiently strong synergies with our core strategy to warrant the required focus and investment from Electrolux Group.

¹) Value market share regressed against top 3 and Spontaneous Awareness (Brand Scorecard 2014–2016 & GfK sell-out data 2014–2017. Countries included Frigidaire (NA), AEG (BE, DE, ES, UK), Electrolux (FR, IT, PL, RU, SE).
²) Prophet Brand Relevance Index 2022 – 10 years CAGR of most relevant brands vs. S&P 500 average.
³) Kantar Research (2019).
Harnessing the growth opportunities in the high-margin aftermarket business

- Through an expanded market scope that goes beyond the appliance purchase by focusing on the lifetime value, we broaden our business potential and can increase consumer loyalty to our brands.
- The target is to increase the share of Group sales in the aftermarket segment to ~10% by 2025 with a long-term ambition to reach ~15% of Group sales. In 2023, aftermarket accounted for ~7% of the Group’s sales, compared to ~5% in 2018.
- The aftermarket business is an important profit pool with a profit margin that is at least 4 times higher than appliance sales.
- Increased consumer interactions via aftermarket sales create valuable insights that we feed into our innovation process to further improve the appliance offering. Recurring purchases is the ultimate proof of success, benefitting both us and our retail partners.
- We are leveraging fundamental consumer trends of omnichannel presence, direct interaction with brands, and expected personalization to increase our direct consumer interactions. Through touchpoints such as product registration, direct-to-consumer sales, and connected appliances, we can establish an instant direct consumer relationship, benefitting aftermarket sales as well as brand loyalty.
- To learn more about how we are harnessing the growth opportunities within aftermarket, please look at the on-demand recording from the 2023 Capital Markets Update: www.electroluxgroup.com/cmu

Targeting four areas

- **Consumables and accessories**
  - The main growth potential lies in custom-made, captive consumables and accessories for our appliances where we can leverage our branded advantages, further enhance the consumer experience, increase personalization, and ensure optimal product performance and lifespan.
  - We focus on the full product lifetime and consumer journey already in the innovation process, using our deep understanding of consumer needs and unique consumer data insights as key input.
  - Subscription services for consumables provide recurring revenue streams and make it easier to order items such as filters and dust bags.
  - In business area North America, the water filter business has reached an average of 10% annual sales growth over the last five years (case provided at CMU 2023). Key success factors have been raised awareness of the need to change filters regularly to ensure water quality and optimal taste, built-in reminders of when to change filter, and ensuring a smooth ordering process. In addition, a campaign highlighting the importance of genuine filters lifted the conversion rate in our D2C channel by 10%.
- **Out-of-warranty repairs**
  - Service and repairs provide opportunities to further enhance the consumer experience, build brand loyalty and facilitate further consumer direct interactions.
  - Closing the gap between consumer awareness of the manufacturer as a service provider and our market share provides an important growth opportunity. Key to driving increased conversion is a continuous focus on search engine optimization as well as solutions online and through call centers to guide consumers to entrust us with repairs.

**Growth levers to reach the 10% ambition by 2025**

- **Consumables and accessories**
- **Out-of-warranty repairs**
- **Service points**
- **Extended warranty**

Starting point for our innovation is understanding the consumers’ needs, their pain points and how to remove friction. Already in the early R&D phase we focus on product lifetime and the consumer journey to ensure captive fit and potential solutions. Please press play and then click on the tab “Strengthen our position in the high-margin aftermarket business”
Innovative product portfolio
Well-established brands with a strong innovation heritage

- The initial focus has been on Europe with initiatives such as fixed-price repair models, resulting in a sales CAGR of ~15% since 2018 (case provided at CMU 2023). Expanding learnings to other regions provides significant growth opportunities.
- A flexible business model for access to service technicians, based on advanced analyses of our installed base of appliances, ensures cost-efficient and high-quality deliveries.
  - In strategic markets with high population density, in-house service personnel are used predominantly.
  - To ensure coverage in the more than 120 markets where Electrolux Group sells its products, a network of dedicated independent service providers and multi-brand independent service providers is used.
- We have through acquisitions strengthened our position in service and repair in key European markets and Australia.

- **Spare parts**
  - Opportunities to grow the spare parts business both on the DIY market and as part of out-of-warranty repairs.
  - Using branded spare parts and highlighting the importance of genuine parts to the consumers boost growth and profitability potential.
  - Understanding the consumers’ considerations in a repair situation is our base for optimal value-based pricing of spare parts to drive profitable growth.
  - Modularization is a key lever for agility and profitability while meeting rapidly evolving regulations.

