

Annual Report 2025

Essity is a global, leading hygiene and health company. Every day our brands care for the hygiene and health of a billion people across 150 countries.

Essity Aktiebolag (publ)

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The 2025 Annual Report for Essity Aktiebolag (publ) has been submitted by the Board of Directors and describes the company's overall objectives and strategies and earnings for the year. The aim is to describe the business from an environmental, social and governance perspective. The Board of Directors' Report and financial statements are presented on pages 8–10 and 25–186 and include the auditor's report. The Board of Directors' Report also includes Essity's statutory Sustainability Report, which has been prepared in accordance with the requirements of the Swedish Annual Accounts Act and the associated European Sustainability Reporting Standards (ESRS).

The official 2025 Annual Report is prepared in Swedish in European Single Electronic Format (ESEF). Refer to essity.com to access Essity's financial reports. The Annual Report is also published as a PDF in Swedish and English. These have not been prepared according to ESEF and thus do not constitute official versions. The English version is a translation of the Swedish original. All files were submitted for publication on March 2, 2026.

The 2025 Annual Report reflects Essity's organizational structure up to and including December 31, 2025. As of January 1, 2026, Essity has a new organizational structure with four business areas: Health & Medical, Personal Care, Consumer Tissue and Professional Hygiene.



"In 2025, I assumed the role of CEO of Essity. I see significant potential in the company and have taken on this assignment with great enthusiasm, working together with our employees to improve the quality of life for more people and accelerate profitable growth."

Read more in the CEO's message on pages 6–7.

Invest in Essity

Essity is a global, leading hygiene and health company that strives to improve well-being for people around the world. Every day, our products and services improve the quality of life of a billion people across 150 countries. Essity's long-term shareholder value builds on five main drivers.

Leading in attractive and growing markets

Essity is active in hygiene and health markets that benefit from strong megatrends such as an increasing and aging population, rising living standards and a growing awareness of hygiene and health. These trends fuel long-term demand and create attractive growth opportunities. With a strong global footprint, Essity is well positioned to leverage this potential.

Strong brands and innovation capabilities

Essity has leading market positions in 90% of branded sales, with globally recognized brands such as TENA and Tork, and strong local brands. Our success is built on continuous innovation and in-depth customer and consumer insight, resulting in relevant product launches for customers and consumers worldwide.

A value-creating strategy

Essity's vision is to be the undisputed global leader in hygiene and health. Our strategy aims to create value for customers, consumers, patients, communities, employees, and shareholders through profitable growth. Our financial targets are to achieve annual organic sales growth of >3% and an EBITA margin excl. IAC of >15%. Essity prioritizes expansion in high-yielding segments, fast-growing sales channels and attractive geographies. This is supported by a winning corporate culture combining a strong focus on results with collaboration and care for each other, the environment and our customers and consumers.

Sustainability at the core

To lead in sustainability is a strategic priority for Essity and a key factor for long-term profitable growth. The Group's targets include science-based climate targets, and the ambition is to achieve net zero emissions by 2050, one of several environment, social and governance (ESG) commitments. Essity's sustainability work receives continuous recognition, for example through its inclusion in the Dow Jones Sustainability Index, a position on CDP's global A list, the highest grade AAA in MSCI's ESG rating and the EcoVadis Platinum medal.

Strong financial position and higher earnings per share

Essity has a solid financial position with stable cash flow, a strong balance sheet and continuous dividend growth. Between 2018 and 2025³⁾ dividends increased by 52% and earnings per share by 64%. Essity initiated its second share buyback program in 2025, in line with the ambition to make buybacks a recurring part of the Group's capital allocation.

Market capitalization, December 31, 2025¹⁾

184 SEKbn

Employees, approximately²⁾

36,000

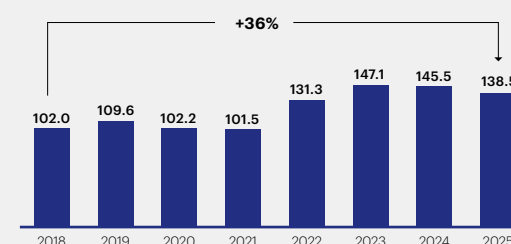
Earnings per share, SEK

18.37

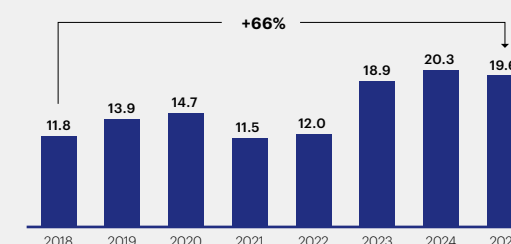
Proposed dividend per share, SEK³⁾

8.75

Net sales, SEKbn⁴⁾



EBITA excl. IAC, SEKbn⁴⁾



1) Including holdings of treasury shares.

2) Relates to average number of part-time and full-time employees during the year and calculated as an average over five quarters.

3) Board of Directors' dividend proposal.

4) 2018-2020 excluding Vinda's published figures. In 2021-2023, Vinda was classified as discontinued operations.



The year at a glance

Organic growth and high profitability

In 2025, Essity's net sales amounted to SEK 138bn and EBITA excl. IAC to SEK 19.6bn. Sales increased organically in a challenging market environment and the EBITA margin excl. IAC amounted to 14.1%, the highest in five years. All business areas demonstrated positive organic growth.

Ulrika Kolsrud new President and CEO

Essity's Board of Directors appointed Ulrika Kolsrud as President and CEO on May 9, 2025. She assumed her position on June 1, 2025. She most recently held the position of President of the Health & Medical business area. Ulrika Kolsrud succeeded Magnus Groth.

New share buyback program

On April 24, 2025, Essity initiated a new share buyback program of SEK 3bn for Essity Class B shares, in line with Essity's ambition to use share buybacks as a recurring part of the company's capital allocation. The program will extend until the 2026 Annual General Meeting at the latest, and repurchased shares are expected to be canceled.

Agreement to acquire feminine care business

Essity entered into an agreement to acquire Edgewell's feminine care business, including the brands Carefree, Stayfree and o.b. in North America and Playtex globally. The acquisition, that was completed on February 2, 2026, supports Essity's strategy to focus on high-yielding categories and to strengthen market positions in North America.

Essity strengthens conditions for profitable growth

New organizational structure

As of January 1, 2026, Essity has a new organizational structure with four business areas: Health & Medical, Personal Care, Consumer Tissue and Professional Hygiene. With this change, each business area has end-to-end responsibility for the value chain, and decision-making is decentralized.

Launch of cost savings program

Essity has initiated a cost savings program, primarily within sales and administration, that is expected to produce annual savings of approximately SEK 1bn, with full effect by the end of 2026. The cost savings will mainly be invested to generate profitable volume growth.



Market-driven innovation

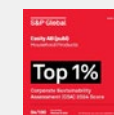
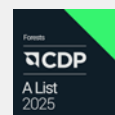
In 2025, Essity launched several products, including **TENA ProSkin Stretch Day and Night**, a unique incontinence product that supports both patients and caregivers while helping to reduce continence care costs; **Actimove Manus Air** for improved treatment of wrist fractures; the upgraded **Nosotras Invisible Day Pad**, Essity's thin pad range offering high comfort and enhanced leakage protection through SmartPROTECT™; and **Tork Matic Sensor Dispenser**, a paper hand towel dispenser with batteries lasting up to six years, setting a new standard in the industry.



Sustainability recognition

During the year, Essity's sustainability efforts were recognized through several awards. The company was awarded the EcoVadis Platinum medal¹⁾, was included in the Dow Jones Sustainability Index, and secured a place on CDP's global A list.

Examples of awards:



1) Ecovadis Platinum Medal | ESSITY AB (PUBL)

Key figures

Net sales, SEKm

138,494

Organic sales growth

+0.9%

Net sales by business area



- Health & Medical, 20%
- Consumer Goods, 54%
- Professional Hygiene, 26%

EBITA excl. IAC by business area



- Health & Medical, 24%
- Consumer Goods, 46%
- Professional Hygiene, 30%

EBITA excl. IAC, SEKm

19,572

EBITA margin excl. IAC

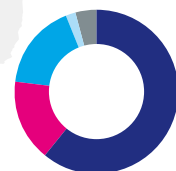
+14.1%

Net sales by category



- Medical Solutions, 8%
- Incontinence Products Health Care, 12%
- Incontinence Products Retail, 8%
- Feminine Care, 9%
- Baby Care, 5%
- Consumer Tissue, 32%
- Professional Hygiene, 26%

Net sales by region



- Europe, 61%
- North America, 16%
- Latin America, 17%
- Asia, 2%
- Other, 4%

Emerging markets accounted for 26% of net sales.

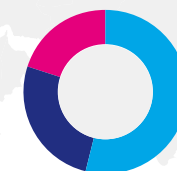
Operating cash flow, SEKm

14,998

ROCE excl. IAC

+17.2%

Net sales by distribution channel



- Retail trade, 54%
- Business-to-business, 26%
- Healthcare sector, 20%

Group's ten largest markets, % of net sales



- USA, 14%
- Germany, 12%
- UK, 8%
- Mexico, 8%
- France, 7%
- Spain, 7%
- Colombia, 3%
- Netherlands, 3%
- Italy, 3%
- Sweden, 3%
- Other, 32%



Ulrika Kolsrud,
President and CEO

Stability and progress in a turbulent world

In 2025, we continued to develop our customer and consumer offerings through important innovations, made a strategic acquisition, and took action to strengthen Essity's competitiveness and capture market share. We increased our sales organically and achieved our highest margin in five years in a turbulent world and weak economic conditions. Our earnings performance confirms the strength of our portfolio of leading hygiene and health products that people trust every day. It also reflects the commitment of our employees, who improve the daily lives of consumers, patients, customers and care-givers worldwide.

Organic sales growth

Sales for the year amounted to SEK 138bn. We reported organic growth in all business areas, with a particularly strong performance in profitable categories such as Incontinence Products, Feminine Care and Medical Solutions, as well as in strategic segments of Professional Hygiene.

In parallel, volume growth was impacted by weaker market conditions. Lower activity in the hotel and restaurant sector dampened demand in Professional Hygiene, while the Baby Care market continued to be impacted by low birth rates. Our ability to nonetheless deliver positive organic growth is a testament to the strength of our offering.

Higher margin, earnings per share and dividend

We delivered profit of SEK 19.6bn and a margin of 14.1%, our highest margin in five years. Earnings per share increased by 7%. A stable cash flow helped us maintain a strong financial position, enabling continued investment in growth and shareholder returns. The second share buyback program of SEK 3bn was launched in April and the Board of Directors is proposing a 6% increase in the dividend to SEK 8.75 per share for the 2025 fiscal year.

Innovation for sustainable growth and strengthened market positions

Innovation is one of Essity's key tools for generating profitable and sustainable growth and strengthening our market positions. We launched a wide range of new and differentiated offerings across all categories during the year. For example, we introduced TENA ProSkin Stretch Day & Night for more effective incontinence care, launched a new automatic version of the TORK PeakServe dispenser, improved Saba and Nosotras menstrual protection with SmartProtect technology, and upgraded Cutimed Siltec Sorbact for faster wound healing. These launches represent just some of the innovations that strengthened customer value and our competitiveness in 2025.

Our innovation efforts are guided by market needs. During the year, this meant a particular focus on offerings tailored to the consumers' different financial situations. In Consumer Tissue, for example, we strengthened the value-based segment by upgrading Cushelle Simply Soft and Lotus Comfort.

We continuously monitor the impact of launches, in terms of both product performance and market share. In 2025, we reached our highest level so far for product superiority, which demonstrates the extent to which consumers prefer Essity



products over competing alternatives. This, combined with our strong brands and effective commercial activities, meant that we in the fourth quarter captured market share in more than 65% of our branded sales in the retail trade.

"Our earnings performance confirms the strength of our portfolio of leading hygiene and health products that people trust every day."

Acquisition in Feminine Care in North America

Feminine Care is a category where we are continuously gaining market share, and where our ambition is to expand geographically and leverage our strong innovation capabilities and effective marketing. At the end of 2025, we acquired Edgewell's feminine care business in North America. With the Carefree, Stayfree and Playtex brands in our portfolio, we are building a stronger Personal Care business in North America, in line with our strategy to focus on categories with high potential for profitable growth in attractive geographies.

Change to support faster growth rate

In 2025, I assumed the role of CEO of Essity. I see significant potential in the company and have taken on this assignment with

great enthusiasm, working together with our employees to improve the quality of life for more people and accelerate profitable growth.

We operate in attractive market segments that benefit from trends such as a growing, aging population. Essity is well positioned for profitable growth through its strong brands, leading positions, innovation strength, integrated sustainability agenda, winning corporate culture and strong balance sheet. At the same time, we need to increase our growth rate and advance more quickly toward our financial targets. Therefore, we have initiated changes to strengthen our flexibility and make us more agile and customer-centric, intensifying our focus on our most attractive segments.

The new organization with decentralized decision-making went into effect on January 1, 2026, and the sales and administration cost savings program has been initiated. The aim is to create better conditions for Essity to accelerate growth and invest in profitable development for an even stronger Essity going forward.

Finally, I want to extend a big thank you to our employees for your important contributions, and our customers and shareholders for your continued trust.

Ulrika Kolsrud
President and CEO

The share

The Essity share is quoted on Nasdaq Stockholm Main Market and the market capitalization was SEK 184bn¹⁾ at December 31, 2025.

Total shareholder return and share price 2025

The total shareholder return for Essity's Class B share for the year was -8%. The total shareholder return for the OMX Stockholm 30 Index was 20% and for the Peer Group Index²⁾ -12%. In 2025, the price of Essity's Class B share decreased 10%. The OMX Stockholm 30 Index rose 16% and the Peer Group Index declined 14%. The closing price of Essity's Class B share at year-end was SEK 265.20. The highest closing price for Essity's Class B share during the year was SEK 310.40, which was noted on March 10, 2025. The lowest closing price was SEK 239.60 on September 22, 2025.

Dividend Policy

Essity aims to provide long-term stable and rising dividends to its shareholders. When cash flow from current operations exceeds what the company can invest in profitable expansion over the long-term, and under the condition that the capital structure target is met, the surplus could be distributed to the shareholders.

Index

On Nasdaq Stockholm, Essity is included in the OMX Stockholm 30 Index, OMX Nordic 40 Index and OMX Nordic Consumer Staples Index. In addition to indexes directly linked to Nasdaq Stockholm, Essity is included in other indexes, such as the FTSE All World Index and the MSCI Household Products Index within Consumer Staples. Essity is also represented in sustainability indexes such as the Dow Jones Sustainability Index, OMX Stockholm 30 ESG Responsible Index, FTSE4Good Europe and holds the highest grade AAA in MSCI's ESG rating.

Share trading³⁾

In 2025, approximately 367 million Essity shares were traded on Nasdaq Stockholm, corresponding to a value of approximately SEK 99.3bn. Average daily trading for Essity on Nasdaq Stockholm amounted to approximately 1.5 million shares, corresponding to a value of approximately SEK 399m. During the year, trading on CBOE had a turnover of approximately 852 million

Essity shares, on LSE Group approximately 226 million shares and other trading venues approximately 98 million shares.

Shareholder structure

55% of the share capital is owned by investors registered in Sweden and 45% by foreign investors. AB Industrivärlden is the largest owner, holding 11.4%. The USA, UK and Norway account for the highest percentage of shareholders registered outside Sweden.

Share structure

Essity's share capital comprises two share classes, Class A shares and Class B shares. Every Class A share carries entitlement to ten votes and every Class B share to one vote. Class A and Class B shares confer the same entitlement to receive dividends. Both share classes are listed on Nasdaq Stockholm Main Market and are part of the Large cap segment.

Buyback program

The SEK 3bn buyback program that commenced on June 17, 2024 was completed on March 13, 2025. A new buyback program of SEK 3bn was initiated on April 24, 2025 and extends until the 2026 Annual General Meeting at the latest. In 2025, Essity repurchased 11,895,826 own Class B shares for a total value of SEK 3,160m. As of December 31, 2025, treasury shares represent SEK 33,919,750 (1.4%) of the total share capital based on a quotient value of SEK 3.39. The repurchased shares are expected to be canceled. The share buyback will be financed using cash flow from current operations after the ordinary dividend with the ambition to continue with share buybacks over time as a recurring part of Essity's capital allocation.

Beta coefficient

The beta coefficient for Essity's Class B share was 0.15 in 2025. A beta coefficient of less than 1 indicates that the share is less sensitive to market fluctuations than average.

Shareholder communication and share analysts

Information about the company is available at essity.com/ investors/ in the form of reports, presentations and financial data together with a current list of analysts that cover Essity.

1) Including holdings of treasury shares.

2) Peer Group comprises a selection of competing companies in Essity's business areas of Health & Medical, Consumer Goods and Professional Hygiene.

3) Data compiled by Modular Finance.

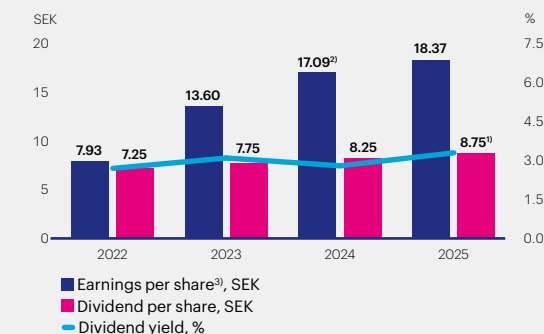
Earnings per share, 2025

SEK 18.37

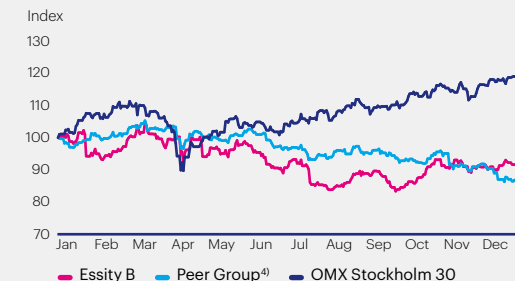
Proposed dividend per share, 2025¹⁾

SEK 8.75

Earnings, dividend and dividend yield



Total shareholder return 2025



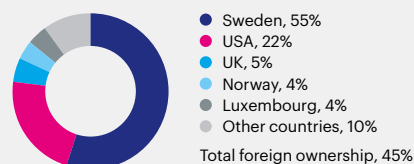
1) Board of Directors' dividend proposal.

2) Earnings per share for continuing operations. Earnings per share for total operations were impacted positively by the capital gain from the divestment of the holding in Vinda and amounted to SEK 29.83.

3) Total operations.

4) Peer Group comprises a selection of competing companies in Essity's business areas of Health & Medical, Consumer Goods and Professional Hygiene.

Ownership by country



Source: Euroclear, December 30, 2025.

Shareholder structure

Holding	No. of share-holders	No. of shares	Capital (%)	Votes (%)
1–1,000	94,316	19,265,003	2.8	3.2
1,001–10,000	13,627	36,692,460	5.3	5.9
10,001–20,000	722	10,167,463	1.5	1.4
20,001–	864	626,929,563	90.4	89.5
Total	109,579	693,054,489	100.0	100.0

Source: Euroclear, December 30, 2025.

Share distribution

	Class A	Class B	Total
Number of registered shares	58,200,658	634,853,831	693,054,489
Of which treasury holding		10,005,826	10,005,826

In 2025, 1,772,996 Class A shares were converted to Class B shares at the request of shareholders. The total number of votes in the company subsequently amounted to 1,216,860,411.

Source: Euroclear, December 30, 2025.

Essity's largest shareholders

At December 30, 2025, the following companies, foundations and mutual funds were the ten largest registered shareholders based on voting rights:

Shareholders	Votes (%)	Holding (%)
AB Industrivärden	29.5	11.4
AMF Insurance and Funds	6.3	1.4
Norges Bank Investment Management	5.4	2.2
T. Rowe Price Funds	3.2	5.5
BlackRock	2.2	3.9
Vanguard Funds	2.2	3.8
Skandia	2.1	0.9
Swedbank Robur Funds	1.9	3.4
Handelsbanken Fonder	1.7	3.0
Carnegie Fonder	1.5	2.6
Other owners	44.0	61.9
Total	100.0	100.0
Of which treasury holding	0.8	1.4

Source: Euroclear, December 30, 2025.

Ticker names

Nasdaq Stockholm	ESSITY A, ESSITY B
Bloomberg	ESSITYA:SS, ESSITYB:SS
REUTERS	ESSITYa.ST, ESSITYb.ST

Data per share

All performance measures include items affecting comparability unless otherwise stated.

SEK per share unless otherwise indicated	2025	2024
Earnings per share before and after dilution ¹⁾	18.37	29.83
Earnings per share excl. IAC ^{2) 3)}	19.44	19.29
Average price during the year	268.98	280.80
Closing price, December 31	265.20	295.70
Cash flow from current operations	12.96	13.54
Cash flow from operating activities ²⁾	22.44	24.52
Dividend ⁴⁾	8.75	8.25
Dividend yield, %	3.3	2.8
P/E ratio ⁵⁾	14	10
P/E ratio excl. items affecting comparability ⁵⁾	14	15
EV/EBITA ⁶⁾	11	12
EV/EBITA excl. IAC ⁶⁾	11	12
Beta coefficient ⁷⁾	0.15	0.18
Pay-out ratio, %	48	28
Equity	125	127
Number of registered shares, December 31 (millions)	693.1	702.3
Number of shares outstanding, December 31 (millions) ⁸⁾	683.0	694.9
Average number of shares before and after dilution, (millions) ⁸⁾	689.0	700.3

1) Total operations.