- **Extended Warranty**
  - More frequent consumer direct interaction opens possibilities to present our offerings to consumers and grow our penetration rate of extended warranty. Main points of contact include D2C sales, product registration, and usage of our repair services.
  - Subscription solutions increase conversion rates by lowering barriers to purchase, illustrated by high growth in two subscription-based offerings available in Europe since 2021:
    - Care: an all-inclusive monthly subscription that consumers can cancel at any time. It protects from all faults and damages and the appliance is replaced if not repairable.
    - Repair & Care: an initial repair at a fixed price paid in 12 monthly installments, followed by the Care offering.

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**Aftermarket growth opportunities**

- REPLACE
  - Increase brand loyalty to drive sales of appliances
- REPAIR
  - Increase share of out-of-warranty repair market and spare part sales

**Key strengths to leverage the aftermarket**

- An installed base of ~350 million major appliances offers a large potential for aftermarket sales.
- Deep consumer insights and strong expertise in appliances to develop tailored offerings for consumables and accessories as well as for service, repairs and extended warranty solutions.
- Focus on lifetime value and complete consumer journey already in the innovation phase.
- Well-established brands with high brand recognition.

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Strong cost focus

- Modularization, automation and strategic sourcing are key to drive profitable growth through cost competitive products with best-in-class product design and quality (see section “Modularization and automation”).

- In addition, continuous cost improvements are an important part of our strategy - achieved by improving cost structures and developing methods, processes and skills.

- The track record is strong with an annual average reduction of -3% in variable product cost 2016-2021.

- We are accelerating structural cost reductions and execution of product cost measures to restore margins given the continued weak consumer demand and competitive pressure in the market. The cost reduction target for 2024 vs 2023 is SEK 4-5bn. In addition to these targeted cost savings, we aim to continue to annually reduce product cost at a similar rate as during the period 2023-2024.

- Electrolux manages working capital to release resources that can be invested in growth activities.

- High share of variable costs – about 70% of the Group’s total cost base.

Focus areas to increase efficiency and drive profitable growth

<table>
<thead>
<tr>
<th>Cost</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Modularization</td>
<td></td>
</tr>
<tr>
<td>Strategic sourcing</td>
<td></td>
</tr>
<tr>
<td>Automation and digitalization of operations</td>
<td></td>
</tr>
<tr>
<td>Continuous improvement</td>
<td></td>
</tr>
<tr>
<td>Quality</td>
<td></td>
</tr>
</tbody>
</table>

The illustration shows which areas that will primarily drive cost efficiency but also contribute to profitable growth.

High degree of variable costs

<table>
<thead>
<tr>
<th>SEKbn</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>134</td>
</tr>
<tr>
<td>Direct material</td>
<td>-56</td>
</tr>
<tr>
<td>Sourced products</td>
<td>-14</td>
</tr>
<tr>
<td>Other variable costs</td>
<td>-27</td>
</tr>
<tr>
<td>Operational structural cost</td>
<td>-28</td>
</tr>
<tr>
<td>Innovation and marketing structural cost</td>
<td>-9</td>
</tr>
<tr>
<td>EBIT excl. non-recurring items</td>
<td>0.4</td>
</tr>
<tr>
<td>Variable cost</td>
<td>~70%</td>
</tr>
<tr>
<td>Structural cost</td>
<td>~30%</td>
</tr>
</tbody>
</table>

Variable costs: Direct material incl. raw material and components. Sourced products incl. small appliances, vacuum cleaners, air conditioners, microwaves, etc. Other variable costs incl. direct labor and other variable production costs as well as costs for warranty and logistics.

Structural costs: Operational structural costs incl. all fixed factory and warehousing costs, depreciation and administration. Innovation & marketing structural costs.
SEK 8bn re-engineering initiative

- SEK 8bn committed to investments in modularization and automation in the Americas and Europe.
  - The Curitiba, Sao Carlos and Anderson factories are ramped up.
  - The Springfield and Susegana factories are currently in a ramp-up phase.
- The re-engineering investments are vital to drive profitable growth through strengthened cost competitiveness and improved mix.
  - Key benefits include increased operational efficiency and flexibility, strengthened production cost competitiveness, increased innovation speed to market as well as a sharpened product offering through design and quality.
  - Modularization will continue to be key once the SEK 8bn re-engineering initiative is complete.
- Earnings benefit from the re-engineering initiative will mainly be realized in North America related to the investments in Anderson and Springfield.
  - Cost savings are mainly driven by direct material savings and improved labor productivity.
  - Mix improvements are driven by increased share of new premium products produced compared to before the investments.
- The cost savings from the re-engineering initiative are included in the total cost savings from the Group-wide cost reduction and North America turnaround program. In 2023, the program had a positive year-over-year impact of SEK ~5.5bn and the cost reduction target for 2024 vs 2023 is SEK 4-5bn.
- The re-engineering initiative will also realize significant sustainability benefits such as improved energy efficiency and safer working environment.
- Read about how our 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 at www.electroluxgroup.com/attractive-ovens-Sao-Carlos/.

Modularization and automation are key to drive profitable growth

- Cost competitive, high-quality products are vital to drive profitable growth.
- The SEK 8bn re-engineering investment initiative significantly increases the use of global modularized products for refrigerators/freezers and cooking products.
- Benefits from modularized products in automated production include:
  - Sharpened offering with more relevant features at lower costs.
  - Increased speed of innovation by leveraging and accelerating global technologies.
  - Improved product design – using modularized bases makes it easier and more efficient to apply updated designs.
  - Best-in-class product design and quality.
- Read about how the many benefits of the modular approach make us strengthen our market position in the attractive multi-door refrigerator category at www.electroluxgroup.com/the-many-benefits-modular-multi-door-fridges/.
**Leveraging global scale in strategic sourcing**

- Strategic sourcing is the single most important initiative to reduce product costs.
- We are accelerating product cost savings by increasing sourcing from low-cost countries as well as by continuing to consolidate our supplier base and number of components by further leveraging our modularized product platforms.
- In 2023, Electrolux purchased raw materials and components for SEK ~53bn, of which SEK ~24bn referred to raw materials.
- The global purchasing function coordinates and administers the vast majority of all direct material purchasing.
- By increasingly introducing modularized products, the Group's global scale can be leveraged in terms of procurement and R&D.
  - Enables both fixed and variable cost reductions.
  - Increases flexibility by allowing the customization of products using a limited number of standardized modules.
  - Increases economies of scale in the sourcing of components.
- The Electrolux Responsible Sourcing program supports a global effort to make the right decisions on suppliers and promote the sustainability performance of the supply base.
- A global credit insurance program is in place for many countries to reduce credit risk. Electrolux offers its suppliers the opportunity to utilize supplier finance.

**Combining global benefits with deep local understanding**

- Being global with a local presence and knowledge of each regional market means better adapting to changing consumer demands and sustainability related requirements.
- Three well-established brands – AEG, Electrolux and Frigidaire – serve different regions and market segments.
- While local understanding is a strength, the benefits of being global are equally important. This as scale in technology deployment and sourcing are key to ensure competitiveness both in terms of innovation and costs.

**Improving stability and mitigating against financial fluctuations**

- Global presence makes Electrolux less sensitive to macroeconomics in specific market regions. This helps to smooth out seasonality and fluctuations in economic cycles - to mitigate against financial performance fluctuations.
- The Group’s global presence, with manufacturing and sales in a number of countries, offsets exchange rate effects to a certain degree.
  - The principal exchange rate effect arises from transaction flows - when purchasing and/or production is carried out in one currency and sales occur in another currency.
  - The major currencies for the Electrolux Group are the USD, EUR, CAD, GBP, CHF, BRL and AUD.

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**Raw material exposure 2023**

<table>
<thead>
<tr>
<th>Raw materials</th>
<th>Change +/-</th>
<th>Pre-tax earnings impact +/-, SEKm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stainless steel</td>
<td>10%</td>
<td>300</td>
</tr>
<tr>
<td>Carbon steel</td>
<td>10%</td>
<td>900</td>
</tr>
<tr>
<td>Plastics</td>
<td>10%</td>
<td>500</td>
</tr>
</tbody>
</table>

Changes in raw materials refer to Electrolux prices and contracts, which may differ from market prices. The figures in the sensitivity table are rounded.