2) Continuing operations.

3) Excluding amortization of acquisition-related intangible assets.

4) Board of Directors' dividend proposal.

5) Share price at year-end divided by earnings per share.

6) Market capitalization plus net debt plus non-controlling interests (EV) divided by EBITA (EBITA = operating profit before amortization of acquisition-related intangible assets).

7) Share price volatility compared with the entire stock exchange.

8) Excluding treasury holding.

Information to shareholders

Annual General Meeting

The Annual General Meeting will be held on Thursday, March 26, 2026 at 2:00 p.m. at Stockholm Waterfront Congress Centre, Nils Ericsons Plan 4, Stockholm (registration from 1:00 p.m.).

The shareholders also have the opportunity to exercise their voting rights by voting in advance (so-called postal voting) ahead of the Annual General Meeting. Shareholders may thereby choose to exercise their voting rights at the Annual General Meeting 2026 by attending in person, through a proxy or by advance voting in the manner described in the notice. Notice convening the Annual General Meeting can be found on essity.com.

Nomination Committee

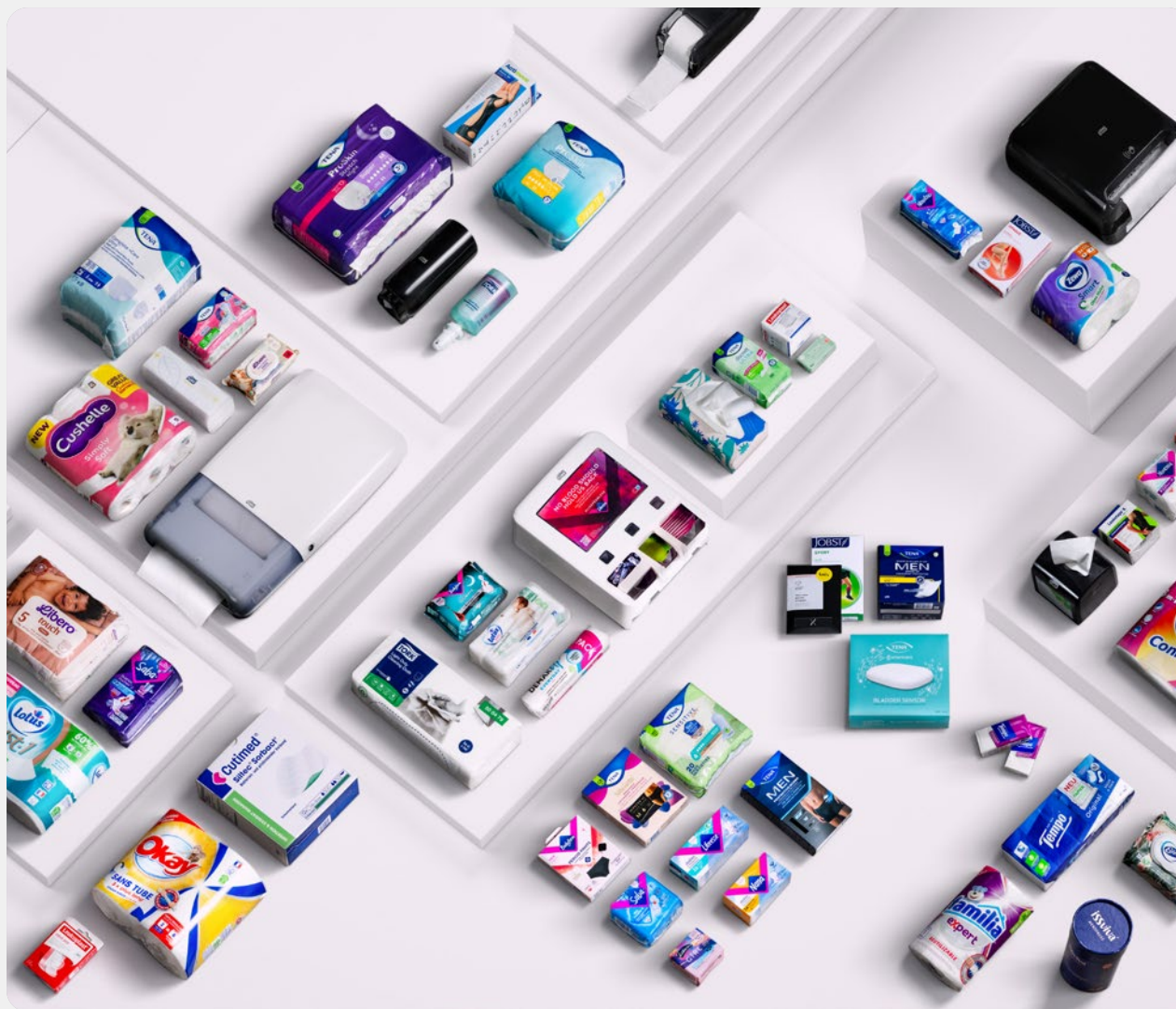
- Helena Stjernholm, AB Industrivärden, the Chairman of the Nomination Committee
- Anders Hansson, AMF and AMF Funds
- Celia Grip, Swedbank Robur Funds
- Anders Jonsson, Livförsäkringsbolaget Skandia
- Jan Gurander, Chairman of the Board of Essity

The Nomination Committee prepares, among other things, the proposal for election of Board members. For further information, refer to the Corporate governance report on pages 100–109.

Dividend

The Board of Directors proposes an increase in the dividend of 6% to SEK 8.75 (8.25) per share. Based on the number of shares outstanding on December 31, 2025, the dividend corresponds to a total amount of SEK 5,977m (5,711). The record date for entitlement to receive dividends is proposed as March 30, 2026 and payment is expected to be made on April 2, 2026.

For Essity's financial calendar 2026–2027 and other information, see page 191.



External environment

Essity continuously analyses its external environment to identify opportunities, risks and drivers for profitable growth. Several trends within areas such as demographics, hygiene and health, sustainability and digitalization provide favorable conditions for good growth in the global hygiene and health market.



Demographics

A growing global population and longer life expectancy are driving demand for hygiene and health products. An aging population is creating increasing demand for care, fueled by the rising prevalence of incontinence and other chronic conditions such as lymphedema. An increasing disparity between rising care demands and limited resources is placing mounting pressure on healthcare systems. Younger generations, particularly Generation Z (1997–2012), Generation Alpha (2013–2024), and Generation Beta (from 2025) are and will become increasingly influential. Generation Z values authenticity, ethics and sustainability. Generation Alpha is entering the period care market, as menarche often occurs in early adolescence. Like Generation Z, they are digital natives, active on social media. Generation Beta, is starting to be born now and will shape future trends. Essity targets all age groups to meet the needs for innovative hygiene and health solutions at all stages of life.



Hygiene and health

Hygiene and health are fundamental to human well-being. Awareness of the connection between hygiene and health remains high post-pandemic, with the emphasis on preventive measures and self-care, such as good hand hygiene and cleaning procedures at home and in public spaces. Antimicrobial resistance is a growing threat with global health and economic implications, highlighted by the World Health Organization. Demand for hygiene products is driven by improved access to health services in emerging markets and growth in preventive spending in mature countries. Self-care is increasingly important in health promotion and disease prevention, which is reflected in consumer behaviors and product offerings in the market. Essity's portfolio encompasses a broad range of superior hygiene and health products and services for medical care, self-care and preventive care.



Digitalization

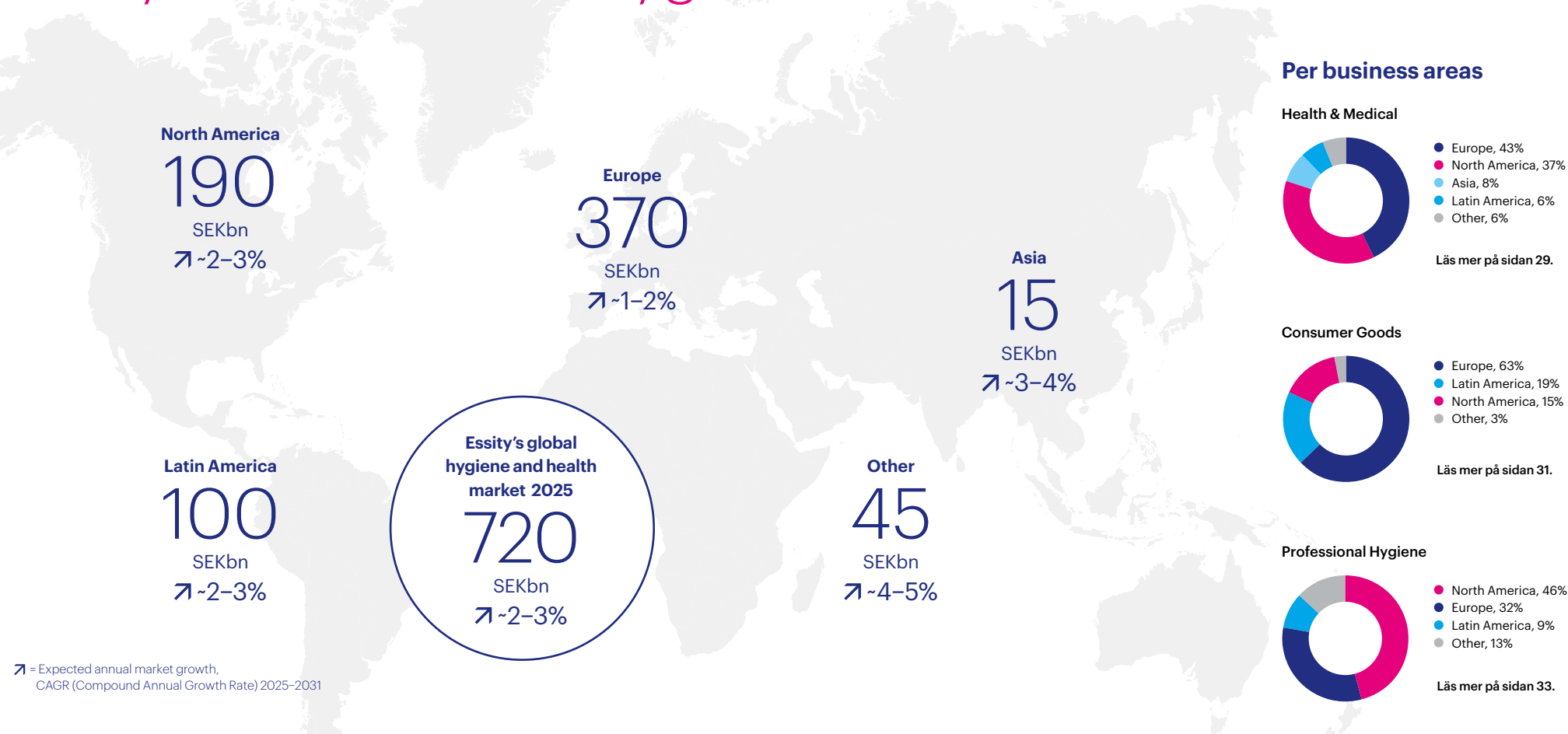
Digitalization means increased opportunities for value creation. Interaction with consumers through various digital platforms and channels is increasing. Essity is leveraging digitalization across the value chain, strengthening e-commerce and direct-to-consumer models, and adopting new technologies where these create value for customers and consumers while increasing business performance. Generative artificial intelligence (AI) is increasingly used to personalize content, enhance efficiency and productivity of operations, and support innovation. Essity is investing in AI literacy training to unlock opportunities across the organization, drive innovation and ensure regulatory compliance.



Sustainability

Environmental and social sustainability, including climate change, human rights and equal opportunities, remains strong and important. Climate change and greenhouse gas emissions are at the forefront, alongside water conservation, biodiversity protection, circular economy practices, and waste reduction. Regulatory pressure is increasing, with measures such as nature restoration, water resilience, and extended producer responsibility gaining momentum. Social priorities, including human rights, diversity, equity, and inclusion, are essential to building resilient and fair societies. Sustainability is an integral part of Essity's business strategy and is embedded in our daily work.

Essity's addressable¹⁾ hygiene and health market



Growth potential in different regions

The penetration and use of hygiene and health products and services vary between regions – from relatively high in mature markets to relatively low in emerging markets. For example, consumption per capita of incontinence products in Latin America is only about one fourth of that in Western Europe,

and tissue consumption in Eastern Europe is only about one third of that in Western Europe. Several trends are driving the increased demand in emerging markets, including achievement of higher living standards, urbanization-induced expansion of the retail trade and e-commerce, heightened awareness of hygiene and health and greater access to medical care. Essity

aims to defend and grow leading market positions in mature markets and capitalize on growth opportunities in emerging markets. Essity's addressable global hygiene and health market in 2025 amounted to approximately SEK 530bn in mature markets and to approximately SEK 190bn in emerging markets.

¹⁾ The addressable market refers to category and market combinations where Essity already operates (certain category and regional exceptions apply).

Source: Information compiled by Essity for presentation purposes based on external market sources and internal estimates.

Essity's market positions

		Global	Europe	North America	Latin America
Professional Hygiene		1	1	2	1
Incontinence Products		1	1	5	1
Medical Solutions ¹⁾	     	2	1	8	2
Consumer Tissue	   	3	1	–	3
Feminine Care	     	5	3	–	1
Baby Care		5	2	–	–

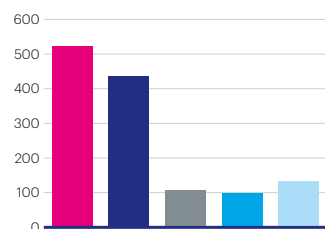
1) Consolidated position, which includes the Wound care, Compression Therapy and Orthopedics product segments.

Source: The information has been compiled by Essity for presentation purposes based on external market sources and internal estimates covering all markets in the listed categories.

Use

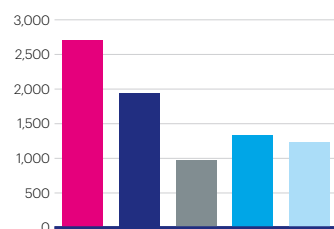
Incontinence Products

Number of products per person with incontinence/year



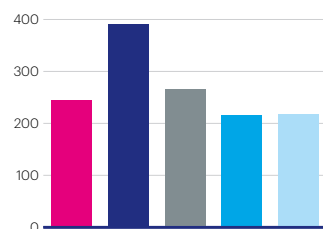
Baby Care

Number of baby diapers per child up to the age of 2.5 years/year



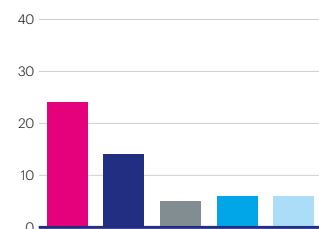
Feminine Care

Number of menstrual products per woman aged 15–49 years/year



Tissue

Kg per capita/year



Source: The information has been compiled by Essity for presentation purposes based on external market sources and internal estimates covering all markets in the listed categories.



JOBST Confidence has been developed to help patients with lymphedema and lipedema move freely while receiving effective compression therapy.

Value creation for our stakeholders

– Essity’s strategic framework

Purpose

Breaking barriers
to well-being

Value for our stakeholders

- Enable more people every day to enjoy a fuller life
- Contribute to a more sustainable and circular society
- Generate increased shareholder value through profitable growth

Vision and mission

Vision

To be the undisputed global leader in hygiene and health

Mission

Develop, supply and sell superior hygiene and health products, solutions and services

Strategy

Where to play:

Category

Geography

Channel

How to win:

People & culture

Brand building

Innovation

Operational leadership

Sustainability

Business areas

- Health & Medical
- Consumer Goods
- Professional Hygiene

Group targets

Profitable and sustainable growth

- Annual organic sales growth of >3%
- EBITA Margin excl. IAC >15%
- Solid investment grade rating
- Long-term stable and rising dividends
- Sustainability includes, among other things, science-based targets with the ambition to achieve net zero emissions by 2050 and that all production waste should be subject to material or energy recovery by 2030

Intangible key resources and value creation in the strategy and business model

Intangible assets are a central part of the Group’s value creation and contribute to increased competitiveness and long-term sustainability-driven growth.

Employee expertise and a culture characterized by collaboration and a focus on results are crucial to implementing the strategy. Patent-protected innovation, new products and strong brands strengthen our market position, deepen customer relations and drive sustainable growth and profitability. Essity uses advanced digital technologies and data analysis to optimize production, as well as its own platforms for sales, distribution and customer insight, which creates operational synergies and strengthens the business model.

Read more under the respective success factors in the strategy on pages 15–34 and in the sustainability section on pages 47–99

Where to play

Category choices

We focus on hygiene and health categories where product performance and brand preference matter.

Hygiene and health are the essence of well-being. Essity's portfolio of hygiene and health products and services play an essential role in improving well-being for the benefit of consumers, patients, caregivers and customers across the globe.

Essity enables superior hygiene outcomes and experiences, at home and away from home, by supporting the effectiveness and efficiency of hygiene routines, and by preventing, treating and monitoring health conditions. Across our businesses, we are guided by consumer insights and delivering superior product performance to meet the needs and expectations of consumers, patients, caregivers and customers.

Essity currently touches the lives of 1 billion people every day in 150 countries, meaning that 7 billion people have yet to discover our products. We strive to reach more people with our leading hygiene and health products, improve quality of life and create impact for those we reach, while building long-term shareholder value.

Profitable growth opportunities – nurture the core and expand for more

Essity continues to develop its portfolio towards more profitable segments and prioritizes expansion in areas where the company can leverage its core competencies and strengthen its opportunities to succeed in the market. We tap into expanding markets where favorable trends fuel profitable growth opportunities. Essity's key priority is to leverage, grow and strengthen our core business while enabling profitable expansion into new categories and business models with high growth potential, low capital intensity and high yields.

Examples include digital and preventive products in continence care under the TENA Brand. The TENA SmartCare Change Indicator is a reusable sensor that notifies caregivers when a TENA product needs changing, improving care efficiency and comfort for individuals living with incontinence. As part of

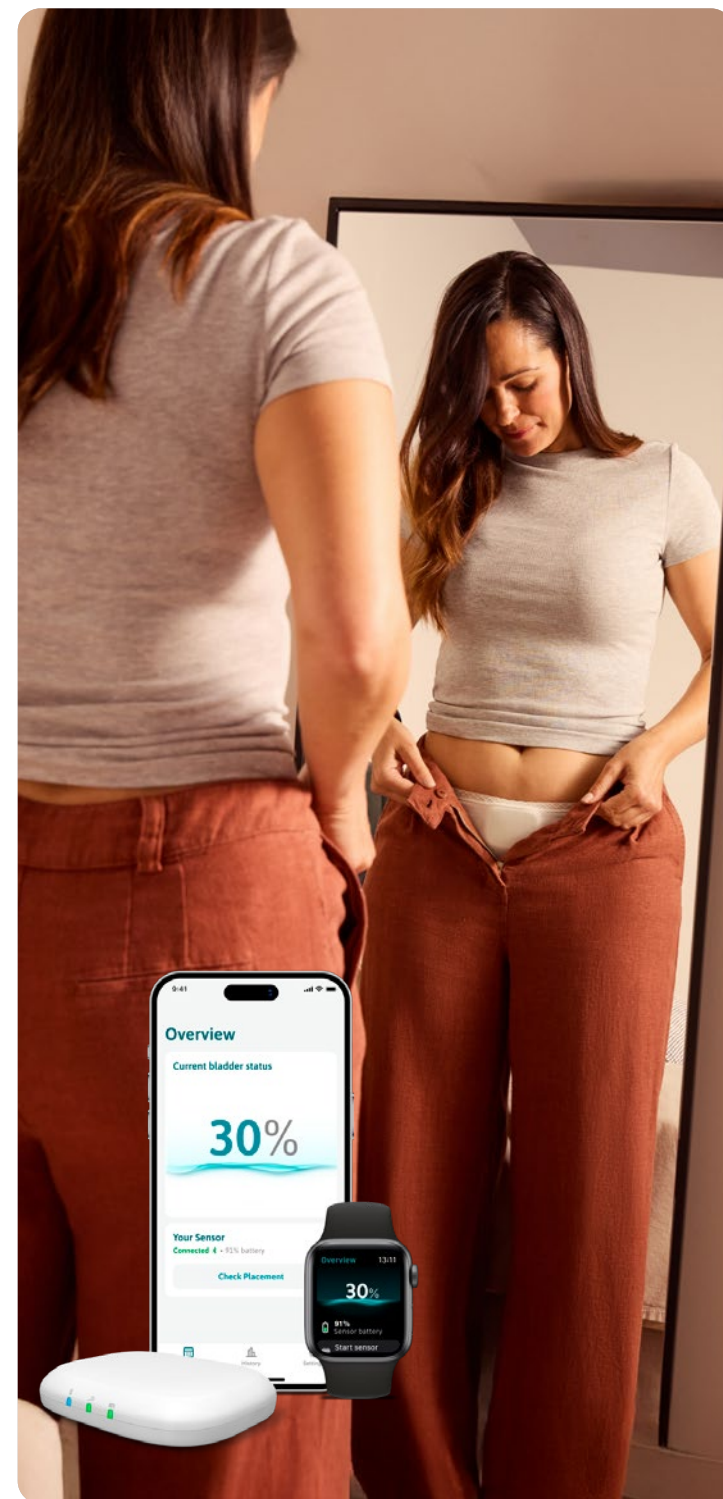
expanding the portfolio, TENA has furthermore introduced SmartCare Bladder Sensor, a clinically validated product available in selected European markets. This wearable ultrasound device helps individuals to better manage urinary incontinence by monitoring bladder fullness in real time. It sends discreet alerts to a smartphone or smartwatch when it is time to visit the toilet, helping reduce leaks, boosting confidence and improving overall quality of life.