**Sales by region, 2023**

- 36%
- 34%
- 21%
- 5%
- 5%
- 4%
- 4%

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Digitally integrated supply chain and manufacturing

- Digitalization helps drive improved productivity and flexibility in Electrolux operations through:
  - Improved visibility and planning.
  - Installing a digitally managed environment within factories that monitors operational information in real-time.
- Speed and accuracy are what customers’ and consumers’ expect, and are even more important as online sales grow.
- Electrolux is transforming from a traditional manufacturing efficiency & push approach to demand & service driven supply chain model.
  - Control tower concept allows us to get an end-to-end view of the supply chain.
  - Data driven decision making based on transparent processes and globally aligned data.
  - Agile ways of working support the digital transformation of our operations.
  - Nurturing a digital innovation culture.

Digitalization optimizes supply chain including managing inventory levels
Sustainability – a competitive advantage

- Our leading position in sustainability creates opportunities to grow sales and lower costs.
- A strong sustainability reputation is key to build trust and achieve a strong stakeholder support. This as a large proportion of corporate reputation is built on Environmental, Social and Governance (ESG) dimensions.
  - Sustainability development contributes to brand and product differentiation, employer branding, and access to new forms of capital, e.g. green bonds.
  - Cost reductions can be achieved through lower energy and material cost as well as lower cost due to waste reduction and less injuries.
  - Sustainability is increasingly on the agenda of consumers and retailers and creates thereby opportunities for business growth. Profitability is typically higher for products where resource efficiency is a key feature.
  - Sustainability is an essential aspect of good governance, contributing to overall risk management. The Electrolux Group Code of Conduct forms the platform for our efforts to ensure high standards of ethics and human rights within the Group and summarizes its key policies. Processes to mitigate risk relating to sustainability include for example, management systems in operations and the responsible sourcing program.

1) Source: www.reptrak.com
More profitable products

- Consumers, retailers and authorities increasingly prioritize sustainability.
  - Nearly 60% of affluent Americans are willing to pay more for environmentally friendly products1).
  - Globally, 2 out of 3 consumers consider sustainability an important factor when buying electrical appliances2).
  - In Europe, 35 million households have started washing at 30°C since 2020, 66% of households now wash at 30°C, while some 86% of households have tried to reduce energy use in the past year3).

- Our main brands, Electrolux, AEG and Frigidaire, all share the same ambition to offer solutions that enable more sustainable living.

- Our most energy and water efficient products accounted for 29% of total units sold and 38% of gross profit in 2023. The most resource-efficient products have consistently had a higher margin in recent years.

- More sustainable products offer greater consumer benefits. Read about our most energy efficient laundry products that automatically adjust time, water and energy usage at www.electroluxgroup.com/ecoline-products

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New revenue streams

- Providing services and solutions that maximize product performance and lifespan is a natural part of our offering.
  - An increased focus on the aftermarket, with service and spare parts sales, consumables, and accessories, supports consumers’ own sustainability ambitions.

- The aftermarket business is a growing part of our sales, contributing to both profitable growth and sustainable development.
  - We strive to strengthen relationships with consumers throughout the entire lifecycle of our products.
  - Our investment in the aftermarket creates opportunities for improved direct contact with consumers, which in turn increases consumer loyalty and benefits sales overall.

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Lower costs

- Greater resource efficiency is a priority as it contributes to further strengthening our competitiveness.
- In operations – to reduce operational and manufacturing costs and risk exposure.
  - 43% less energy used per manufactured product 2023 vs. 2005.
  - 60% of the total energy use in Group operations came from renewable sources in 2023.
  - 48% improved water efficiency in operations 2023 vs. 2015.

- In products – to strengthen our offering, including lowering costs for the consumer in the usage phase.
  - 28% less CO₂ emissions for use of sold products 2023 vs 2021 (Scope 3).

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Notes:

1) Ipsos (2022). Who are the affluent environmentalists? An Ipsos point of View
2) Foresight Factory, 9,012 online respondents, global average, Jan. 2022
3) Truth About Laundry – report commissioned by Electrolux Group. The research is based on data collected from 14,000 adults across 14 European markets between December 20, 2022, and January 16, 2023.

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Our most resource-efficient products have a higher margin

- Share of total units sold*
  - 29%

- Share of profit**
  - 38%

*Percent of total units sold in 2023 for Electrolux Group.
**Percent from gross profit in 2023 for Electrolux Group.
Note: Resource-efficient products that meet strictly defined technical specifications and conform to local standards for high efficiency. Since 1997, Electrolux has internally tracked the most resource-efficient products sold in the Group and each year the criteria have become more stringent.

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Aftermarket services contribute to both profitable growth and sustainable development

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Greater resource efficiency reduces costs

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This document is an excerpt from Electrolux Investor Relations web “How we create value” available at electroluxgroup.com/ir/create-value
Part of our strategy and corporate identity

- Sustainability is part of our corporate identity and thereby a fundamental and integrated part of our corporate culture. We have first mover advantage, with a clear aim to continue to be the industry sustainability pioneer.
  - In the 1990s, we were the first global appliance company to focus on sustainability – which has been at the heart of our strategy ever since.
  - Since 2020, part of Electrolux Group’s long-term incentive program for senior leaders is linked to reduced carbon dioxide emissions.
  - The Group has received several recognitions for its sustainability work and was also in 2023 included in the Dow Jones Sustainability World Index (DJSI World).
- The framework For the Better 2030 includes key sustainability areas where Electrolux Group can make a difference. They cover all the stages in our value chain – from R&D and suppliers, through our own operations and consumer use, to the end of life of our products, where we have an impact.
  - Read more about Electrolux Group’s key sustainability areas, goals and results at www.electroluxgroup.com/en/sustainability

For the Better 2030

<table>
<thead>
<tr>
<th>Better Company</th>
<th>Better Solutions</th>
<th>Better Living</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drive resource-efficient operations</td>
<td>Lead in energy and resource-efficient solutions</td>
<td>Make healthy and sustainable eating the preferred choice</td>
</tr>
<tr>
<td>Act ethically, lead in diversity and respect human rights</td>
<td>Offer circular products and business solutions</td>
<td>Make clothes last twice as long with half the environmental impact</td>
</tr>
<tr>
<td>Drive supply chain sustainability</td>
<td>Eliminate harmful materials</td>
<td>Make the home a healthier place to thrive in, with half the carbon footprint</td>
</tr>
</tbody>
</table>

Climate Goals

This document is an excerpt from Electrolux Investor Relations web “How we create value” available at electroluxgroup.com/ir/create-value
UN Sustainable development goals

• The For the Better 2030 framework contributes to several of the UN Sustainable Development Goals (SDGs), which provide the global community with a roadmap for how to combat global challenges related to economic, social and environmental sustainability.

• We focus primarily on the four SDGs where we see that we can contribute the most:

  - SDG 8 - Decent Work and Economic Growth.
    • Providing decent work and economic growth is related to our manufacturing operations. Our Workplace Policy and Supplier Workplace Standard set out decent labor standards as a requirement for our operations and suppliers.

  - SDG 12 - Responsible consumption and production.
    • Promoting responsible consumption and production is the most significant SDG for Electrolux Group. We strive to bring resource-efficient products, manufactured in a sustainable way, to as many people as possible around the world.
    • We have set ambitious targets to reduce the footprint of our products and production, including our suppliers.
    • We also increasingly consider the end-of-life phase of our products by designing for reparability and recyclability, and by offering repair services and product take-back.

  - SDG 13 – Climate Action
    • Our action on climate change is reflected in our goals to reduce our carbon dioxide footprint, including product usage, production and transportation.
    • Having reached our ambitious 2025 science-based target already in 2022, we have set a new science-based target for 2030, which includes an even greater share of the value chain than before towards our long-term climate goal of a net-zero value chain by 2050.

  - SDG 17 - Partnerships for the Goals
    • We engage in numerous partnerships to work toward the SDGs.
Our net-zero value chain roadmap 2050

- Electrolux Group was one of the first 100 companies globally to set a science-based climate target and to have this approved by the Science Based Targets initiative in 2018.
  - Our first target set for 2025 was to reduce Scope 1 and Scope 2 carbon dioxide emissions from our own operations by 80% from 2015 levels and to reduce emissions from product use, Scope 3, by 25%.
  - Already by 2022, we had reduced Scope 1 and Scope 2 emissions by 82%, and Scope 3 by >25%.
- Having achieved our first science-based target three years ahead of schedule, in 2023 we set a new SBT, which by 2030 will see us further significantly reduce carbon dioxide emissions in our operations and from the value chain including the use of our products.
- We have also broadened our target for 2030 to include an even larger proportion of the value chain than before, with the long-term ambition of ensuring net-zero carbon emissions throughout our value chain by 2050.