Value-creating acquisitions

Acquisitions have played a crucial role in building the Essity of today, and they continue to be a way to broaden the company and strengthen the product portfolio and geographical footprint. Essity aims to capture growth opportunities through acquisitions in all business areas, primarily within the categories of Medical Solutions, Incontinence Products, Feminine Care and Professional Hygiene. In Medical Solutions, Essity focuses mainly on advanced wound care while in Professional Hygiene prioritizes acquisitions in areas such as soap, disinfectants, and wiping and cleaning products.

In 2025, Essity entered into an agreement to acquire Edgewell's feminine care business in North America, including the Carefree, Stayfree and o.b. brands for that region, as well as Playtex globally. The acquisition was completed in the beginning of 2026 and will strengthen Essity's market position in the region.

TENA has expanded its portfolio with SmartCare Bladder Sensor, a clinically validated product available in selected European markets. The wearable ultrasound device helps manage incontinence by monitoring the bladder in real time.



Geographic choices

We strive for growing positions in North America, Latin America and East Asia, while strengthening and expanding our European presence.



New Tork soap formulas developed for the MEIA region are made for warmer climates.

Essity sees global growth opportunities in all three business areas. Growth is prioritized where the company already holds strong market positions and where these are supported by favorable market trends. Our strong market positions in Europe offer a solid base for scale and further expansion. In addition, North America represents a significant growth opportunity.

Over time, Essity strives to increase the company's share of sales and earnings in emerging markets, mainly in Latin America and Asia, where consumption of hygiene and health products and services is lower than in mature markets.

Europe

Essity's addressable European hygiene and health market amounts to approximately SEK 370bn, with expected growth of approximately 1–2% between 2025 and 2031. A key priority for Europe is to defend our strong leading market positions and to grow in key markets through differentiation and innovation, and by extending the portfolio into adjacent categories.

North America

Essity's addressable hygiene and health market in North America amounts to approximately SEK 190bn, with expected growth of approximately 2–3% between 2025 and 2031. Essity has a market presence across all three business areas and is a market leader in leakproof apparel with the Knix brand. Over the past number of years, acquisitions have been completed in all business areas to strengthen the portfolio of products and brands. The aim is to continue growing profitably, both organically and through acquisitions.

Latin America

Essity's addressable Latin American hygiene and health market amounts to approximately SEK 100bn, with expected growth of approximately 2–3% between 2025 and 2031. We are present in several categories across all three business areas in many Latin American countries. The Group holds strong brands and market positions in Latin America, with leading positions in the Consumer Goods categories of Feminine Care and Incontinence

Products. Additionally, we are growing our Health & Medical and Professional Hygiene business areas. The region offers opportunities for further profitable growth based on increasing penetration levels across categories and higher per-capita consumption levels. Essity aims to continue expanding its footprint across the region.

Asia

Essity's addressable Asian hygiene and health market amounts to approximately SEK 15bn, with expected growth of approximately 3–4% between 2025 and 2031. This will be driven by population growth, higher living standards and rising disposable incomes. After the divestment of the Vinda holding, we retain a presence in Asia through continued licensing of Essity's brands in Tissue and Personal Care. In Health & Medical, Essity has strongholds in selected countries in Asia, such as Indonesia, Thailand and India. Asia accounts for 2% of Essity's net sales, primarily in Health & Medical. We remain committed to our long-term goal of developing a strong presence in Asia across all three business areas.

Other regions

Essity is present in all categories across all three business areas in Australasia. In the Middle East and Africa, we maintain a selective presence through direct sales or distribution agreements and have successfully established strongholds in several categories. We continuously evaluate strategic expansion opportunities that offer synergies and drive profitable growth. For instance, Libero is a leading brand of baby diapers in Kuwait. In Professional Hygiene, Essity has strengthened its footprint in the Middle East with the launch of the first "Made in UAE" Tork product, developed in collaboration with a local paper mill and converter to meet the specific needs of the regional market. During the year, Essity established a new regional headquarters for its Health & Medical business in Riyadh, Saudi Arabia, to strengthen operations and expand market presence to accelerate growth.



Channel choices

We aim to be present in all relevant channels for consumers, patients, caregivers and customers.

Presence in channels for relevant target groups

Essity aims to have a presence across all relevant online and offline channels where consumers, patients, caregivers and customers are present. By delivering superior experiences, an effective go-to-market model and best-in-class service, we strive to build strong relationships with consumers, patients, caregivers and customers. Essity's products and services are distributed through the retail trade, distributors, pharmacies, hospitals and e-commerce.

Accelerate e-commerce and increase digital visibility

Digitalization continues to transform how we market and sell our products and services and how we build relationships. To enable

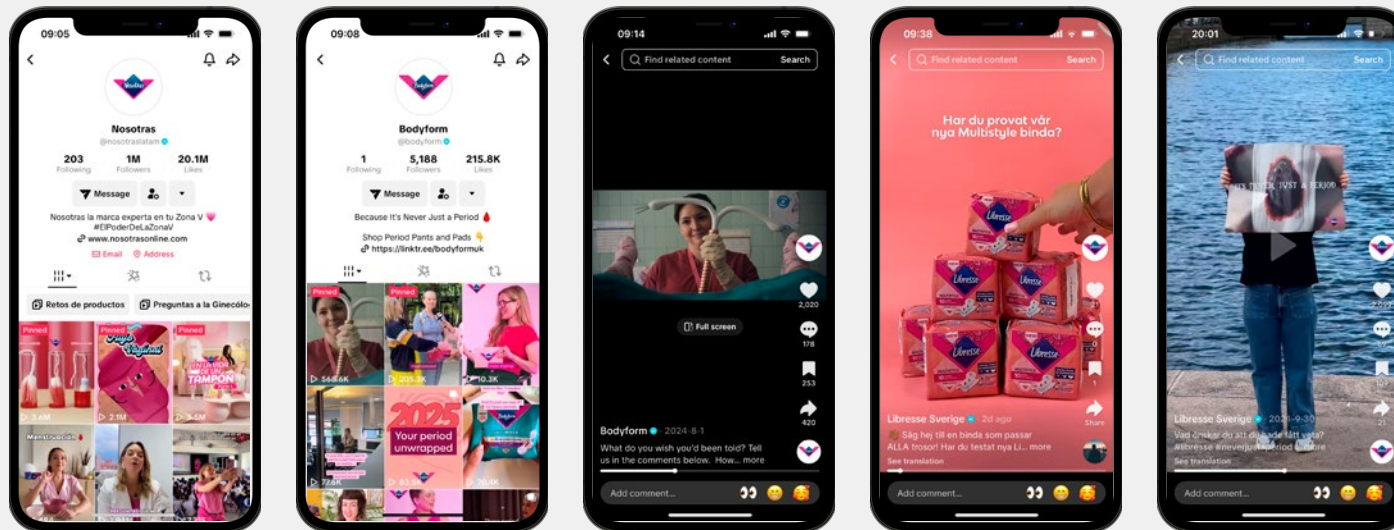
more personalized and data-driven engagement, Essity is complementing traditional offline distribution by strengthening its presence in digital channels. By deepening digital interaction, sharper insights into buyer and user needs and behaviors are gained, allowing us to communicate and engage with them more effectively, deliver more relevant experiences and strengthen brand loyalty. The direct-to-consumer and direct-to-customer models open new opportunities to raise awareness and engagement, attract new target groups, and deepen relationships with existing ones.

Essity is expanding its digital presence in categories such as menstrual health, incontinence and professional hygiene. For example, our menstrual brands use platforms such as TikTok to

reach out to and educate young girls about puberty and menstruation. In Brazil, we launched the country's first dedicated e-commerce platform for incontinence products, which grew sales across channels and secured our market-leading position.

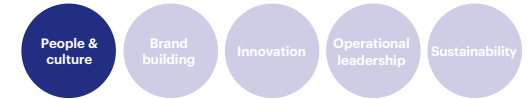
In the B2B area, Essity is enhancing the customer journey by offering a more consumer-like experience through personalized digital platforms. Initiatives such as the improved Tork web shop enhance usability and performance for distribution partners. As expectations rise, we continue to invest in seamless omni-channel experiences that meet customers' changing needs.

Essity also has a strong presence on leading retailer and distributor e-commerce platforms, ensuring broad availability and visibility in different markets.



Our feminine care brands use platforms such as TikTok to reach out to and educate young girls about puberty and menstruation.

People and culture



We strive to build a future-fit organization and culture where people and business thrive. The culture is based on our purpose and reflected in our Beliefs & Behaviors. This yields high engagement, makes Essity an attractive employer and creates business value.

A culture where people thrive

We are convinced that good leadership is fundamental to creating a strong culture, high employee engagement and achieving world-class results. Essity's leaders support innovation, development and collaboration. Expectations on leaders at the company are clearly defined and serve as the basis for our leadership recruitment and development. Essity provides a portfolio of leadership programs that are deployed globally to ensure excellence in leadership fundamentals and to build capabilities for the future.



Our purpose Breaking barriers to well-being forms the foundation of Essity's corporate culture and is reflected in our Beliefs & Behaviors, which serve as a compass for how we work.

Our diverse workforce and inclusive culture are a competitive advantage. To bring out the best in everyone, Essity strives to create an inclusive environment where employees are listened to, motivated to do great things, get support to develop and where learning is part of everyday activities. We constantly challenge ourselves to deliver better results, while continuously seeking to improve our work methods.

Attracting, recruiting and growing talent

Essity attracts, recruits and develops today's talent for the Essity of tomorrow. The company is recognized as an attractive employer in the countries where Essity operates and has been named one of Sweden's most attractive employers by Karriär-företagen. We build relationships with future talent, focusing on communicating our employer offering which is based on three themes: **Innovate for Good**, **Excel Together** and **Be You with Us**. Essity rewards employees using a total reward approach, which entails a combination of monetary and non-monetary components. We offer competitive remuneration comprising salary, variable remuneration, pension and other benefits. Essity follows local salary structures and respects internationally established rules for minimum wages and adequate compensation. The variable remuneration programs cover most employees at Essity. Essity's workplace philosophy encompasses a work environment featuring attractive offices and flexibility, as well as Group-wide health and safety programs. To provide a consistent employee experience, a global onboarding program has been implemented to enable new employees to effectively onboard to Essity. The employee experience is regularly monitored in our MyVoice engagement survey.

Learning as part of everyday work

When people grow, Essity grows. We focus on growing talent from within, ensuring a healthy talent flow across functions and organizations. The continuous development of employees and leaders is crucial for Essity's long-term success and its opportunity to attract and retain the right talent and skills. Learning and development are fundamental elements of our employees' everyday life and take place through practical experience, training and interactions with colleagues. We drive the development of talent and individual development plans based on

business requirements, personal strengths and identified development areas. Our aim is that everyone will learn as they work and that leaders will prioritize development for their employees and themselves. Employees engage in regular dialogues with their line manager to define goals and concrete activities to develop in their current roles and toward their next career step. The Essity University offers training and development formats for employees to ensure the cultivation of capabilities required for a future-fit organization. Emphasis is placed on leadership capabilities as well as functional capabilities, provided through training curriculums in Essity academies.

An inclusive, safe and healthy workplace

Essity is dedicated to promote sustainability and well-being for our employees. Our workplaces should be safe, attractive and inclusive, and support a positive employee experience. Essity aims to have a work environment free from accidents and with a healthy working culture, actively promoting employees' physical, mental and social well-being, for a sustainable work life. I Care is our global excellence program aimed at creating a safe and healthy work environment. As part of this program, we have implemented the Global Employee Assistance Program for all employees and their households to provide them with support in the event of challenging life situations.

Essity continues to realize our diversity, equity and inclusion plans, including by embedding them in our people practices. Essity's commitment to diversity, equity and inclusion is outlined in the Group's goal for gender distribution at management levels.

Read more on pages 77–84.

Leading brands

We build superior brands with leading brand equity for improved well-being.



Strong market positions

Essity has a portfolio of leading purposeful brands with significant brand equity. Our goal is to achieve category leadership, securing the number one or two branded market positions across our portfolio. Essity holds the number one or two position in approximately 90% of branded sales

Essity's diverse range of products and services are focused on elevating standards in hygiene and health. Through targeted marketing campaigns, we address and eliminate hygiene and health-related taboos and stigmas. The value of our marketing investments is enhanced by engaging with consumers, patients, caregivers and customers through digital channels. Together with product innovation, this creates strong, purposeful and appreciated brands.

Essity has launched several important brand-building campaigns and initiatives, for example:

- The global feminine care campaign “Never Just a Period” was a standout winner at the 2025 Cannes Lions Festival of Creativity, earning one Gold Lion and three Bronze Lions across categories. This bold campaign challenges societal taboos around menstruation by highlighting the diverse experiences of women, from first periods to fertility, contraception, menstrual pain, and menopause, and aims to close the period knowledge gap.

- The TENA “Rethink Bladder Leaks” campaign challenges stigma around incontinence by empowering women to speak openly, promoting proper product use, and reframing bladder leaks as a normal part of life and not something shameful. It features bold storytelling, influencer engagement, and educational tools to drive awareness and behavioral change about incontinence.
- The Leukoplast “Undeserved” campaign highlights disparities in wound care, championing the belief that healing should be a universal right, not a privilege. Through powerful real-life stories of patients impacted by bias such as skintone, age and life circumstances, the campaign advocates for inclusive care and access to healing for all.

TENA

**1 IN 3
WOMEN
QUIT SPORTS
DUE TO
BLADDER
LEAKS**

#EverySqueezeCounts

Through the #EverySqueezeCounts initiative, TENA provides training guides and support to gyms and personal trainers – so that more women can exercise without worrying about urine leakage.

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Innovation leadership

Consumer and customer insights drive innovation and growth.

Innovation makes us the first choice

Continuous innovation is crucial to achieving product superiority, strengthening brand loyalty and creating commercial value, while improving people's well-being and promoting a more sustainable society. Innovation takes place not only in products, but also in marketing, business models, technology and processes, all with the aim of driving profitable growth and strengthening market positions.

At Essity we focus on impactful innovations with high returns and speed to market. We leverage our global presence, economies of scale and local insights to deliver superior and sustainable user experiences. Innovation plays a critical role in safeguarding our pricing power, securing competitive cost positions, and drive growth through meaningful differentiation.

Sustainable innovations that improve everyday life

Essity focuses on innovations that enhance hygiene and health outcomes and experiences and reduce the company's environmental footprint, all while yielding profitable growth. Our target is that at least 50% of Essity's innovations are to generate social and/or environmental improvements annually. In 2025, the outcome was 80%.

Examples of key innovations this year

Essity continues to leverage and scale its innovations and drive product superiority to differentiate ourselves in the market. During 2025, Essity launched several innovations across all three business areas:

In Health & Medical, the TENA product lines Complete +Care Ultra and TENA ProSkin for sensitive skin, have expanded to include new sizes up to 4XL. These are designed to better serve individuals with larger or taller body types. This range expansion is part of Essity's efforts to better serve people with specific

needs in incontinence care by making products more comfortable and effective.

Essity continues to focus on TENA Total Care, a holistic value proposition for long-term care settings. The goal is to improve continence care outcomes while enhancing operational efficiency and sustainability in health care. TENA Total Care integrates absorbent hygiene products, skin care, digital health technologies and training into a unified care model.

Actimove® Manus Air is an innovative wrist brace engineered to support distal radius fracture healing while elevating the experience for both patients and caregivers. Designed for efficiency and comfort, it offers a faster application process, reducing the time required by up to 50%, and is water resistant and more portable compared to traditional splints.

Essity has launched Cutimed® Siltec® Sorbact® globally, expanding our wound care portfolio with an innovative product that combines Essity's advanced healing foam technology with Sorbact's bacteria-binding action. It helps manage infection and support healing without contributing to antimicrobial resistance. This strengthens our position in advanced wound care and supports growth in key healthcare markets.

In Consumer Goods, Essity is expanding its patented coreless toilet paper technology to new markets and product categories. Essity is the first company that has established coreless toilet paper and household towels in consumer markets, distinctly differentiating the company in the marketplace. This innovation offers longer-lasting rolls, reduces CO₂ emissions by up to 6% over a product life cycle, and cuts down on transportation and storage needs. The Lotus Just1 coreless toilet paper was launched in France in 2025, with Germany (under the Zewa brand) and other European markets to follow. Another example of our focus on consumer needs is TENA MEN Protective Boxer, incontinence pants for men with a new design that provides a more comfortable and discreet fit. The product has built-in protection with SpeedDry Zone textile technology for rapid absorption.



In Professional Hygiene, The Tork Matic® Automatic Hand Towel Roll Dispenser is a high-capacity, sensor-activated dispenser designed for hygienic, efficient and intuitive hand drying in public and professional washrooms. The battery life of up to six years sets a new industry benchmark, significantly reducing maintenance time. The dispenser is part of Essity's Tork brand and is widely used in such sectors as healthcare, hospitality and food service. Essity has also launched two new soap formulations under the Tork brand, Scented Foam Soap and Scented Liquid Soap, specifically designed to perform well in warmer climates.



How to win

Operational leadership

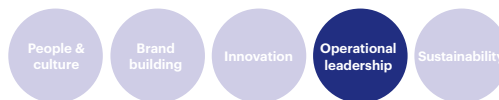
Driving consumer and customer centricity through operational efficiency, agility and continuous improvement.

At the end of 2025, Essity announced measures to create better conditions for profitable growth and further enhance its operational leadership. Actions include an organizational change that decentralizes decision-making and strengthens end-to-end accountability for each product category, and the launch of a cost savings program. The change will simplify Essity's structure while maintaining economies of scale where relevant. This will further enhance customer and consumer focus, increase speed, agility, and operational efficiency. The cost savings program primarily targets sales and administrative expenses and is expected to generate annual savings of approximately SEK 1bn, with full effect by the end of 2026. Part of this amount will be achieved through organizational changes. The cost savings will mainly be invested in profitable volume growth.

Essity addresses operational efficiency across the entire business, from research and development, marketing and sales to the company's customer-centric supply chain. We achieve exceptional efficiency and service excellence through digitalization, with a continuous focus on improvement, cost savings and sustainability.

Commercial excellence

Essity is implementing go-to-market models designed around customer needs and consumer buying journeys. The foundation of our market success lies in consistently maximizing the performance of our sales engine, driving commercial effectiveness and efficiency, while elevating customer experience and delivering superior, reliable service. We also harness technology and automation to enhance productivity and strengthen customer relationships. Furthermore, we are continuously advancing our customer-centric omnichannel approaches to ensure seamless interactions and adaptability to evolving buying behaviors.



Safety first

At Essity, the safety, health and well-being of our employees are our highest priorities. Through our I Care program, with its innovative tools and methodologies, we maintain a culture that empowers all Essity employees to come home from work safe and healthy every day.

In 2025, the Frontline Health and Well-being program, part of I Care, was launched across six manufacturing sites, reinforcing Essity's commitment to creating a healthier and more supportive work environment. This initiative focuses on three key pillars of employee well-being: physical, mental and social health.

At Essity, we believe that enhancing well-being is essential to improving both safety performance and overall productivity. This year's progress reflects our continued dedication to the I Care journey, our holistic strategy for excellence in risk management, environmental stewardship, safety, health, and well-being. The progress of total recordable injury (TRI) is tracked as one of our Group targets. The target was a 75% reduction in TRI frequency by 2025 compared to 2019. The outcome for 2025 is -66%.

Read more on pages 81–84.

Suppliers

Essity supports sustainable development across its value chain. We provide products to our customers and consumers that are made and delivered with respect for people and the environment. To facilitate this, we source from suppliers that share our values. There is a specific focus on supplier value creation, meaning that opportunities are sought with existing and potential suppliers to develop products that can potentially reduce our carbon footprint while ensuring a resilient and cost-efficient supply chain. This also includes optimizing logistics and distribution and implementing digital products and breakthrough technologies that can lead to significant efficiency improvements and reduced waste and energy consumption.



At Essity, the health and safety of our employees is a top priority.

How to win

Manufacturing Excellence

Within the framework of Manufacturing Excellence, Essity works with continuous improvements through its focus on people, processes innovation, efficiency, quality and sustainability. This drives employee engagement and increases productivity. It reflects how we achieve strong performance in manufacturing by developing the capabilities of our teams, for example by increased responsibility for the equipment.

Sustainability in our supply chain

We strive to reduce waste, logistics and distribution costs while increasing productivity and optimizing material and energy utilization. This helps to lower the environmental footprint, ensuring cost savings through an optimized production structure, efficiency improvements and digitalization, in addition to raw material and energy savings. These measures facilitate growth without a corresponding increase in the pace of investments. During 2025, savings in cost of goods sold amounted to approximately SEK 0,5bn at the same time as Scope 1 and 2 carbon emissions were reduced by 27% compared to 2016.

Supply chain transformation

Competitive advantages are created through a comprehensive customer-centric supply chain that utilizes proven and innovative planning and logistics platforms. This yields increased resilience, improved delivery times and strengthened relationships with customers and suppliers, thereby enhancing service for customers and consumers. We are making progress in leveraging Essity's planning and logistics platforms. We have captured customer and consumer demand signals with innovative machine learning modules. We have also shipped products across more than 60 countries from our Smart Hubs in Europe and North America, delivering efficiency gains including transportation emission reductions.

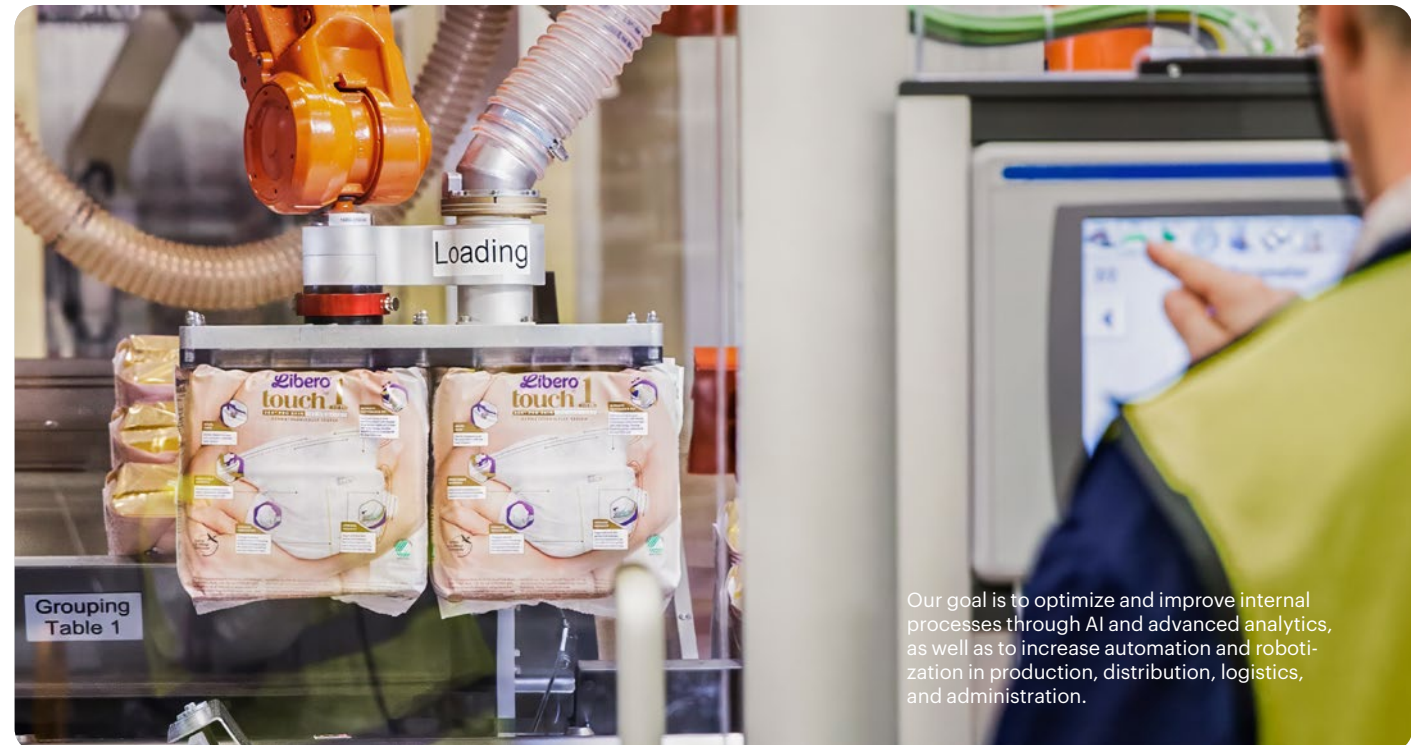
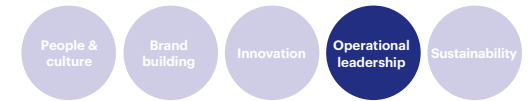
Digitalization

Essity is leveraging digitalization across the value chain and adopting new technologies where these create value for customers and consumers while increasing business performance. Our aim is to optimize and improve internal operations through AI and advanced analytics, and to increase automation and robotization of production, distribution, logistics and administration.

In 2024, Essity signed the European Artificial Intelligence Pact, and during 2025 we actively reinforced our commitment to responsible AI development and initiated preparations for the EU AI Act. To meet EU standards for safety, fairness and accountability, we established governance structures, adopted transparency measures and promoted AI literacy, all aligned with our AI Ethics Policy. Through the digital transformation program, Essity Way of

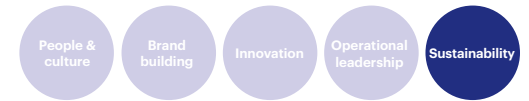
Winning (EWoW), deployment to the first wave of countries has been completed. This will provide a critical foundation for harmonized processes and quality data, thereby enabling continuous improvements in analytics and automation.

We are investing in analytics tools to understand and improve supply chain performance. Essity's production facilities monitor more than 50 million data points every hour and by processing this data, material and energy usage is optimized to reduce greenhouse gas emissions and waste. On critical production lines, we moved to 100% automatic product inspection. For maintenance, we are utilizing AI to prevent mechanical unplanned downtime, with a quantified cost avoidance. Production optimization tools enable production facilities to reduce greenhouse gas emissions by adapting process setpoints and through real-time monitoring of energy consumption.



Our goal is to optimize and improve internal processes through AI and advanced analytics, as well as to increase automation and robotization in production, distribution, logistics, and administration.

Sustainability leadership



A core enabler of long-term value creation

At Essity, sustainability is a core pillar embedded in our strategic framework, guiding how we operate, grow and innovate. By aligning environmental, social and governance priorities with our financial targets and growth ambitions, we build resilience, strengthen our competitiveness, support long-term growth and generate measurable impact for people, society and the environment.

As global demographics and societies evolve, hygiene and health play a critical role in improving well-being, participation and productivity for individuals, while enhancing performance and outcomes for organizations and communities. We are committed to continuous innovation and responsible growth to deliver better, more sustainable products that further extend these impacts.

A healthy environment is also crucial for long-term well-being. Climate change, water stress and resource scarcity impact people, societies, and businesses worldwide. Essity is committed to reducing our environmental footprint while meeting the growing demand for hygiene and health products.

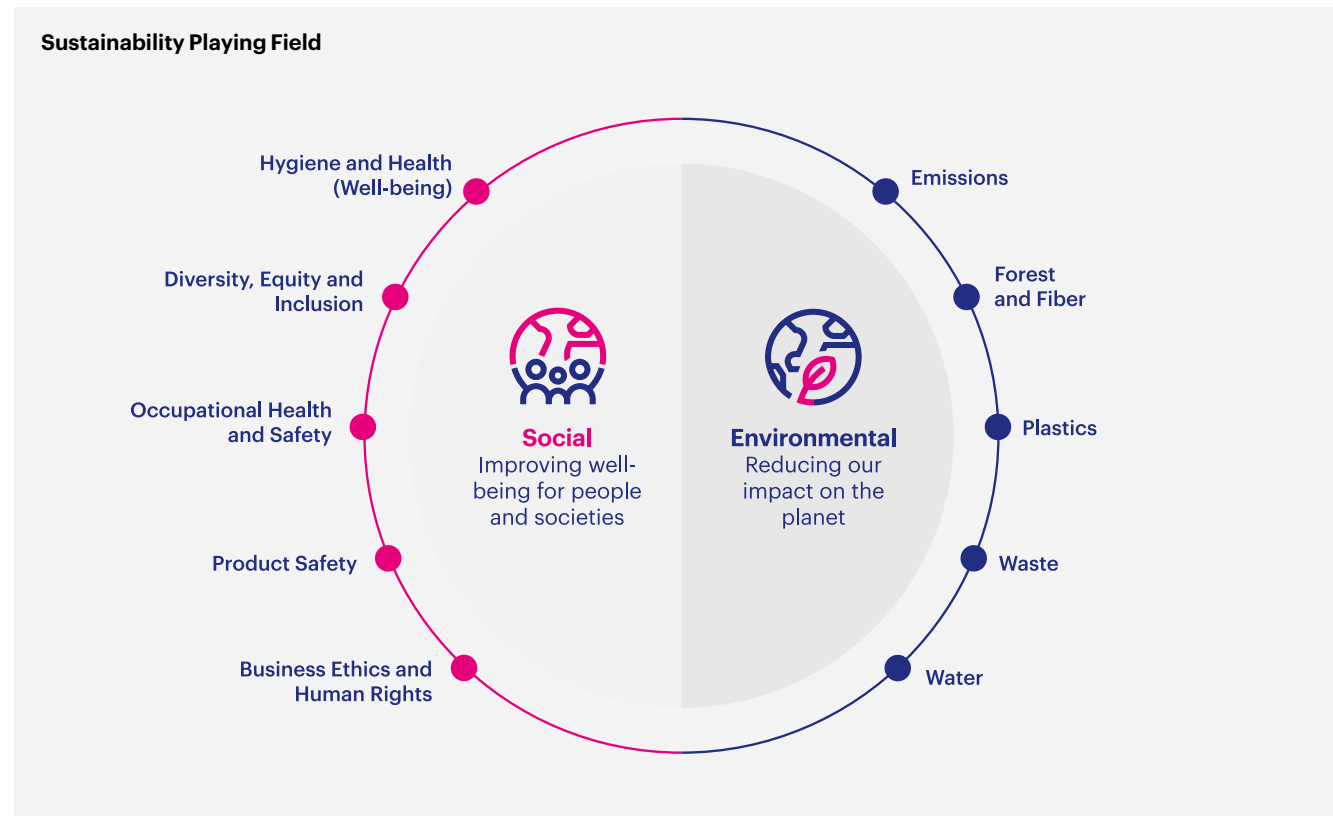
Essity's Sustainability Playing Field

Essity's Sustainability Playing Field defines the company's key social and environmental priorities, serving as our framework for action. It guides how we drive meaningful societal change and reduce our environmental footprint.

Our social priorities

Under the social pillar of our Sustainability Playing Field, the focus is on five key topics: hygiene and health; diversity, equity and inclusion (DEI); occupational health and safety; product safety; business ethics and human rights. Together, these topics form the foundation of our social sustainability agenda, defining how we create value for people and society.

The social impact of hygiene and health is at the core of our business. Essity focuses on the following four areas in hygiene and health: women's health, the care economy, infection preven-



tion, and hygiene and sanitation. Through Essity's brands and partnerships, we expand access to essential hygiene products, provide practical knowledge, and promote hygiene standards that directly improve health and well-being in communities.

We advocate for access to women's health, promote menstrual equity, and support inclusive global health dialogues through the World Economic forum's Global Alliance for Women's Health (until 2025) and UNFPA's Coalition for Reproductive Justice. Essity also provides innovative products in the areas of menstru-

ation, incontinence and compression that enable better outcomes and experiences. Moreover, our wide-reaching brand campaigns break taboos and stigmas in women's health.

Campaigns such as TENA's #NoLoveLikelt elevate the visibility of informal family carers, highlighting their contributions in care infrastructures and the support they need. Essity also aims to help close the care gap by providing innovative products that enable efficient and high-quality care, whether delivered by professionals or family caregivers.

How to win

As part of the focus on hygiene and health, we promote hygiene awareness as a foundation for good health and well-being. In 2025, Tork launched the first coalition with the American Restroom Association, International Paruresis Association, and the consultancy Other Tomorrows to advance inclusive hygiene in public restrooms.

Preventing infections is key to limiting antimicrobial resistance. Essity's hand hygiene, surface hygiene, wound care and continence care products help stop infections in healthcare settings, public spaces and homes. Essity strengthens patient safety and improves health outcomes worldwide by prioritizing prevention, education and antimicrobial stewardship.

We ensure that our operations support and protect employees and business partners through our commitment to diversity, equity and inclusion, occupational health and safety, business ethics and human rights. Key initiatives include achieving gender-balanced leadership, strengthening our I Care program to maintain a safe and supportive work environment across our operations. We are also upholding our Global Supplier Standard and Business Partner Code of Conduct to reinforce ethical practices across our value chain.

Every day, Essity reaches more than one billion people worldwide with hygiene and health products. We ensure transparency and maintain the highest safety standards across our portfolio, enabling consumers and users to make responsible and confident product choices.

Our environmental priorities

Our environmental priorities span climate action through decarbonization, responsible fiber sourcing, water stewardship, plastics reduction and waste management. We take accountability for resource use and ecosystems, ensuring that our operations and products minimize environmental impact and support circular products. Clear targets, roadmaps and programs are in place for each area to deliver measurable results.

Decarbonizing our own operations is a central component of Essity's climate action plan. Guided by the Science Based Targets initiative, we take measurable steps to reduce emissions, build resilience across operations and supply chains to strengthen competitiveness and safeguard our ability to operate globally.

Advancing toward net zero

We are working toward a net zero business by 2050, with a 2030 target to reduce emissions by 35% across the full value chain, from our own operations and purchased goods and services to transportation and product and production waste. While 2050 remains our long-term goal, we are focused on achieving measurable reductions in areas we directly control by 2030, prioritizing those with the greatest impact and collaborating with partners to drive progress across the broader value chain.

Tissue production accounts for more than 80% of our manufacturing emissions, making tissue sites a central focus of our decarbonization efforts. Each site is analyzed individually to implement tailored solutions, including improving energy efficiency, transitioning to lower-emission and renewable energy sources and exploring new technologies to further reduce emissions. Programs such as M-Save and E-Save optimize materials and energy use, helping us make measurable progress toward our science-based targets. Renewable energy deployment is adapted to local conditions: Lilla Edet in Sweden runs on biogas, Kawerau in New Zealand uses geothermal steam, and Kostheim in Germany demonstrated hydrogen-based carbon-neutral tissue production. Le Theil is the first Essity site in France using biomass. In March 2026, another biomass boiler will be inaugurated at the French privet label division site in Kunheim.



Innovation for sustainable products

Innovation is a key enabler of both environmental and social impact. Essity develops products, processes, services and ways of working that deliver measurable benefits for people and the planet. At least half of our innovations target social or environmental improvements, including products designed for end-of-life recycling or composting. Scaling these products requires collaboration with governments and authorities, and advocacy for systemic change, particularly in regions with high landfill use. Through continuous innovation, Essity ensures that our products remain effective, relevant and impactful across society.

Alignment with new disclosure requirements

From 2025 onwards, Essity will report under the Corporate Sustainability Reporting Directive (CSRD) and European Sustainability Reporting Standards (ESRS). Essity is prepared for the requirements under these frameworks, and our sustainability statements on page 47 provide further details on our material sustainability matters.

For the sixth consecutive year, Essity has been acknowledged for its leadership in sustainability by the global non-profit environmental organization CDP. Essity has been recognized on CDP's 2025 Supplier Engagement Leaderboard list for its efforts in involving suppliers in climate change initiatives.

For the fourth consecutive year, Essity has been included in S&P Global's Sustainability Yearbook. The company is ranked industry best in the Household Products category. Additionally, Essity has been listed in the Dow Jones Sustainability Index (DJSI), one of the world's most prestigious sustainability indices.

Another prestigious recognition is the one Essity received from EcoVadis, which awarded us the prestigious platinum medal this year. This places us among the top 1% of companies globally and reflects our strong commitment to sustainability.

Financial targets and outcomes

Essity creates value for customers, consumers, communities, employees, and shareholders through profitable and sustainable growth. The concept of profitable and sustainable growth has been broken down into a number of Group targets and policies.

Capital Structure Policy

Target:

Maintain a solid investment grade rating

Outcome 2025:

“Solid investment grade rating”

Net debt amounted to SEK 26,543m. Net debt in relation to EBITDA excl. IAC was 1.03.

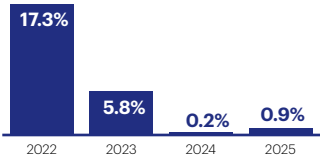
Annual organic sales growth

Target:

>3%

Outcome 2025:

0.9%



Year	2022	2023	2024	2025
Growth (%)	17.3%	5.8%	0.2%	0.9%

In 2025, organic sales growth amounted to 0.9%, of which volume accounted for 0.0% and price/mix 0.9%.

Dividend Policy

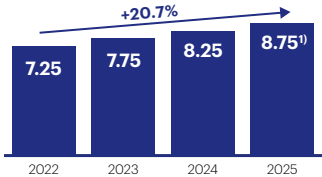
Target:

Long-term stable and rising dividends

Outcome 2025:

8.75¹⁾ SEK

Dividend per share, SEK



Year	2022	2023	2024	2025
Dividend (SEK)	7.25	7.75	8.25	8.75 ¹⁾

The Board of Directors proposes an increase in the dividend of 6% compared with 2024 to SEK 8.75 per share for the 2025 fiscal year. Read the dividend policy in its entirety on page 8.

1) Board of Directors' dividend proposal.

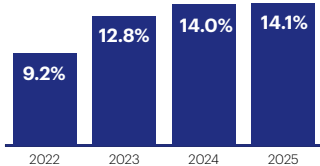
EBITA margin excl. IAC

Target:

>15%

Outcome 2025:

14.1%



Year	2022	2023	2024	2025
Margin (%)	9.2%	12.8%	14.0%	14.1%

In 2025, earnings were positively impacted by higher sales prices, while increased costs of goods sold had a negative impact.



TENA Discreet Ultra Pads deliver on the emotional need for maximum discretion, in addition to their superior protection.

Sustainability targets, goals and outcomes

Science-based climate targets

Reduction of absolute greenhouse gas emissions, Scope 1 and 2, and Scope 3

Target 2030 (compared with 2016):	Outcome 2025:
Scope 1 and 2 -35%	Scope 1 and 2 -27%
Scope 3 -35%	Scope 3 -15%

Essity's climate-affecting emissions are divided into three different classes (Scope) depending on origin. Scope 1 and 2 are directly linked to Essity's production. Scope 3 reports indirect emissions in the value chain.

Sustainable innovations

Share that yielded social and/or environmental improvements

Target (annual):	Outcome 2025:
>50%	80%

Our target for sustainable innovations is that at least 50% of Essity's innovations will annually yield social and/or environmental improvements. Essity tracks the sales from launched innovations against both social and environmental improvement criteria. Innovations are classified as sustainable if meeting either one or both criteria.

Health and safety

Decrease in total recordable incident rate

Target 2025 (compared with 2019):	Outcome 2025:
-75%	-66%

Total recordable incident (TRI) include Lost time accidents (LTA), Restricted work cases (RWC), Medical treatment cases (MTC), Permanent disabilities (P) and Fatalities (F). All of Essity's production facilities are conducting purposeful and systematic work with safety issues.

Gender distribution at management level

Gender distribution on all management levels is to be between 40 and 60% for each respective gender

Goal (annual):	Outcome 2025:
40/60%	36/64%

Essity's goal is that gender distribution at all management levels (Executive Management Team, senior management, middle management) is to be within the interval 40/60%, where the majority group based on gender is to constitute no more than 60%. The goal is reported at an aggregate outcome level for the three management levels. For the outcome in 2025, 36% were women and 64% were men.

Water

Reduction of freshwater intake at tissue sites in water-stressed regions

Target 2032 (compared with 2022):	Outcome 2025:
-25%	-12%

Essity's target is to reduce freshwater intake by 25% at eight tissue paper facilities in water-stressed regions by 2032, using 2022 as the baseline. This addresses the water consumption at sites with the highest risk of water stress and focuses on reduction of water intake.

Fresh fiber

Share of FSC®- or PEFC-certified fresh fiber

Target (annual):	Outcome 2025:
100%	99.7%

Through certifications such as the Forest Stewardship Council™ (FSC™ C003255) and the Programme for the Endorsement of Forest Certification (PEFC/16-33-1406), Essity ensures sustainable fiber sourcing, thereby preventing deforestation and promoting biodiversity.

Production waste

Subject to material or energy recovery

Target 2030:

100%

Outcome 2025:

72%

Resource efficiency and the reduction of waste are important in Essity's production facilities. The target is that all production waste will be subject to material and energy recovery by 2030, which reduces greenhouse gas emissions.

Packaging

Share of packaging manufactured from renewable and/or recycled material

Target 2025:

85%

Outcome 2025:

81%

Essity is striving for 100% recyclability and 85% renewable or recycled material in the company's packaging. This target applies to both paper and plastic packaging for Essity's brands.

Responsible sourcing

Share of total purchase cost from suppliers that comply with Essity's Global Supplier Standard

Target 2025:

95%

Outcome 2025:

95%

Essity has a Global Supplier Standard to ensure responsible business operations and respect for human rights in the company's supply chain.

Business ethics and Code of Conduct

Share of new employees who received training in the Code of Conduct

Target (annual):

100%

Outcome 2025:

92%

The Code of Conduct describes how employees are to act, how the company operates, stakeholder expectations of Essity and Essity's commitment to human rights. All wholly owned subsidiaries are bound by the Code of Conduct.



Lotus Just1 SansTube – our best toilet paper. One sheet is enough. Now more sustainable with paper packaging, no tube, and less waste.

Our business areas

Essity operates in an attractive hygiene and health market with leading market positions and strong brands. The Group's three business areas in 2025 were Health & Medical, Consumer Goods, and Professional Hygiene. Within the respective business areas' customer and sales channels, we offer innovative products and services for improved well-being of consumers, patients, caregivers and customers, and invest in long-term increased value creation.



Health & Medical

► Read more on page 29.



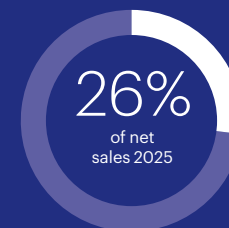
Consumer Goods

► Read more on page 31.



Professional Hygiene

► Read more on page 33.



Health & Medical

Holistic health and medical products along the continuum of care

Essity is a global leader in health and medical products, shaping the future of care through well-known brands such as TENA, JOBST, Leukoplast, Actimove, Cutimed and Hydrofera Blue. Operating worldwide, we offer products in continence care, wound care, compression therapy and orthopedics.