New and expanded Science Based Target

- Scope 1 and 2 emissions targeted to be reduced by 85% by 2030 compared to the base year 2021. In our operations, we aim to reach zero emissions by 2033.
  - At our production facilities, efforts continue to minimize the use of energy.
  - We are taking further steps to raise the percentage of renewable electricity used in our factories from the already high 96%.
  - We have begun to phase out the use of fossil fuel, moving towards electrifying equipment and processes.
- Scope 3 (other indirect emissions) targeted to be reduced by 42% of 2021 levels by 2030. The Scope 3 target has been broadened by adding the categories Purchased goods and services, Upstream transportation and distribution, and Business travel to the category Use of sold products, which has also been expanded.
  - Use of sold products
    - Since the majority of emissions, ~85%, occur in the use phase of our products, the most important thing we can do within Scope 3 is to make our products even more energy efficient and create the conditions for consumers to be able - and willing - to use them in ways that minimize climate impact.
    - We are also actively working to change our product mix so that highly energy-efficient products constitute a growing proportion of total sales, which also makes a positive contribution to profitability.
    - The rate of emissions reduction in the use phase is also dependent on the degree to which consumers have access to renewable electricity in the countries where they live.
  - Purchased goods and services
    - In order to reduce indirect emissions, it is important that the materials in our products are produced in a climate-efficient manner and with as high a degree of circularity as possible.
    - Our ambition is to prioritize collaborations with suppliers that have the most carbon dioxide efficient steel production and that use as large a proportion of recycled metal as quality requirements allow.

Product usage accounts for ~85% of the CO2 climate impact of an appliance*

* The graph is based on the Group’s total carbon dioxide impact in 2021 used for setting the second Science Based Target.
- Similarly, we strive to increase the proportion of recycled plastic in our products. For example, our range includes fridges and freezers with inner liner walls made from 70% recycled plastic.

- Upstream transportation and distribution
  - Transport to and from our production facilities and warehouses is an important part of our value chain. We are actively working to move transport on land from road to rail.
  - In parallel, a transition to trucks powered by either electricity or biofuel is underway, and we are currently installing battery chargers at our manufacturing facilities and warehouses.
  - A change is also underway in shipping, where we have partnerships with shipping companies that offer ships with a lower climate impact. In 2023, 34% of our sea transports were made with ships powered with more sustainable fuels.

- Business travel
  - Even if business travel overall has a significantly smaller climate impact than other Scope 3 categories, the inclusion of business travel in the science-based target is an important signal within the organization that everyone can and needs to be involved to ensure that we achieve our climate goals.
  - We aim to reduce the number of flights by 50% by 2030 compared to 2019, and our employees are therefore encouraged to actively consider which flights are genuinely necessary and to have digital meetings where possible.

- By including these additional categories in Scope 3, we further build commitment in parts of the value chain where we have the greatest opportunity to drive progress together with our partners and suppliers on the journey towards the goal of a net-zero value chain.

### Electrolux Group has set a new and expanded Science Based Target (SBT 2)

#### Carbon emission reduction targets

<table>
<thead>
<tr>
<th>SBT 1 (Base year 2015)</th>
<th>SBT 2 (Base year 2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Scope 1 and 2</strong></td>
<td><strong>Scope 1 and 2</strong></td>
</tr>
<tr>
<td>Target achieved 2022</td>
<td>Goal 2025</td>
</tr>
<tr>
<td>82%</td>
<td>80%</td>
</tr>
<tr>
<td>&gt;25%</td>
<td>25%</td>
</tr>
<tr>
<td><strong>Scope 3</strong></td>
<td></td>
</tr>
<tr>
<td>&gt;25%</td>
<td></td>
</tr>
</tbody>
</table>

**SBT 2**

- **Goal 2030**
  - Scope 1 and 2: 85%*<br>  - Scope 3: 42%

**SBT 1**

- (Base year 2015)
  - Scope 1, direct emissions, scope 2, indirect emissions, energy
  - Scope 3, other indirect emissions, including categories:
    - Use of sold products

- **Goal 2050**
  - Net zero

*Compared to 2015 this corresponds to a reduction in scope 1 and 2 by 97%
Solid financial position