We combine medical expertise with knowledge of patient, caregiver and consumer needs. By providing innovation, education and digital tools, we support practices that generate better care outcomes, enhanced dignity, and more efficient care. Our solutions are delivered through pharmacies, medical device stores, hospitals, distributors, care institutions and e-commerce, ensuring accessibility across the continuum of care.

We are continuously strengthening our efforts aimed at preventing and managing the health conditions we address, with the ambition to lead in one of the world's fastest-growing sectors. The market growth is driven by an aging population, a higher prevalence of chronic diseases, and increasing care needs.

The business area includes two categories:

Incontinence Products Health Care

Under the globally leading brand TENA, we offer a comprehensive range of incontinence products, skincare products and digital products. These are designed to support dignity, comfort and skin health and improve care efficiency in hospitals, care institutions and home settings.

- Global market leader in incontinence care
- Market leader in Europe and Latin America, growing presence in North America

- Digital innovations such as TENA SmartCare improve conditions for patients and caregivers

Medical Solutions

Our medical solutions business delivers specialized products and services across wound care, compression therapy and orthopedics, supporting healing, mobility and quality of life.

Wound care

Under the well-known brands Leukoplast, Cutimed and Hydrofera Blue, we offer a comprehensive range of products for both acute and chronic wounds, designed for both health care institutions and home care.

- #2 in Europe and #5 globally
- Includes surgical tapes, post-op dressings, fixation for larger skin areas and specialized bandages
- Unique technologies such as Sorbact® and Sorbion® support healing at every stage

Compression therapy

With the globally leading brand JOBST, we provide compression garments and bandages that help manage venous and lymphatic conditions. We offer both mass-produced and customized, tailor-made products.

- Leading market positions in Europe and North America
- Includes, among others, arm sleeves, stockings and wraps
- Used for medical conditions, travel and athletic recovery

Orthopedics

Through Actimove and Delta-Cast, used by professionals and patients worldwide, we offer solutions for injury recovery and chronic conditions, such as osteoarthritis.

- #3 globally
- Includes braces, splints, casts and athletic tapes
- Designed for skeletal, muscular and joint support

Key figures

27,468

Net sales, SEKm

1.0%

Organic sales growth

4,946

EBITA excl. IAC, SEKm

18.0%

EBITA margin excl. IAC



The year in brief

- Positive organic growth
- Higher volumes in both Incontinence Products Health Care and Medical Solutions
- Good growth in compression therapy and wound care

Net sales

Net sales increased organically 1.0% as a result of higher volumes. Sales prices and the product mix were unchanged. Growth was positive in Europe and North America. In Incontinence Products Health Care, volumes were higher while sales prices were lower. The product mix was somewhat negative. Growth was restricted by weaker conditions in the healthcare sector in certain markets. Organic growth in Medical Solutions was mainly driven by higher volumes. Sales prices were also higher and the product mix was stable. Growth was positive in all therapeutic areas and was especially good in compression therapy and wound care.

EBITA excl. IAC

EBITA and the EBITA margin excl. IAC decreased. The cost of goods sold was higher, mainly driven by increased costs for raw materials and trade tariffs. Higher volumes had a positive impact on earnings, while sales and administration costs increased. Currency translation effects had a negative impact on earnings of SEK 290m compared with the preceding year.

Key figures

	2025	2024	%
Net sales, SEKm	27,468	28,599	-4%
Organic sales growth, %	1.0	3.9	
Gross profit margin excl. IAC, %	44.1	44.9	
EBITA excl. IAC, SEKm	4,946	5,509	-10%
EBITA margin excl. IAC, %	18.0	19.3	
ROCE excl. IAC, %	15.0	16.3	
Operating cash flow, SEKm	4,639	4,859	-5%
Investments in non-current assets, net SEKm	-878	-923	-5%
Average number of employees	8,463	8,496	0%

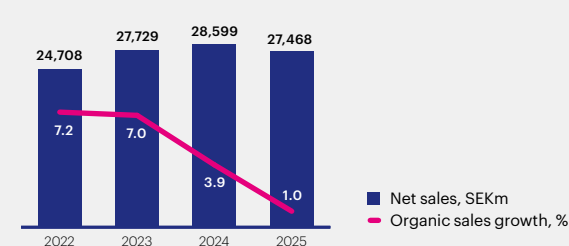
Change in net sales

%	2025 vs 2024
Total	-4.0
Volume	1.1
Price/Mix	-0.1
Organic growth	1.0
Acquisitions	-
Divestments	-
Currency translation	-5.0

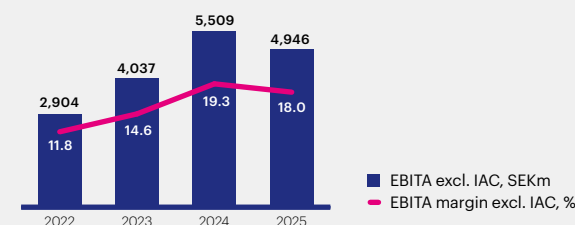
Organic sales growth

%	2024 vs 2023	% of net sales
Incontinence Products Health Care	-0.1	58
Medical Solutions	2.6	42

Net sales

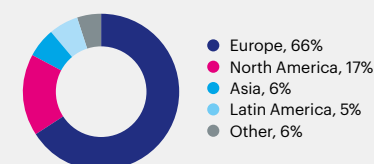


EBITA excl. IAC



Net sales

By region



Emerging markets accounted for 19% of net sales in Health & Medical.



Consumer Goods

Personal and home hygiene for all stages of life

Essity is empowering people to improve well-being in all stages of life, from early childhood to a dignified old age. Our portfolio of products for personal and home hygiene spans from baby care and feminine care to incontinence care and consumer tissue, with leading brands such as Libero, Bodyform, Nana, Saba, Nosotras, Libra, TOM Organic, Knix and Modibodi.

With leading positions across key segments and markets, our innovation and marketing are driven by deep consumer insights. We deliver smart, sustainable and reliable products that go beyond function, supporting well-being, dignity and a sense of belonging. Our products are available through the retail trade and e-commerce, ensuring a broad accessibility.

The business area includes four categories:

Incontinence Products Retail

Under the globally leading brand TENA, we offer a broad range of incontinence products tailored for light to heavy needs, including TENA Discreet liners and pads and TENA Men. We also lead in leakproof apparel with brands such as Knix and Modibodi, sold primarily direct to consumer.

- #2 globally and market leader in Europe and Latin America
- #4 in North America
- Essity's TENA campaigns raise awareness about products for urinary leakage and improved quality of life

Feminine Care

We provide a full portfolio of feminine care products, from pads, panty liners and tampons to intimate soaps and wipes, leakproof apparel and

menstrual cups. Our brands include Libresse, Bodyform, Nana, Saba, Nosotras, Libra, TOM Organic, Knix and Modibodi.

- Market leader in Latin America and Australia and #3 in Europe
- Innovation in fossil-free and plastic-free products
- Successful digital brand and relationship building

Baby Care

With brands such as Libero and Lotus Baby, our core offering focuses on baby diapers, complemented by a range of baby care products including wipes, shampoo, lotion and baby oils. We also produce baby diapers for retailer brands.

- #2 in Europe
- Market leader in the Nordics
- Focused on softness, performance, skin health and comfort

Consumer Tissue

We offer everyday essentials such as toilet paper, household towels, handkerchiefs, facial tissues, moist tissue and paper napkins under brands such as Lotus, Tempo, Zewa, Cushelle, Plenty, Regio and Familia. We also produce consumer tissue for retailer brands.

- #3 globally
- Market leader in Europe and #3 in Latin America
- Essity's launch of coreless toilet paper with more sheets is appreciated by consumers

Key figures

75,095

Net sales, SEKm

1.2%

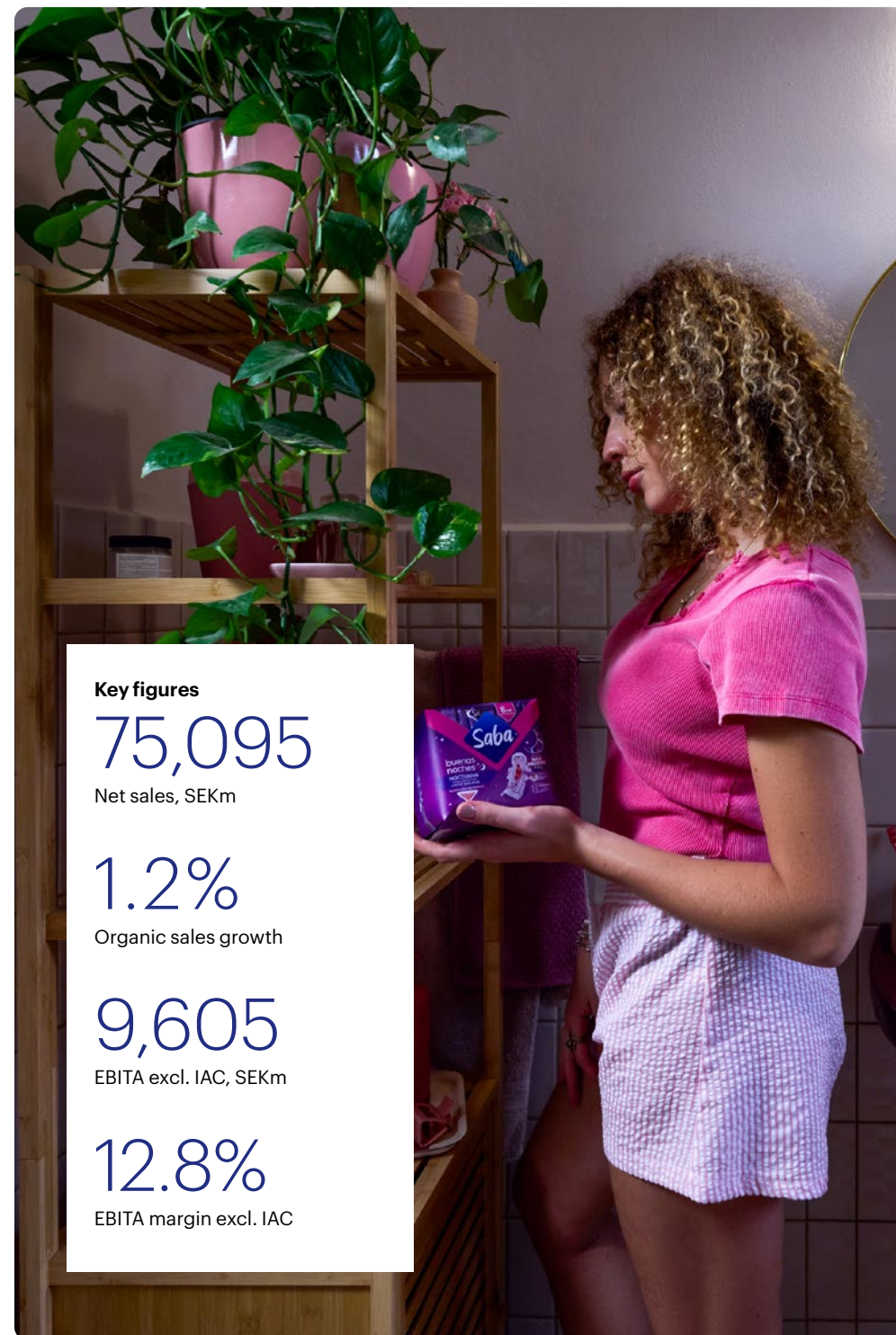
Organic sales growth

9,605

EBITA excl. IAC, SEKm

12.8%

EBITA margin excl. IAC



The year in brief

- Positive organic growth
- Strong growth in Incontinence Products Retail
- Higher EBITA and margin, excl. IAC

Net sales

Net sales increased organically 1.2%, driven by higher volumes and sales prices. The product mix was somewhat negative. Growth was high in Latin America but negative in Europe and North America. Incontinence Products Retail reported high organic growth, primarily driven by strong volume growth but also higher sales prices and a favorable product mix. Growth was also good in Feminine Care, supported by higher volumes and sales prices as well as a positive mix development. The Baby Care market in Europe was challenging with low birth rates and intense competition. Growth in Baby Care was negative, mainly due to lower volumes. Organic sales decreased slightly in Consumer Tissue. Sales prices increased while volumes were lower and the product mix developed negatively.

EBITA excl. IAC

EBITA and the EBITA margin excl. IAC increased, mainly as a result of higher volumes and sales prices combined with lower costs of goods sold. Costs for sales and administration, including marketing, increased. Currency translation effects had a negative impact on earnings of SEK 694m compared with the preceding year.

Key figures

	2025	2024	%
Net sales, SEKm	75,095	78,892	-5%
Organic sales growth, %	1.2	0.3	
Gross profit margin excl. IAC, %	29.9	28.8	
EBITA excl. IAC, SEKm	9,605	9,509	1%
EBITA margin excl. IAC, %	12.8	12.1	
ROCE excl. IAC, %	17.9	17.7	
Operating cash flow, SEKm	6,735	7,680	-12%
Investments in non-current assets, net SEKm	-3,742	-3,862	-3%
Average number of employees	18,569	18,070	3%

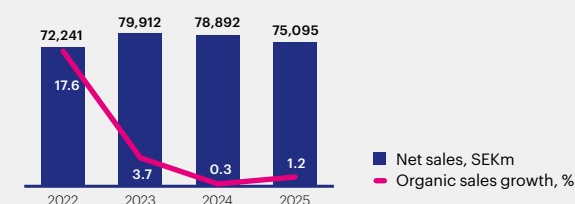
Change in net sales

%	2025 vs 2024
Total	-4.8
Volume	0.7
Price/Mix	0.5
Organic growth	1.2
Acquisitions	-
Divestments	0.0
Currency translation	-6.0

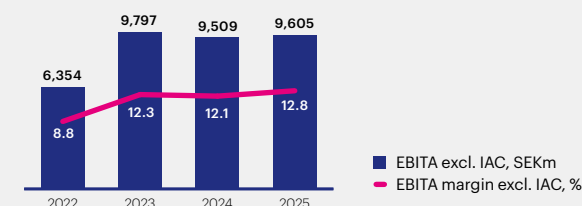
Organic sales growth

%	2025 vs 2024	% of net sales
Consumer Tissue	-0.2	58
Feminine Care	3.9	18
Baby Care	-4.7	9
Incontinence Products Retail	7.6	15

Net sales

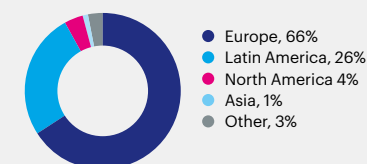


EBITA excl. IAC

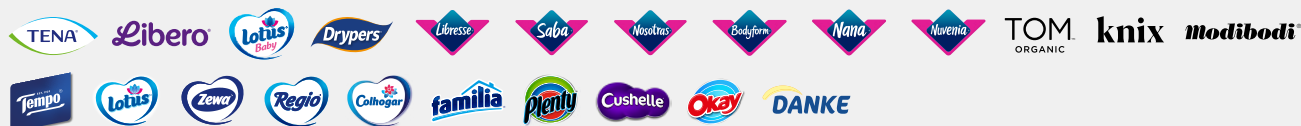


Net sales

By region



Emerging markets accounted for 33% of net sales in Consumer Goods.



Professional Hygiene

Sustainable hygiene management solutions for every commercial segment

Essity is the global market leader in professional hygiene, elevating standards across commercial environments through our trusted brand Tork.

Our smart, sustainable systems for tissue, soap, sanitizer, cleaning and wiping enable all types of businesses, from offices and airports to hospitals and restaurants, to maintain high hygiene standards and operate efficiently. Grounded in deep customer insight, we lead through innovation in sustainable hygiene, inclusive restroom design and data-driven technologies that enhance the user experience while boosting customer performance and resilience.

Our offering is built on integrated solutions, a strong brand and omnichannel innovation, delivered through distributors, e-commerce, and direct channels.

The business area includes three core areas:

Tissue, Services & Solutions

We offer high-quality toilet paper, hand towels, napkins, reusable cloths and dispensing systems, designed for, among others, offices, industrial sites, airports, healthcare, hospitality, education and other public venues.

- Unique proprietary dispenser systems such as Tork PeakServe and Tork Xpressnap
- Digital innovations including Tork Vision Cleaning for data-driven facility management
- Tork PaperCircle, the world's first hand-towel recycling program, a circular system for businesses

Wiping & Cleaning

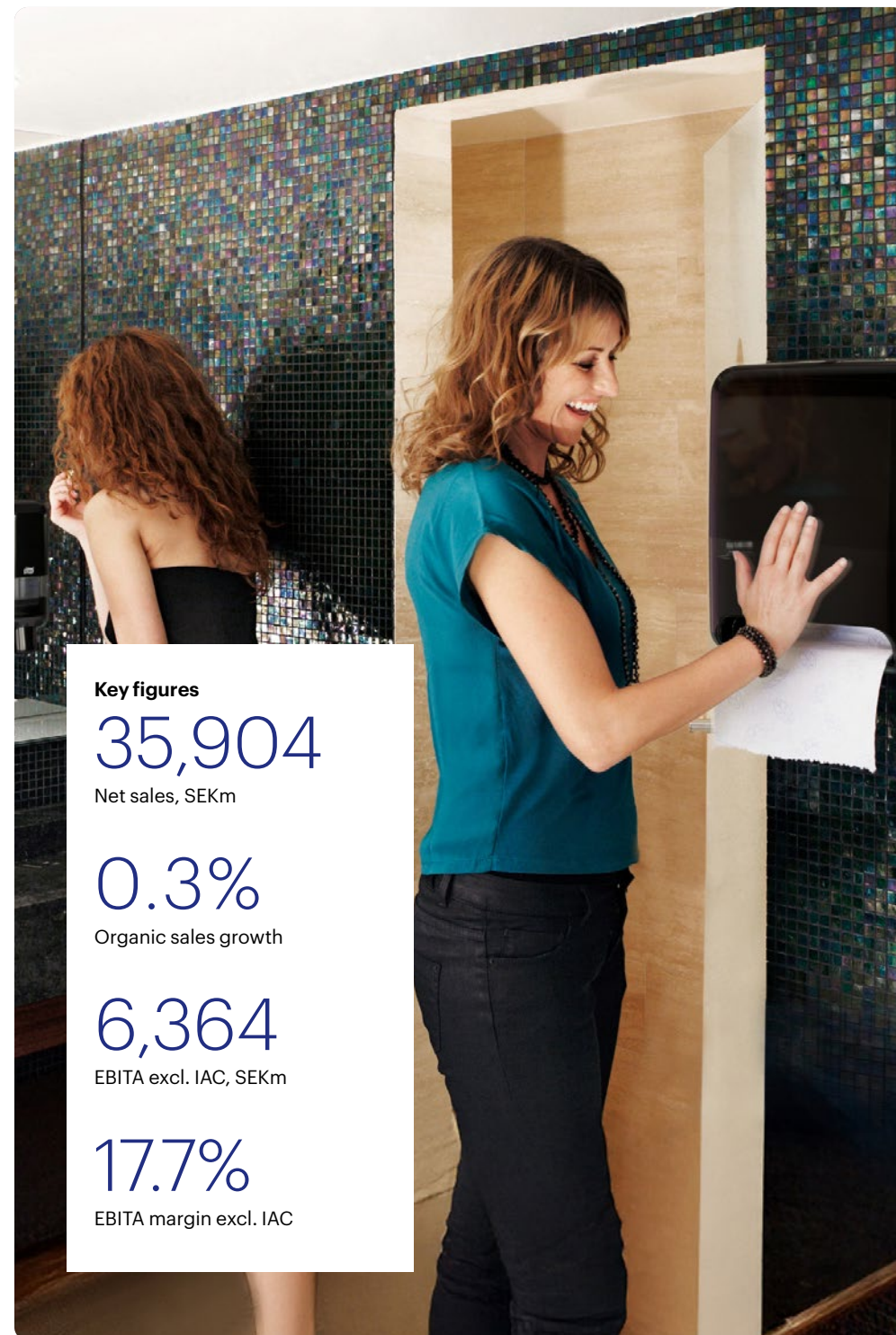
Our wiping and cleaning products help businesses maintain clean, safe and productive environments.

- Used in areas such as manufacturing, food processing and healthcare
- Keeps surfaces clean and disinfected
- Designed to reduce waste, save time and improve ergonomics

Soap & Sanitizers

We provide a full portfolio of hand hygiene products, including soaps, lotions, sanitizers and dispensers.

- Promotes infection prevention and inclusive hygiene
- Includes award-winning tools such as Tork VR Clean Hands training
- Drives awareness of inclusive hygiene in restroom environments to increase understanding of hygiene barriers in public spaces



Key figures

35,904

Net sales, SEKm

0.3%

Organic sales growth

6,364

EBITA excl. IAC, SEKm

17.7%

EBITA margin excl. IAC

The year in brief

- Challenging market conditions
- Positive organic growth
- Strong growth in premium products

Net sales

Net sales increased organically 0.3%. Sales prices were higher and the product mix was favorable with an increased share of premium products. Volumes were lower, negatively affected by reduced demand in the hotel and restaurant sector. Growth was positive in Europe and high in Latin America. In North America, growth was negative.

EBITA excl. IAC

EBITA and the EBITA margin excl. IAC declined, mainly due to the higher costs of goods sold and sales and administration. Higher sales prices combined with the favorable mix development had a positive impact on earnings, while lower volumes had a negative impact on earnings. Currency translation effects had a negative impact on earnings of SEK 429m compared with the preceding year.

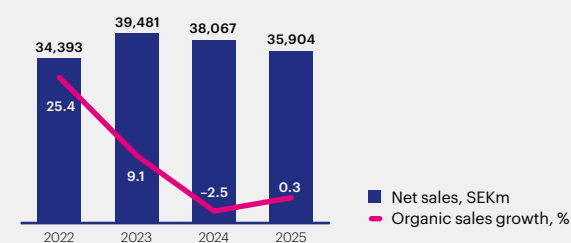
Key figures

	2025	2024	%
Net sales, SEKm	35,904	38,067	-6%
Organic sales growth, %	0.3	-2.5	
Gross profit margin excl. IAC, %	32.3	31.7	
EBITA excl. IAC, SEKm	6,364	6,829	-7%
EBITA margin excl. IAC, %	17.7	17.9	
ROCE excl. IAC, %	24.9	27.1	
Operating cash flow, SEKm	5,346	6,149	-13%
Investments in non-current assets, net SEKm	-1,718	-1,904	-10%
Average number of employees	7,330	7,038	4%

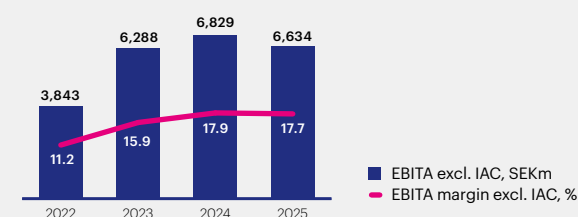
Change in net sales

%	2025 vs 2024
Total	-5.7
Volume	-1.9
Price/Mix	2.2
Organic growth	0.3
Acquisitions	-
Divestments	-
Currency translation	-6.0

Net sales

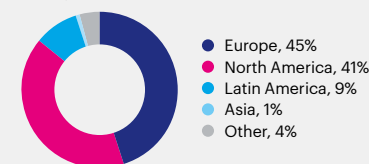


EBITA excl. IAC



Net sales

By region



Emerging markets accounted for 17% of net sales in Professional Hygiene.



Operations and structure

Up to and including 2025, Essity has reported its operations in the following three business areas: Health & Medical, Consumer Goods and Professional Hygiene.

Health & Medical comprises the categories Incontinence Products Health Care and Medical Solutions. The offering includes incontinence products, wound care, compression therapy, orthopedics, skincare products and digital products with sensor technology.

Consumer Goods encompasses the categories Incontinence Products Retail, Baby Care, Feminine Care and Consumer Tissue. The offering includes incontinence products, pads, diapers, wet wipes, skin cream, intimate soaps, leakproof apparel, menstrual cups, toilet paper, household towels, handkerchiefs, as well as facial tissues and napkins.

Professional Hygiene comprises products within Tissue, Wiping, Cleaning, Soap, Sanitizers and dispensing systems as well as selected services. The offering includes toilet paper, paper hand towels, napkins, hand soap, hand lotion, hand sanitizers, dispensers, and cleaning and wiping products.

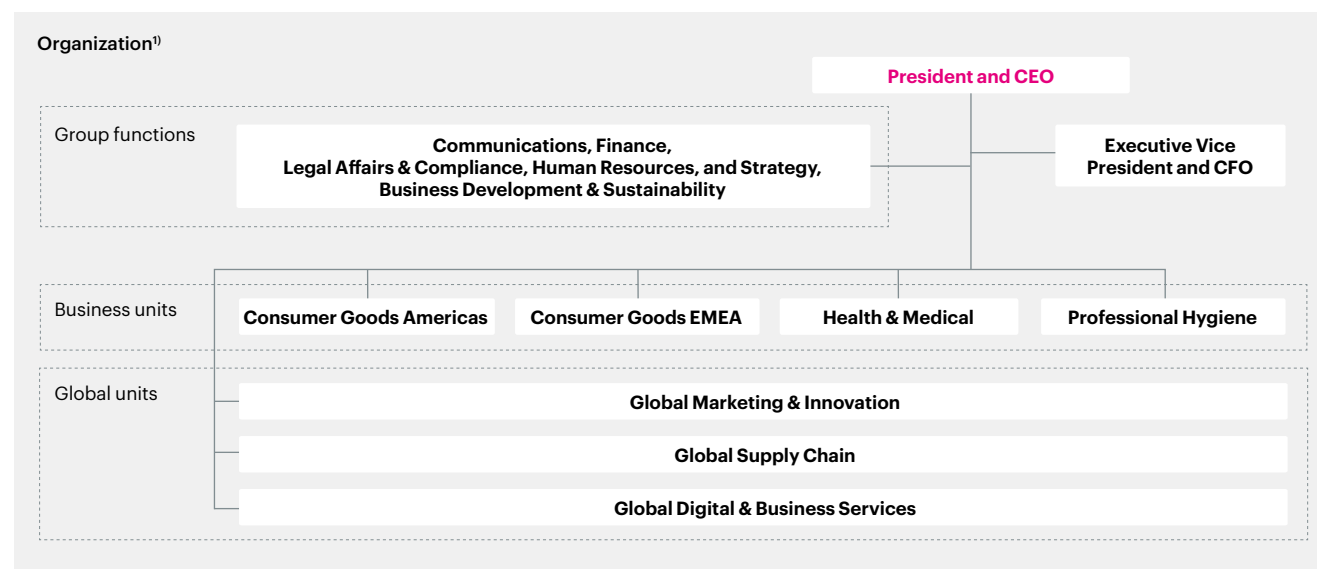
Europe is Essity's largest market. The Group also conducts sales primarily in North America and Latin America. Expansion takes place through organic growth and acquisitions.

Organization

In 2025, Essity had the following four business units:

Consumer Goods Americas, which markets and sells products in the categories of Consumer Tissue, Baby Care, Feminine Care and Incontinence Products Retail in Latin America and North America.

Consumer Goods EMEA, which markets and sells products in the categories of Consumer Tissue, Baby Care, Feminine Care and Incontinence Products Retail in Europe, the Middle East and Africa.



1) Essity has decided on a new organizational structure effective as of January 1, 2026. Read more on page 4.

Health & Medical, which markets and sells products in Incontinence Products Health Care in Europe, North America, the Middle East and Africa, and markets and sells products in Medical Solutions in Asia, Europe, North America, Latin America, Oceania, the Middle East and Africa.

Professional Hygiene, which markets and sells complete hygiene solutions as well as service and maintenance in Europe, North America, Latin America, the Middle East and Africa.

In Australasia, Essity markets and sells products primarily in Professional Hygiene as well as the categories of Incontinence Products and Feminine Care. Organizationally, Essity Australasia has been a separate unit. The financial reporting of the business units and Australasia is presented under the respective business areas in the company's external financial reporting.

In addition to the business units, Essity had three global units in 2025:

Global Marketing & Innovation has global responsibility for customer and consumer brands as well as innovation regarding all product categories with the exception of Medical Solutions. Research and development (R&D) is coordinated and conducted from a global perspective. Product development is carried out in close cooperation with the local units, as well as through direct collaboration with customers.

Global Supply Chain has global responsibility for sourcing, production, technology, logistics and distribution in relation to all product categories with the exception of Medical Solutions.

Global Digital & Business Services has global responsibility for business services, IT and digitalization.

In 2025, Essity had five Group functions:

Communications, Finance, Human Resources, Legal Affairs & Compliance and Strategy, Business Development & Sustainability

Acquisitions, investments and divestments

Acquisition of Edgewell's feminine care-business in North America

In 2025, Essity entered into an agreement to acquire Edgewell Personal Care's feminine care business in North America. The purchase price amounted to USD 340m (approximately SEK 3bn) on a cash and debt-free basis. The acquisition was completed on February 2, 2026, from which date the business is consolidated.

The business includes liners, pads and tampons and includes the Carefree, Stayfree and o.b. brands in the USA, Canada and the Caribbean, the global rights to the Playtex brand in feminine care, and a production facility in Dover, Delaware, USA.

The acquisition supports Essity's strategy of focusing on categories with high potential for profitable growth in attractive

geographies and builds a stronger Personal Care business in North America. The goal is to further develop the well-known brands with the help of Essity's established recipe for success in feminine care, which is based on leading innovation and effective marketing, to strengthen market positions in the USA, the world's largest hygiene market.

Essity is currently a rapidly growing player in the feminine care category and is the market leader in Latin America and Australia with brands such as Saba, Nosotras and Libra. In Europe, Essity is the third largest player with several regionally leading brands, such as Libresse, Bodyform and Nana.



Financial overview

Net sales

Net sales decreased 4.8% compared with the corresponding period a year ago and amounted to SEK 138,494m (145,546). Sales increased organically 0.9%. All business areas reported positive organic growth. Volumes for the Group were stable, with higher volumes in Consumer Goods and Health & Medical. However, volumes were lower in Professional Hygiene, mainly due to lower demand in the hotel and restaurant sector. Higher prices had a positive impact on growth, mainly driven by Professional Hygiene and Consumer Goods. The product mix was stable for the Group.

Operating profit

The gross margin increased 0.9 percentage points to 33.3% (32.4). The gross margin excl. IAC amounted to 33.3% (32.7). Earnings were positively impacted by higher sales prices. The costs of goods sold increased, primarily due to higher raw material and distribution costs, including trade tariffs. Energy costs were lower. Savings in cost of goods sold amounted to approximately SEK 500m. EBITA amounted to SEK 19,503m (19,475) and EBITA excl. IAC decreased 4% to SEK 19,572m (20,344). Excluding currency translation effects, EBITA excl. IAC increased 3%. The EBITA margin excl. IAC increased 0.1 percentage points to 14.1% (14.0). Sales and administration costs increased to 19.2% (18.8), of which marketing costs accounted for 5.2% (5.2). IAC amounted to SEK -69m (-939).

Financial items

Financial items decreased to SEK -1,384m (-1,931) mainly on account of lower average net debt.

Tax

The tax expense was SEK 4,443m (4,331), corresponding to a tax rate of 25.9% (26.5). The tax expense excl. IAC was SEK 4,454m (4,525), corresponding to a tax rate of 25.8% (26.2).

Summary income statement

SEKm	2025	2024
Net sales	138,494	145,546
EBITA excl. IAC	19,572	20,344
EBITA	19,503	19,475
Operating profit excl. IAC	18,600	19,234
Items affecting comparability (IAC)	-69	-939
Operating profit	18,531	18,295
Financial items	-1,384	-1,931
Profit before tax excl. IAC	17,230	17,303
Profit before tax	17,161	16,364
Income taxes excl. IAC	-4,454	-4,525
Income taxes	-4,443	-4,331
Profit for the period excl. IAC	12,776	12,778
Profit for the period¹⁾	12,718	12,033
Profit for the period²⁾	12,718	21,048
Organic sales growth, %	0.9	0.2
Gross margin, %	33.3	32.4
Gross margin excl. IAC, %	33.3	32.7
EBITA margin, %	14.1	13.4
EBITA margin excl. IAC, %	14.1	14.0
Earnings per share, SEK ¹⁾	18.37	17.09
Earnings per share excl. IAC, SEK ^{1) 3)}	19.44	19.29

1) Continuing operations.

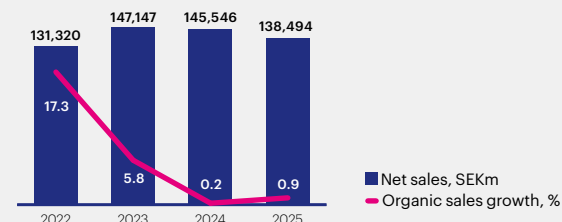
2) Total operations.

3) Excluding amortization of acquisition-related intangible assets.

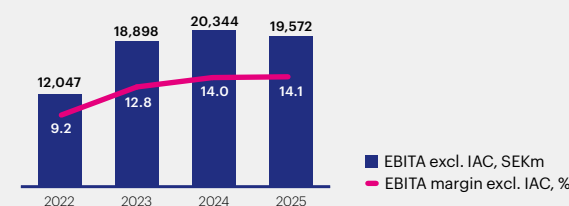
Change in net sales

%	2025 vs 2024
Total	-4.8
Volume	0.0
Price/Mix	0.9
Organic growth	0.9
Acquisitions	0.0
Divestments	0.0
Currency translation	-5.7

Net sales and organic sales growth



EBITA excl. IAC and EBITA margin excl. IAC



Profit for the period

Profit for the period, total operations, amounted to SEK 12,718m (21,048). Profit for the period, continuing operations, was SEK 12,718m (12,033).

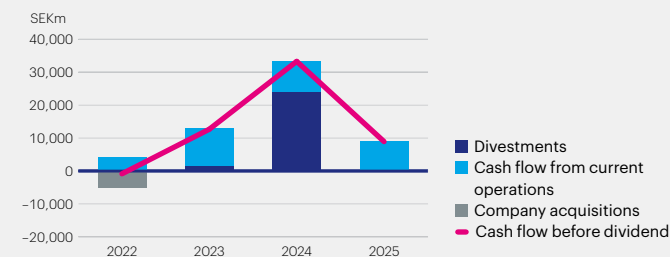
Cash flow

Operating cash flow amounted to SEK 14,998m (17,242). Net cash flow for continuing operations was SEK 42m (25,635), and for discontinued operations SEK 0m (–467).

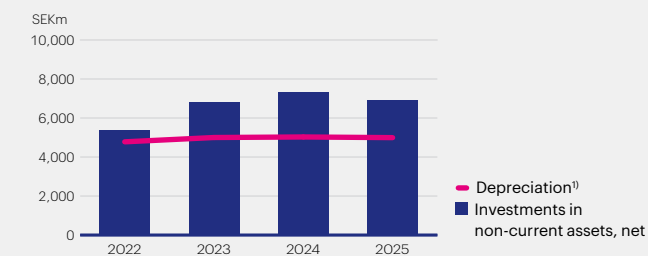
Operating cash flow statement

SEKm	2025	2024
Operating cash surplus	26,301	26,998
Change in inventories	–916	–946
Change in operating receivables	853	–2,218
Change in operating liabilities	–2,882	2,756
Investments in non-current assets, net	–6,898	–7,332
Restructuring costs, etc.	–741	–1,456
Investments in operating assets through leases	–719	–560
Operating cash flow	14,998	17,242
Financial items	–1,384	–1,931
Income taxes paid	–4,713	–5,860
Other	27	34
Cash flow from current operations	8,928	9,485
Acquisitions of Group companies and other operations	–	–68
Divestments of Group companies and other operations	5	23,908
Cash flow before transactions with shareholders	8,933	33,325
Dividend	–5,711	–5,443
Dividend to non-controlling interests	–20	–23
Buyback of own shares	–3,160	–2,224
Net cash flow, continuing operations	42	25,635
Net cash flow, discontinued operations	–	–467
Net cash flow, total operations	42	25,168

The Group's cash flow



Investments in non-current assets



1) Excluding amortization of acquisition-related intangible assets and depreciation of right-of-use assets.

Financial position

Net debt decreased SEK 4,226m compared with December 31, 2024 and amounted to SEK 26,543m. The Group's interest-bearing gross debt amounted to SEK 34,669m at the end of the year. The average maturity period was 3.3 years. Compared with December 31, 2024, working capital increased SEK 1,491m. Working capital amounted to 9% (7) of net sales. Equity attributable to owners of the Parent company decreased SEK 2,689m compared with December 31, 2024. Profit for the period attributable to owners of the Parent company increased the equity of owners of the Parent company by SEK 12,656m. Net translation effects excluding tax reduced equity by SEK 8,162m. The decrease is mainly attributable to a stronger Swedish krona. The dividend of SEK 5,711m and the buyback of own shares of SEK 3,160m reduced equity attributable to owners of the Parent company. The Group's total equity decreased SEK 2,701m compared with December 31, 2024.

Consolidated balance sheet

SEKm	2025	2024
Intangible assets	55,134	61,871
Property, plant and equipment	50,060	52,392
Other non-current assets	7,644	6,112
Total non-current assets	112,838	120,375
Current assets	54,278	64,909
Total assets	167,116	185,284
Equity	86,040	88,741
Non-current liabilities	40,280	51,253
Current liabilities	40,796	45,290
Total equity and liabilities	167,116	185,284

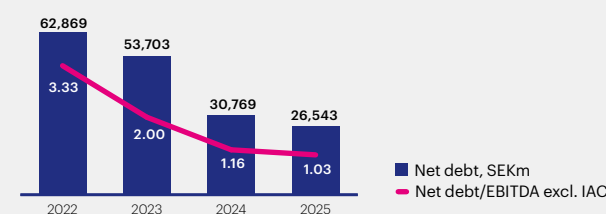
Financial position

	2025	2024
Working capital, SEKm	12,237	10,746
Capital employed, SEKm	112,583	119,510
Net debt, SEKm	26,543	30,769
Debt/equity ratio, multiple	0.31	0.35
Debt payment capacity, %	74	59
Net debt/EBITDA	1.03	1.19
Net debt/EBITDA excl. IAC	1.03	1.16

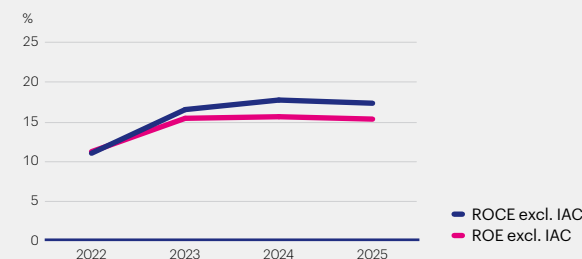
Change in net debt

SEKm	2025	2024
Net debt, January 1	-30,769	-53,703
Net cash flow	42	25,168
Remeasurements to equity	2,423	96
Investments in non-operating assets through leases	-331	-581
Translation differences	2,092	-1,749
Net debt, December 31	-26,543	-30,769

Net debt and net debt/EBITDA excl. IAC



ROCE excl. IAC and ROE excl. IAC



Capital employed, share of Group



Other Group information

Parent Company

The Group's Parent company, Essity Aktiebolag (publ), is a holding company with the main task of owning and managing shares in a number of business group companies and performing Group-wide management and administrative functions. The company's corporate registration number is 556325-5511 and it is domiciled in Stockholm, Sweden. The company's address is PO Box 200, SE-101 23 Stockholm. The recognized operating income 2025 amounted to SEK 393m (688), profit before appropriations and tax to SEK 11,015m (19,543) and the net profit for the year to SEK 12,234m (18,151). Investments in property, plant and equipment totaled SEK 2m (4) during the year. Cash and cash equivalents at year-end amounted to SEK 0m (0).

Disposition of earnings Essity Aktiebolag (publ)

Non-restricted equity in the Parent company:

retained earnings	73,141,695,834
net profit for the year	12,233,992,788

Total **85,375,688,622**

The Board of Directors and the President propose:

to distribute to shareholders, a dividend of SEK 8.75 per share	5,976,675,801 ¹⁾
to be carried forward	79,399,012,821 ²⁾

Total **85,375,688,622**

1) Based on the number of shares outstanding, December 31, 2025. The final dividend amount will be based on the number of shares outstanding on the record date of March 30, 2026.

2) The company's equity would have been SEK 1,091,909,955 higher if assets and liabilities had not been measured at fair value in accordance with Chapter 4, Section 14a of the Swedish Annual Accounts Act.

Guidelines for remuneration of senior executives

The most recent guidelines approved by the Annual General Meeting can be found under Note C2 on pages 141–142. The company's application of the guidelines can be found under Note C2 and in the remuneration report for 2025, which is available at essity.com.

For information on the company's expenses for remuneration of senior executives, see Note C2 on page 143.



Our period panties look and feel like regular panties. They also absorb all types of fluids and offer protection for up to 12 hours.

Brands:



Risks and risk management

Essity is exposed to strategic, operational, and financial risks that may affect the Group's operations. The company therefore has an established and systematic risk management process to identify, assess, and manage risks and mitigate their impact on operations.

Risk management

The responsibility for risk management follows the company's delegation scheme, from the Board of Directors to the President, and from the President to each Group function, global unit or business unit depending on the type of risk, where it occurs, which unit is affected and the measures required to manage the risk. The delegation scheme therefore means that some risks are managed centrally at Group level while other risks are managed by the respective unit or function.

Essity's risk management of financial risks and energy risks is centralized and handled by the Group's internal bank. The financial risks are managed in accordance with the Group's Finance Policy, which is adopted by Essity's Board of Directors. Together with Essity's Energy Risk Policy, the Finance Policy constitutes a framework for financial risk management. The financial risks are compiled and continuously monitored.

The Group's risk management department is responsible for insurable operational risks, such as risks related to production facilities and asset damage.

Essity also has centralized risk management for information security risks and risks linked to

ethics, personal data and human rights, which are managed by the Group's IT department and compliance department, respectively.

The identification and management of business risks is decentralized and is the responsibility of each business unit, global unit or function. Coordination and follow-up of identified business risks are managed centrally by the strategy department and form an essential part of the annual strategy process. Identified risks are assessed according to the likelihood of these occurring and the potential impact each risk could have on the Group. This process also includes specifying who is responsible for managing the respective risk, and measures for how the risk shall be mitigated and followed up. Development of the identified risks is monitored and assessed on an ongoing basis.

The Executive Management Team and the Board of Directors are informed about the company's risk management processes. Essity also has an internal audit function, which ensures that the organization complies with the adopted policies.



GDP trend and economic conditions

Risk: Demand for Essity's products is affected by general macro-economic fluctuations and the resulting changes to customer purchasing power and consumption patterns. For example, a tighter budget situation in the public sector or among business customers influences sales in both the healthcare sector and Professional Hygiene's customers segments. Sales to the retail sector, which accounts for the bulk of sales of hygiene products, may also be affected by reduced purchasing power among consumers.