- Solid liquidity of SEK 32.8bn, including revolving credit facilities as of the end of December 2023
  - For information on unused credit facilities, see latest interim report under Financial position.
- Well-balanced maturity profile
  - No financial covenants in any loan agreements.
  - For latest net debt information, see Net debt at www.electroluxgroup.com/net-debt/
- The Board's objective is to maintain a solid investment grade rating, as defined by leading rating institutes, meaning that over time the Group's net debt should not exceed (2) times EBITDA.
  - Since net debt/EBITDA currently is well above target level, the focus is to generate cash flow and improve earnings. In October 2023, a significant step-up in cost reduction measures was announced, including further sharpening of the strategic focus and simplification of the organizational structure.
  - Investment-grade rating from S&P Global Ratings of BBB with stable outlook. (December 2023)
- Sustainable financing
  - Green bonds outstanding of SEK 6bn. (Feb 2023)
  - Sustainability-linked revolving credit facility contracted in 2021, maturing in 2028.
  - USD 282m loan with European Investment Bank.
  - Focusing on industrial and R&D projects, which have significant potential to enable Electrolux Group to reduce its climate impact.

Capital allocation

- The Group's goal is for the dividend to correspond to approximately 50% of the annual income.
- In July 2021, the Board decided to distribute a larger part of the value created to the shareholders after a review of the Group's capital structure. Read more on www.electroluxgroup.com/PR_capital_structure
  - Automatic share redemption of SEK 17 per share in 2021.
- Electrolux has a long history of successful spin-offs, e.g. Autoliv, Husqvarna, and Electrolux Professional, by distributing the shares to Electrolux shareholders and listing them on the stock exchange.

Long-term borrowings, by maturity

As per December 31, 2023

Distribution to shareholders

Distribution to shareholders paid in the year

Note: In 2021 and 2022 Electrolux repurchased own shares of series B for the total amount of SEK 894m and SEK 2,138m, respectively. In accordance with the Board's proposal, the 2023 Annual General Meeting resolved to not distribute any dividend for the fiscal year 2022.
Summary 2023

The business environment in 2023 continued to be highly challenging. The consumer demand in most of Electrolux Group’s main markets was negatively impacted by high general inflation, rising interest rates, and geopolitical tensions. The reduced purchasing power led to more consumers shifting to lower price points and postponing purchases in discretionary categories. In addition, lower residential construction and remodeling activity in Europe resulted in weaker market demand in the important built-in kitchen category. Lower sales volumes resulted in an organic sales decline for Electrolux Group of 4.0% and impacted earnings negatively. The operating margin amounted to 0.3%, excluding non-recurring items, compared to 0.6% last year.

Price was slightly positive, mainly as a result of price increases implemented in high inflation countries, while promotional activity increased significantly year-over-year due to lower consumer demand, the resolution of supply chain constraints, and large input cost discrepancies between Europe and North America on one hand and certain parts of Asia on the other. External factors had a negative impact on earnings, mainly driven by currency but also by labor cost- and energy inflation.

Despite the general market shift to lower price points, the attractive product offering delivered under well-established brands, and a focus on high-value categories, generated a favorable mix, enabled by the investments in modularized product platforms in recent years. Aftermarket sales increased slightly and amounted to 7% of total sales for the year. The Group-wide cost reduction and North America turnaround program, initiated towards the end of 2022, resulted in a substantial positive earnings effect year-over-year of approximately SEK 5.5bn. However, the significant cost improvement was insufficient to restore margins given the continued weak consumer demand and intensified price pressure in North America. To address this, a significant step-up in cost reduction efforts was announced in October 2023, including further sharpening of the strategic focus and simplification of the organizational structure.

Carbon dioxide emissions

In late 2023, Electrolux Group set a new science-based climate target to reduce carbon dioxide emissions in products and operations. The new target comes after the Group in 2022 achieved its previous science-based target three years ahead of plan. The new science-based target aims to reduce the company’s direct and indirect emissions resulting from its own operations (scope 1 and 2) by 85% and to reduce the Group’s absolute scope 3 emissions by 42% between 2021 and 2030. Beyond the use of sold products (which represents approximately 85% of the total climate footprint) the new scope 3 target also includes emissions from materials, transport of products and business travel. In 2023, the combined scope 1 and 2 emissions were reduced by 33% compared to 2021, mainly as a result of improved energy efficiency and increased share of renewable energy. Scope 3 emissions related to ‘Use of sold products’, were reduced by 28% compared to 2021, through improved product energy efficiency and product mix. The year-over-year decline in sales volumes also impacted the result positively in 2023.