Action: Essity continuously works to manage the effect of cyclical fluctuations, for example, through measures to reduce costs, increase efficiency and to create higher customer value through product innovations. Essity also works on differentiation to move toward product areas that are less sensitive to economic fluctuations.

Global health risks

Risk: Extensive outbreaks of disease entail risks for Essity's operations, not least in terms of the risks posed to our employees' health and safety and their ability to carry out their work. Lockdowns, more stringent border security measures or other restrictions may cause disruptions at our production facilities or in the supply chain. More extensive outbreaks of disease may also result in a temporary fall in demand for some of our products and changed consumer behavior.

Action: In connection with extensive outbreaks of disease, the highest priority is to take action to safeguard the health of employees. Essity takes a series of measures adapted to the local operations to reduce the risk of infection. Where necessary, the company also modifies its solutions for sourcing of raw materials, storage and logistics, and has increased digital interaction.

Changes in demographics, consumer behavior and preferences

Risk: Changing demographics, sustainability requirements, consumer behavior and preferences alter demand from customers and consumers. There is a risk of a decline in demand for our products if we do not successfully satisfy customer and consumer needs and adapt our innovation program, product portfolio, sales channels, brand-building activities and communication accordingly.

Action: Customer and consumer insight constitute the core of Essity's innovation work. Through knowledge about people's daily needs and challenges, we create an offering that improves quality of life for users. We continuously analyze customer and consumer data and listen to consumers, customers, experts and opinion formers to improve our offering.

Political decisions and regulatory measures

Risk: Essity conducts operations in many different countries. In some countries, the institutional structures are more established and developed, while the political, financial, legal and regulatory systems in other countries are less predictable. Changes in political, regulatory or financial systems, as well as amendments to legislation, could have a negative impact on Essity in the form of higher costs or by impeding operations in other ways. In general terms, the business is subject to increasing regulatory requirements.

Action: Essity works continuously to monitor, evaluate and anticipate changes in its business environment in the form of political decisions, dependencies and amended regulations in the areas that are of importance for the business. Essity participates in various national and international industry organizations, as well as in other types of partnerships and dialogues. The aim is to gain early knowledge of, and to contribute actively with expertise and solutions to, the development of areas of significance to our operations. The public sector is both an important stakeholder group and a significant customer for Essity. The company is therefore working actively on matters relating to health and medical care, as well as care for the elderly.

Environmental impact and climate change

Risk: Essity's operations and the products used in the manufacturing process have an impact on air, water, land, biodiversity and the climate. Essity is subject to extensive environmental regulations. More stringent environmental requirements, remediation of the environment in connection with plant closures or breaches of permits could incur higher costs.

Read more about these risks on pages 47–99.

Action: Essity's strategy and sustainability targets stipulate guidelines for the Group's measures within the environmental area. Essity's actions to address environmental and climate-related risks are described on pages 47–99.

Geopolitical risks

Risk: A series of geopolitical events and developments risk impacting Essity's business. The risk of political or military conflicts within or between states, trade disputes or other significant changes to international relations, as well as terrorist acts are examples of events that risk negatively impacting Essity's business in various ways. New tariffs, export restrictions and sanctions may be introduced as a result of trade disputes and increased geopolitical tensions. Such measures could rapidly increase costs, obstruct the flow of goods and services, increase inflationary pressure and restrict access to essential materials.

Action: Essity continuously monitors and assesses political developments in the countries and regions where Essity has operations and the geopolitical development that could otherwise affect Essity's operations. A geopolitical risk assessment also constitutes part of the annual strategy process. When necessary, surveillance is extended and an assessment is made of which measures Essity can take to limit the impact on the company.

Dependence on major customers and sales channels

Risk: Essity's products are sold through retailers, pharmacies, e-commerce, distributors and resellers. Retail represents the single largest customer category. In general, there is a consolidation trend in several of Essity's sales channels and markets, particularly in the retail trade and distributor landscape, through purchasing alliances and mergers, which could increase dependence on individual, large customers. In addition, an increasing importance of omnichannel in B2B sales is evident.

Action: Essity's customer structure is relatively dispersed, with customers in many different geographies and areas of business. In 2025, Essity's ten largest customers, most of them retail companies and distributors, accounted for 24.9% of net sales. The company works to maintain strong long-term customer relationships in strategic customer segments, and to build relationships with new customers. Essity is increasing its share of e-commerce sales and drives omnichannel within B2B sales.

Competition

Risk: Essity is subject to considerable competition from other industry players offering similar products. Essity is also exposed to the risk that increased price pressure and alternative products and services or business models that meet customer or consumer needs may replace Essity's offering, which risks jeopardizing the company's position in the market.

Action: Essity's focus on customer and consumer insight guides its innovation activities, ensuring that new products and services are attractive and competitive. Essity develops the company's offering to meet the needs of customers and consumers in terms of the products themselves, and to ensure that they are provided in the relevant sales channels.

Read more about innovation on page 20.

Unethical business practices

Risk: Essity works in a large number of countries and in environments where unethical business practices and violations of human rights may occur. The consequences of such business practices and violations may be severe in the form of various sanctions and fines. Violations also risk having a negative impact on the company's reputation.

Action: Essity has a program for regulatory compliance, which aims to minimize the risk of Essity taking part in or being associated with unlawful or unethical business practices or committing violations of human rights.

Read more about Essity's actions on pages 92–94.

Production facilities

Risk: Essity has around 70 production facilities and major warehouses in some 30 countries. Fires, machinery breakdowns and other types of harmful incidents in plants (including damages caused by natural disasters) could lead to considerable value destruction, and loss of production and income, which ultimately, could have a negative impact on Essity's market position.

Action: Essity strives to create and maintain a balance between loss-prevention activities and insurance coverage. Essity invests continuously in loss-prevention measures. These efforts are conducted in accordance with established guidelines that include repeated risk inspections carried out by external risk engineers. Other important elements of loss-prevention activities are maintenance of production plants and machinery, staff training, and orderliness. All wholly owned production facilities are insured at replacement cost and for the loss of income. Within the EU, insurance is primarily conducted within the company's own insurance company, with external reinsurance for major damages. Outside the EU, Essity cooperates with market-leading insurance companies.

Employees

Risk: To meet its targets, Essity is dependent on being able to recruit, retain and develop qualified and motivated employees. The higher degree of digitalization and accelerating technological development have led to a major skills shift in the world, which has affected the availability of skilled and qualified workers.

Action: Through annual staffing, competency and succession planning, Essity ensures that employees are recruited and that these remain with the company and develop the right skills. Essity continuously strives to build a reputation for the company as an attractive employer, highlighting health and safety in the workplace, health promotion, market-based and competitive forms of employment, continuous learning and the possibility to take on new challenges in the Group. A modern and attractive corporate culture also plays a highly significant role in the recruitment of employees.

Read more about Essity's actions on pages 18 and 77–84.

Suppliers

Risk: Essity's business is dependent on a large number of suppliers in its value chain. Supply chain interruptions and a sudden shortage of key input goods could result in increased costs and disruptions to the company's production. Disruptions may be due to external factors such as natural disasters, geopolitical tensions, pandemics or cyberattacks, all of which could impact production continuity and delivery reliability. This, in turn, could lead to unfulfilled customer commitments and reputational damage. Suppliers could also cause problems for Essity through non-compliance with applicable legislation and guidelines or by otherwise acting in an unethical manner.

Action: Essity works proactively and conducts risk assessments to identify value chain vulnerabilities. Furthermore, Essity enters into supply contracts of various durations that ensure the delivery of key input goods. The Group has several suppliers for essentially all important input goods. In-depth collaboration also occurs with specially selected suppliers in the development of materials and processes. Essity continuously evaluates its suppliers to ensure compliance with agreements entered into. Particular importance is placed on suppliers operating in countries and industries deemed to be more vulnerable to risks. Key suppliers are assessed through questionnaires, on-site visits or independent audits.

Legal risks

Risk: Legal risks are found within a number of diverse areas. Risks related to competition law, trade regulations, protection of intellectual property and confidential information, protection of personal data, violations of laws in the operations, contractual risks and changes in legislation are examples of legal risks that could have negative financial implications for Essity. In certain instances, they may also entail protracted and costly legal processes.

Action: Essity constantly monitors developments in a number of areas and any legal risks are managed by internal lawyers in the various business areas in cooperation with external advisors as and when necessary.

Information and IT

Risk: Essity's business is increasingly dependent on advanced information technology and digital platforms, making cybersecurity and the integrity of information critical to business continuity. The global threat landscape is constantly evolving, with increased risks of ransomware, AI-driven attacks and identity-based intrusion attempts. Disruptions or breaches of critical systems could lead to financial losses, production outages and negative impacts on key business processes. Faults or deficiencies in financial IT systems may compromise the reliability of financial reporting. Shortcomings in information security could have legal and regulatory implications as well as a negative impact on the company's reputation. Essity views cybersecurity as a strategic risk and continuously monitors emerging threats and regulatory compliance.

Action: Essity has a cybersecurity and IT governance framework designed to protect the business and ensure resilience. It includes standardized processes for system changes and day-to-day operations, supported by an information security management system (ISMS) that is aligned with international standards. The ISMS is continuously updated based on risk assessments, technological developments and evolving regulatory requirements. Technical protection measures include prevention, detection, response and recovery measures. These are supplemented with advanced threat monitoring and incident response. Regular training and information security programs are mandatory for all employees to boost the human defense element. Oversight of information security risks is the responsibility of the Head of Global Digital & Business Services, who is a member of the Executive Management Team, ensuring accountability at the highest level. Essity continuously invests in cyber resilience.

Energy price

Risk: Energy price risk is the risk that increased energy prices could adversely impact Essity's operating profit. Essity is exposed to movements in the prices of electricity and natural gas, but the prices of other energy commodities also directly and indirectly impact Essity's operating profit.

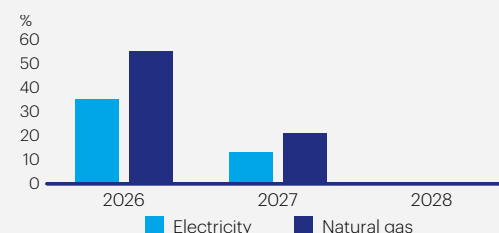
Action: Essity centrally manages the energy price risk related to electricity and natural gas. According to Essity's Energy Risk Policy, these price risks can be hedged for a period of up to 36 months. Exceptions are made for regulated and non-hedgeable markets. Essity also monitors the developments related to energy policy and decisions that may affect supply and price. Energy prices are hedged through financial instruments and, in part, through fixed pricing in existing supply contracts.

Essity safeguards the supply of electricity and natural gas through centrally negotiated supply contracts. The portfolio of supply contracts and financial hedges is effectively spread to minimize Essity's counterparty risk. In 2025, Essity purchased about 4 TWh (4; 4) of electricity and about 6 TWh (7; 7) of natural gas.

The graph shows Essity's price hedges in relation to forecast consumption of electricity and natural gas for the next three years. The graph includes financial hedges and hedging effected via supply contracts.

For further information concerning financial price hedges, see Note E6 Derivatives and hedge accounting on page 156.

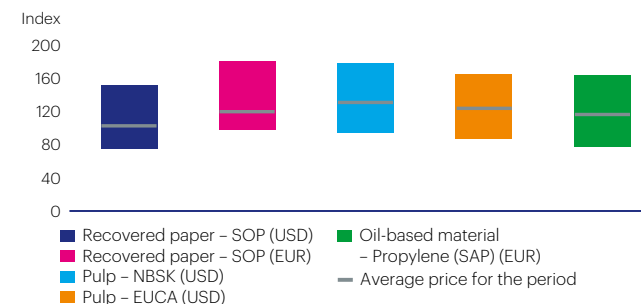
Energy price hedges in relation to forecast consumption, December 31, 2025



Cost of input goods

Risk: Input goods account for a considerable part of Essity's total operating expenses. The market price of input goods fluctuates over time and could influence Essity's earnings positively or negatively. The price trend for a number of input goods over the past ten years is presented in the diagram below.

Highest/lowest market prices (annual average) 2015–2025 per input goods



Action: Fiber (pulp and recovered paper) is a significant cost, mainly in the Consumer Goods and Professional Hygiene business areas. Essity is evaluating alternative types of fiber as a means of diversifying fiber sourcing in the future. The cost of oil-based materials is driven by the trend in oil prices and represents a major cost in the Consumer Goods business area and for various packaging materials.

The trend in oil prices also impacts transport costs. The impact of price movements on input goods can be delayed through purchasing agreements with fixed durations. Efficiency improvements in the company's operations, altered product specifications and price increases are examples of measures to offset the effect of rising costs for input goods.

Essity's costs for input goods are described on page 187.

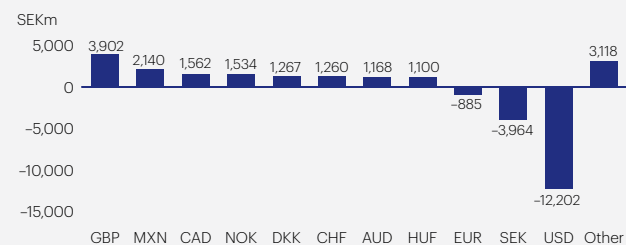
Currency

Transaction exposure

Risk: Transaction exposure is the risk that exchange rate movements in export revenues as well as import expenses and other costs could negatively impact the Group's operating profit and the cost of non-current assets.

Action: Most of Essity's business is conducted outside Sweden and transaction exposure therefore arises primarily in currencies other than SEK. The largest exposure comprises a purchase requirement for USD and selling requirements for GBP and MXN. The significant USD exposure is a consequence of the Group's purchase of pulp that is invoiced in USD. Transaction exposure, resulting from exports and imports, can be hedged for a period of up to 18 months. Contracted future payments for non-current assets in foreign currencies can be hedged up to the full cost. The currencies with the greatest net volume were hedged as follows: USD 2.2 months, GBP 1.6 months and MXN 3.2 months. During the year, there was continuous hedging of, primarily, trade receivables and payables, as well as future payments for non-current assets. The majority of hedges mature during the first quarter of 2026.

Net flows in 2025



For further information relating to hedging of transaction exposure, see Note E6 Derivatives and hedge accounting on page 156.

Translation exposure

Risk: Translation exposure is the risk to which Essity is exposed when translating foreign Group companies' balance sheets and income statements to SEK.

Action: Essity manages translation exposure by distributing the liability across the various currencies where the Group owns assets so that key figures that are important for the company's credit rating are protected in the long-term against exchange rate effects. At December 31, 2025, net debt amounted to SEK 26,543m (30,769; 49,964).

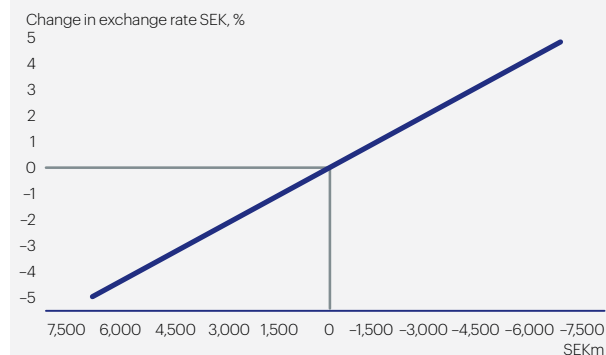
Net debt distributed by currency

Currency	Net debt, SEKm	Share of net debt, %		
		2025	2024	2023
EUR	13,963	53	51	48
SEK	3,324	13	17	24
CAD	2,826	11	5	1
MXN	2,756	10	7	4
AUD	2,635	10	6	12
USD	2,408	9	13	13
NZD	2,159	8	2	1
COP	-963	-4	-2	-1
Other	-2,565	-10	1	-2
Total	26,543	100	100	100

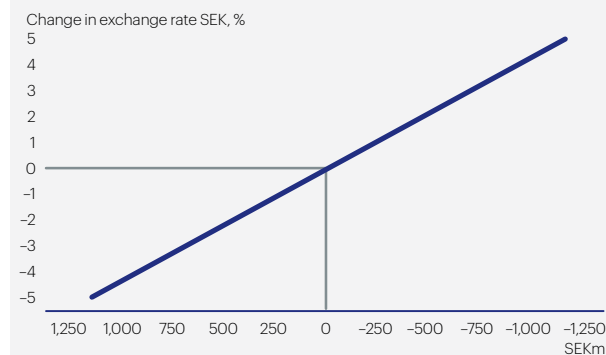
For further information relating to hedging of translation exposure, see Note E6 Derivatives and hedge accounting on page 156.

Action: Translation exposure in the income statements of foreign Group companies is not hedged. The largest exposures are EUR, USD, MXN and GBP. The graphs below show the effect on net sales and EBITA excl. IAC of a strengthening or weakening of the Swedish krona, in the range of +5% to -5%, against all currencies. The calculations are based on 2025 outcomes.

Translation effect on net sales



Translation effect on EBITA excl. IAC



Credit

Risk: Credit risk refers to the risk of losses due to a failure by Essity's customers, or counterparties in financial agreements, to meet payment obligations.

Credit risk in trade receivables – Action: Credit risk in trade receivables is managed through credit checks of customers using credit rating companies. The credit limit is set and regularly monitored. Trade receivables are recognized at the amount that is expected to be paid based on an assessment of the expected credit losses for the remaining lifetime of all trade receivables at the balance sheet date. For further information concerning trade receivables and recognition of expected credit losses, see Note E3 Trade receivables on page 154.

Financial credit risk – Action: Essity's Finance Policy regulates the maximum permitted counterparty risk depending on the counterparty's credit rating from the credit rating agencies Standard & Poor's, Moody's and Fitch. The objective is that counterparties must have a minimum credit rating of BBB+ or equivalent from at least two of these credit rating agencies. Credit exposure in derivative instruments is calculated as the market value of the instrument on the balance sheet date. Credit exposure in derivative instruments amounted to SEK 506m (1,102; 1,989), gross. Taking net calculation agreements per counterparty into consideration, credit exposure of derivatives amounted to SEK 139m (355; 540). At year-end, the total credit exposure was SEK 8,801m (13,817; 5,847). Where transactions are linked to Credit Support Annex (CSA) agreements, the exposure is reported net of collateral received. This exposure includes credit risk of SEK 8,501m (13,318; 5,318) for financial investments. Refer to the table below for the distribution of credit risk by category.

Financial credit exposure

SEKm	Category ¹⁾			Total
	A	B	C	
Financial assets measured at fair value through other comprehensive income			106	106
Financial assets measured at amortized cost	4		20	24
Cash and bank balances	6,015	926	1,546	8,487
Derivative assets, net	166	4		170
Current investments	14			14
Total	6,199	930	1,672	8,801

1) A: Investment grade, a long-term credit rating from one or more of the agencies of at least: Moody's (Baa3), Standard & Poor's (BBB-) and Fitch (BBB-).

B: Non-investment grade, a long-term credit rating lower than: Moody's (Baa3), Standard & Poor's (BBB-) and Fitch (BBB-).

C: No credit rating (mainly assets that lack a separate credit rating and cash and cash equivalents in regulated markets).

Liquidity and refinancing

Risk: Liquidity and refinancing risk is the risk that Essity is unable to meet its payment obligations as a result of insufficient liquidity or difficulty in raising new loans.

Action: To ensure good access to loan financing, regardless of economic situation and on attractive terms, Essity strives to maintain a solid investment grade rating.

Essity maintains a financial flexibility in the form of a liquidity reserve consisting of cash and cash equivalents and unutilized credit facilities totaling at least 10% of the Group's forecast annual sales. Essity limits its refinancing risk by having a well-distributed maturity profile of its gross debt. The gross debt must have an average maturity in excess of three years, taking long-term unutilized credit facilities, which are not part of the liquidity reserves, into account. Surplus liquidity should primarily be used to repay external liabilities. Essity's policy is to avoid terms that entitle the lender to terminate loans or adjust interest rates as a direct consequence of movements in Essity's financial key ratios or credit rating.

The Group's financing is mainly secured by bank loans, bond loans and through issuance of commercial papers. The refinancing risk in short-term borrowing is mitigated through long-term credit facilities from bank syndicates and individual banks with favorable creditworthiness.

Essity's net debt decreased by SEK 4,226m in 2025. At year-end, the average maturity of gross debt (excluding leases and pensions) was 3.3 years (3.8; 3.5). If short-term loans would be replaced with long-term unutilized credit facilities, the average maturity would amount to 3.7 years. Unutilized short- and long-term credit facilities amounted to SEK 42,524m at year-end. In addition, cash and cash equivalents totaled SEK 8,487m.

Liquidity reserve

SEKm	2025	2024	2023
Unutilized credit facilities	42,524	57,303	66,340
Cash and cash equivalents	8,487	10,962	5,159
Total	51,011	68,265	71,499

SEKm	2025	2024	2023
Net sales	138,494	145,546	147,147
Liquidity reserve ¹⁾	37	47	49

1) Liquidity reserve as a percentage of net sales.

For further information, see Note E2 Financial assets, cash and cash equivalents on page 153, Note E4 Financial liabilities on page 155 and Note E5 Liquidity risk on page 156.

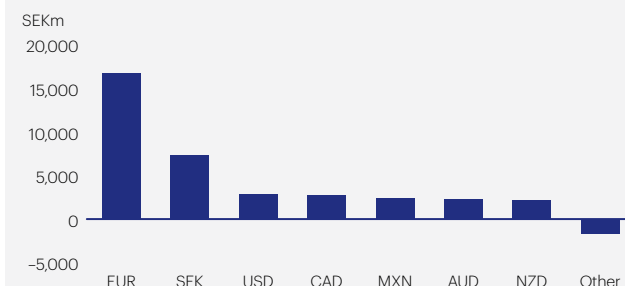
Interest rate

Risk: Interest rate risk relates to the risk that changes to interest rates could have a negative impact on Essity. Essity is affected by interest rate movements through financial income and expenses, cash flow and the value of its financial assets and liabilities.

Action: Essity strives to achieve a solid distribution of its interest maturity dates to avoid large debt volumes of renewals occurring at the same time. Essity's policy states that the average interest duration shall be a minimum of nine months and a maximum of 48 months. Essity's financial items decreased in 2025. This was mainly due to lower net debt. Essity's major funding currencies are EUR, SEK and USD, refer to the graph below. To achieve the desired interest rate duration, Essity uses financial derivatives. The average interest rate duration for the gross debt, including derivatives, was 24.3 months (11.5; 10.7) at year-end.

The average interest rate for the total outstanding net debt including derivatives, amounted to 3.95% (4.70; 4.07) at year-end.

Gross debt distributed by currency



Read about sustainability related risks on pages 47–99.

Sustainability statements

For 2025, Essity presents for the first time sustainability statements fully aligned with the European Sustainability Reporting Standards (ESRS). The statements include indices and the European Union (EU) Taxonomy report as additional disclosures. They provide transparent insight into the Group's material impacts, risks and opportunities and outline policies, actions and performance across key environmental, social and governance matters.

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As a leading global hygiene and health company, Essity actively contributes to the achievement of the United Nation's (UN) Sustainable Development Goals focusing particularly on six goals on which the Group can have the greatest input given its expertise.

Essity supports the UN Global Compact and works to overcome global challenges through cooperation and strategic partnerships.



I General disclosures

■ Basis for preparation of sustainability statements (BP-1, BP-2)

Sustainability reporting frameworks and external assurance

These sustainability statements have been prepared in accordance with the European Sustainability Reporting Standards (ESRS, EU 2023/2772) as incorporated into the Swedish Annual Accounts Act. The statements cover those sustainability matters considered material for the Group and its stakeholders, identified through Essity's double materiality assessment.

Some disclosures in the sustainability statements have been prepared with reference to other established standards and guidelines for sustainability reporting, such as the Greenhouse Gas (GHG) Protocol and the Science Based Targets initiative. Essity is not formally obliged to follow these frameworks and has not adopted them, but they have been taken into consideration in the preparation of the sustainability statements to strengthen relevance and consistency.

Essity's sustainability statements have been reviewed by the Group's auditors Ernst & Young AB.

Additional information about Essity's work on social, environmental and governance matters is available at essity.com/sustainability.

Consolidation

The sustainability statements are prepared on a consolidated basis and encompass the Parent company Essity Aktiebolag (publ) and all companies in which Essity owns at least 50%, collectively referenced as the Group. The consolidation scope of the sustainability statements is therefore identical to the consolidation scope of the financial statements. Reported data includes information for the entire Group, regardless of the ownership structure. Any deviations from these principles are indicated in these sustainability statements.

In March 2024, Essity divested its shares in the Asian hygiene company Vinda International Holdings Limited (Vinda). Any data relating to Vinda in comparative periods is presented together with the respective data point.

The Group has not chosen to omit information concerning intellectual property rights, know-how, innovation results, ongoing development work or issues under negotiation.

The following phase-in provisions have been applied in line with ESRS 1 Appendix C:

- ESRS 2 SBM-1 40 (b) Breakdown of total revenue by significant ESRS sector
- ESRS 2 SBM-1 40 (c) List of additional significant ESRS sectors
- ESRS 2 SBM-3 48 (e) Anticipated financial effects
- ESRS E1-9 Anticipated financial effects
- ESRS E3-5 Anticipated financial effects
- ESRS E4-6 Anticipated financial effects
- ESRS E5-6 Anticipated financial effects
- S1-7 Characteristics of non-employee workers in the undertaking's own workforce
- S1-13 83 (a) and (b) Gender split for training and skills related information
- S1-14 88 (d) and (e) Work-related ill-health related information

No capital expenditures or operating expenses related to action plans according to Minimum Disclosure Requirements for Actions are reported.

For an overview of all ESRS requirements that have been met, see page 95–97.

Value chain

Essity's sustainability statements cover impacts, risks and opportunities identified through the double materiality assessment of the Group's value chain. For more information on the double materiality assessment, see pages 58–60; for detailed information on the Group's value chain, see pages 54–55.

Reliability, estimates and uncertainty

The primary source of estimates and uncertainties in Essity's sustainability statements is data on GHG emissions.

Estimation methods for emissions:

- Scope 1 and 2 – Direct and indirect emissions from Essity's own production facilities are calculated using primary activity data and relevant emission factors for fuels and electricity. Accuracy is considered high.
- Scope 3 – Other indirect emissions in the value chain, including upstream and downstream emissions, are estimated using a combination of primary and secondary supplier-specific data, industry averages and proxy data. This results in a higher degree of uncertainty due to variations and limited access to third-party data.

Sources of uncertainty (Scope 3):

- Data quality – The accuracy of Essity's reported GHG emissions depends on the quality and completeness of the information provided by suppliers and other third parties. In general, accuracy is considered high when activity data is based on Essity's own primary sources. When direct data is unavailable, estimates and proxy data are used.
- Emission factors – The emission factors used in Essity's calculations are based on supplier-specific information, internally calculated emission factors from life-cycle assessments and industry standards. These factors may apply to different geographic regions and are updated regularly.
- Methodological choices – In accordance with the GHG Protocol, Essity applies several calculation methods for Scope 3 emissions, including the supplier-specific method, hybrid method, average data method and spend-based method.

Improvement measures:

Essity continuously improves the accuracy and reliability of its GHG emissions data. This commitment includes enhancing data collection processes, collaborating with suppliers for more precise data and regularly reviewing and updating calculation methods.

Reliable management systems

Essity has an International Organization for Standardization (ISO) 27001-certified information security management system that meets internal and external requirements for information security. Selected products and services are certified according to the ISO/IEC 27001:2013 standard. Reliable management systems certified by a third party are an important part of Essity's sustainability work. Essity applies ISO 14001 and the EU Eco-Management and Audit Scheme (EMAS) as certified environmental management systems. Many production facilities remain certified according to ISO or EMAS. For the design, development and manufacturing of products classified as medical devices, relevant quality management systems are certified according to ISO 13485. Other facilities are certified according to ISO 9001. The Group continues to implement ISO 45001 (Occupational Health and Safety Management Systems) to ensure consistent processes drive continuous improvement in the work environment at Essity's production facilities.

Certification, Essity's main sites¹⁾, %

	2025
ISO 14001	71
ISO 45001	76
ISO 9001	79
ISO 13485 ²⁾	100

1) Production-volume based. A main site is a production facility that is wholly owned by Essity and that has at least 100 employees.

2) Refers to production facilities that produce for the EU.

Timeframe, comparability and restatements

Unless otherwise indicated, the sustainability statements cover the period from January 1, 2025 to December 31, 2025. The sustainability statements were published on March 2, 2026.

Figures from previous years are included for comparison in tables or in parentheses. Essity provides tables with comparative data for the previous four reporting periods. In certain cases comparative data is not included because the relevant information was not collected or disclosed in earlier reporting periods or because adjustments in valuation methods have resulted in data that cannot be reliably compared with data from prior reporting periods.

For reporting purposes, the following time horizons are used:

- **Short-term** – up to 12 months
- **Medium-term** – more than 12 months and up to five years
- **Long-term** – more than five years

Essity's long-term perspective in monitoring global megatrends provides the foundation for the Group's strategic direction. The detailed planning and execution of specific initiatives are generally aligned with a medium-term time horizon, ensuring both agility and responsiveness in a dynamic operating environment.

The following principles apply to the adjustment of environmental as well as health and safety data for comparison years:

- Newly acquired businesses are included in both current and past reporting as soon as possible
- The data from divested companies is excluded in its entirety
- Historical data for closed production facilities is retained

Any adjustments to historical information according to the above principles have been disclosed and explained. Comparative sustainability data not impacted by these principles remains unchanged.

Reported weights are disclosed in metric tons.

Changes in the preparation and presentation of sustainability information are described alongside the relevant metrics. For such cases, Essity provides an explanation of the change and the reason for using adjusted measures to offer more useful information. If revised comparatives figures cannot be provided, this is indicated for the affected metrics.

Essity has not identified any material errors in previous reporting periods.

■ The responsibilities of the Board of Directors and Executive Management Team (GOV-1, GOV-2)

Sustainability is embedded throughout Essity's operations and is an integral part of overall governance. The Board of Directors is the highest governing body that monitors and approves Essity's strategy, including sustainability efforts, sustainability reporting and financial reporting. The double materiality assessment as well as the material sustainability matters and related impacts, risks and opportunities are reported to the Board at least annually. For more information, see pages 58–60.

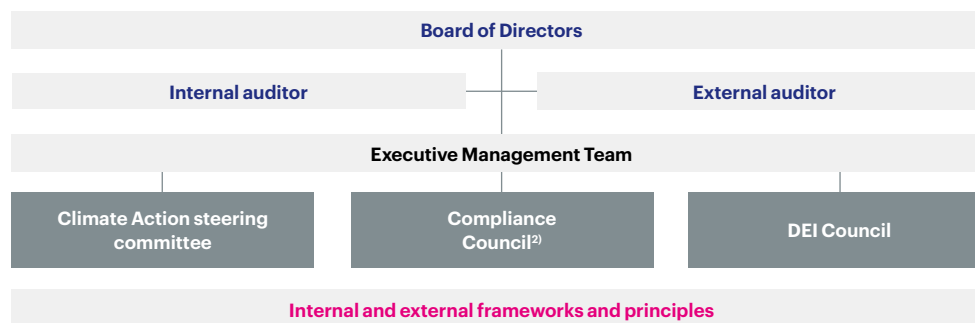
The Board approves the Group Sustainability Policy and the Code of Conduct. Other Group policies related to Essity's material sustainability matters, impacts, risks and opportunities are delegated to Essity's President and Chief Executive Officer (CEO). The CEO is responsible for the day-to-day administration of the Group and the execution of the sustainability strategy as well as the implementation of Group policies and related actions. This responsibility is further delegated to the Executive Management Team member for the relevant business unit or global unit and to different subject matter experts within the Group reporting to the relevant Executive Management Team member. Internal committees, such as the Climate Action Steering Committee, work toward Essity's climate targets achievement via implementation of cross-functional strategies, coordination of key projects and priorities as well as risk analysis and mitigation.

For information about the general duties, composition, diversity and experience of the Board of Directors and the Executive Management Team, see the Corporate Governance Report on pages 100–101, 103, 106–107. For further details, see page 98.

Sustainability governance

The purpose, implementation and follow-up of Essity's sustainability work aim to ensure the Group's commitments to its stakeholders, including customers, consumers, employees, suppliers, investors, decision makers and representatives of society. The Group's commitments are expressed in strategies, policies, actions and targets. Those targets established by the Board of Directors are regularly monitored and reported annually. Delivery on the targets is ensured in the separate responsibility areas. To verify priorities and methods over time, Essity maintains an active and continuous dialogue with internal and external stakeholders. Based on this dialogue, Essity continuously develops its ambitions, strategies and policies to address the growing sustainability challenges. For more information on Essity's interaction with key stakeholders, see pages 56–57. Given that sustainability is an integrated part of Essity's strategy and operations, sustainability matters, impacts, risks and opportunities are subject to internal audits.

Essity's sustainability governance¹⁾



■ = Cross-functional working groups that report to the Executive Management Team

¹⁾ Significant functions in the Group that influence sustainability work. For complete information on corporate governance, see pages 100–109.

²⁾ The Compliance Council reports regularly to the Board of Directors.

Sustainability-related policies

Essity has established several policies to promote consistency in decision-making and operational practices across the organization while ensuring compliance with legal and regulatory requirements. These policies provide clear guidance to Essity's employees and other stakeholders throughout the value chain regarding expected behaviors, procedures and best practices. By reflecting and reinforcing the Group's values and corporate culture, the policies contribute to risk mitigation and responsible business conduct.

All policies listed below, with the exception of the Remuneration Policy, have been approved by either the Board or the CEO and implemented by the Executive Management Team. The Remuneration Policy is approved by the shareholders at the Annual General Meeting. The policies are reviewed annually and are available on essity.com. The list below includes only those policies that address material sustainability matters identified through Essity's double materiality assessment.

In addition to the policies, Essity has developed position papers clarifying the Group's view on key sustainability matters, which are published at essity.com/sustainability.

I General disclosures

E Sustainability Policy

Content

Principles for value creation from environmental, social and economic perspectives through products that meet customer needs. Essity emphasizes the use of renewable and recyclable raw materials as well as the continuous assessment of and improvements to the environmental performance of its products throughout their lifecycle.

Material sustainability matters covered by policy

- Climate change
- Resource use and circular economy

Scope

All wholly owned companies

External initiatives

Forest Stewardship Council (FSC)/Programme for the Endorsement of Forest Certification (PEFC)

Stakeholder interest and engagement

Nature (silent stakeholder)

E Fresh Wood-based Fiber Procurement Policy

Content

Essity's requirements for suppliers delivering fresh wood-based fiber materials, including certification, transparency and sustainable forest management practices.

Material sustainability matters covered by policy

Forest and fiber

Scope

All wholly owned companies as well as all suppliers of fresh wood-based fiber materials

External initiatives

- FSC/PEFC
- Global Diversity Framework
- United Nations (UN) Intergovernmental Panel on Climate Change (IPCC)

Stakeholder interest and engagement

Nature (silent stakeholder)

E S Global Risk, Environment, Safety and Health (RESH) Policy

Content

Included topics:

- Zero incident mentality
- Stakeholder needs and expectations
- Identification of risks and opportunities
- Protection of people, assets and reputation as well as business continuity
- Provisions of safe and healthy physical and environmental conditions
- Protection of the environment
- Legal compliance
- Training programs and continuous improvement
- Management systems

Material sustainability matters covered by policy

- Climate change
- Water
- Own workforce

Scope

All activities and all employees, contractors and visitors

External initiatives

- ISO 14001
- ISO 45001

Stakeholder interest and engagement

- Nature (silent stakeholder)
- Own employees
- Workers representatives
- Communities

E S G Global Supplier Standard incl. Supplier Code of Conduct

Content

Minimum requirements for suppliers regarding Code of Conduct, quality, product safety, environment and chemicals.

Material sustainability matters covered by policy

- Resource use and circular economy
- Forest and fiber
- Management of relationships with suppliers
- Workers in the value chain – working conditions
- Workers in the value chain – other work-related rights

Scope

All Essity suppliers

External initiatives

- UN Universal Declaration of Human Rights
- International Labour Organization (ILO) Core Conventions
- UN Global Compact
- UN Guiding Principles on Business and Human Rights (UNGP)
- Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises

Stakeholder interest and engagement

Vulnerable stakeholders in Essity's upstream supply chain, such as local communities, children and workers, including immigrant workers

E S G Code of Conduct

Content

Essity's fundamental principles that govern the Group's business practices and explain how Essity identifies and manages compliance risks, including definition of stakeholder expectations for ethical conduct and responsible operations. The Code explicitly prohibits all forms of forced or compulsory labor and child labor, reflecting Essity's strong commitment to human rights and international labor standards.

Material sustainability matters covered by policy

- Climate change
- Own workforce – working conditions
- Own workforce – equal opportunities
- Business conduct – corporate culture

Scope

All Essity employees

External initiatives

- UN Global Compact
- International Bill of Human Rights
- ILO Core Conventions
- OECD Guidelines for Multinational Enterprises

Stakeholder interest and engagement

Stakeholders in the whole value chain

S Remuneration Policy

Content

The fundamental principles of the Group's compensation management. If collective agreements apply, they take precedence over the Remuneration Policy. The policy covers base salary and incentives (variable pay). Other benefits such as short-term incentives, pension plans and company cars are described in separate Essity policies.

Material sustainability matters covered by policy

Own workforce – equal opportunities

Scope

All employees at Essity unless legal obligations require otherwise

External initiatives

Local legislation

Stakeholder interest and engagement

Own employees

S Diversity, Equity and Inclusion (DEI) Policy

Content

Essity's commitment to fostering a fair, respectful and inclusive workplace. This policy is designed to promote equal opportunities, prevent discrimination and harassment and ensure a safe working environment where all views are taken into consideration.

Material sustainability matters covered by policy

Own workforce – equal opportunities

Scope

All legal entities within the Group, including upstream and downstream activities

External initiatives

- Catalyst Partnership¹⁾
- Leading Executive Advancing Diversity Network (LEAD)²⁾
- Unstereotype Alliance³⁾

Stakeholder interest and engagement

Stakeholders throughout the value chain

G Anti-bribery and Corruption Policy

Content

Rules defining how Essity works to prevent corruption in all operations under the Group's control. Essity does not tolerate any form of corruption or bribery and the overall objective is to prevent managers, Board members, agents or persons performing services for the Group or on behalf of Essity, from giving or receiving bribes of any kind.

Material sustainability matters covered by policy

Business conduct – corporate culture

Scope

All employees and companies within the Group

External initiatives

UN Convention against Corruption

Stakeholder interest and engagement

Stakeholders throughout the value chain

G Human Rights Policy

Content

Essity's principles and commitment to respecting human rights.

Material sustainability matters covered by policy

Business conduct – corporate culture

Scope

All legal entities within the Group with the exception of joint ventures

External initiatives

- UN Universal Declaration of Human Rights
- ILO Core Conventions
- UN Global Compact

Stakeholder interest and engagement

Vulnerable stakeholders throughout the value chain

1) A global not-for-profit DEI organization
2) A European network that promotes DEI in the retail and consumer goods industry
3) A UN Women-convened initiative that aims to eradicate harmful stereotypes in media and advertising content

■ Integration of sustainability-related performance in incentive schemes (GOV-3)

Sustainability-related targets are integrated into the Group's long-term incentive scheme following a decision by Essity's Board of Directors. The purpose of this integration is to link executive remuneration to the Group's sustainability strategy and long-term value creation. This decision was approved by Essity's shareholders at the Annual General Meeting.

Further information on incorporating sustainability-related performance criteria into variable remuneration schemes can be found in Note C2 in the financial notes of the Group, under the subheading "Variable remuneration" within the section "Company's application of guidelines" on page 142.

■ Statement on due diligence (GOV-4)

The table provides a mapping to where in the sustainability statements Essity provides information about its due diligence processes.

Core elements of due diligence	Sections in the sustainability statement
Embedding due diligence in governance, strategy and business model	• The responsibility of the Board of Directors and the Executive Management Team (GOV-2) • Integration of sustainability-related performance incentive schemes (GOV-3) • Strategy, business model and value chain (SBM-3)
Engaging with affected stakeholders in all key steps of the due diligence	• Interests and views of stakeholders (SBM-2) • Process for engagement with own workers and workers' representatives (S1-2) • Process for engaging with value chain workers (S2-2) • Process for engaging with consumers and end-users (S4-2)
Identifying and assessing negative impacts on people and the environment	• Description of material impacts, risks and opportunities (SBM-3) • Description of the processes to identify and assess – material impacts, risks and opportunities (IRO-1) – material climate-related impacts, risks and opportunities (E1 IRO-1) – material water-related impacts, risks and opportunities (E3 IRO-1) – material forest and fiber-related impacts, risks and opportunities (E4 IRO-1) – material resource use and circular economy-related impacts, risks, dependencies and opportunities (E5 IRO-1)
Taking actions to address negative impacts on people and the environment	• Transition plan for climate change mitigation (E1-1) • Actions and resources in relation to climate change policies and Essity's climate action plan (E1-3) • Actions and resources – related to water (E3-2) – related to forest and fiber (E4-3) • Actions related to resource use and circular economy (E5-2) • Taking actions to material impacts – on own workforce (S1-4) – on value chain workers (S2-4) – and opportunities on consumers and end-users (S4-4) • Governance, Whistleblower reporting and Anti-Corruption (all G1-3)
Tracking the effectiveness of these efforts and communication	Targets and metrics sections in Climate change (E1), Water (E3), Forest and fiber (E4), Resource use and circular economy (E5), Own Workforce (S1), Workers in the value chain (S2), Consumers and end-users (S4), Business conduct (G-1)

■ Risk management and internal control over sustainability reporting (GOV-5)

Essity has integrated sustainability throughout its operations and analyzes risks and impacts where they occur to ensure effective management. The due diligence process identified and assessed actual and potential negative impacts on the environment and people, as well as risks to Essity's operations and business performance. This process is divided into several parts to ensure a structured and consistent approach. In the area of business ethics and human rights, Essity conducts a human rights impact assessment and a supplier risk assessment. The human rights impact assessment is based on the UN's Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. In addition, the annual business risk assessment includes social and environmental risks and impacts related to Essity's business activities. The physical impact of climate change on Essity's facilities is analyzed using climate scenarios. The results from all processes and analyses are compiled and integrated into the double materiality assessment.

Essity's Internal Control Policy applies to all wholly owned companies, outsourced processes and functions. Joint ventures are included in the scope wherever possible through board representation. In 2025, Essity implemented a sustainability-specific internal control framework based on the principles of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework. This includes guidance published in 2023 on achieving effective internal control over sustainability reporting. In addition, it addresses reporting risks at entity, function and operating unit levels.

Risk assessments are based on Essity's double materiality assessment, which serves as the foundation for prioritizing risks in line with the Group's sustainability objectives. For each material sustainability matter, qualitative factors such as governance, data integrity, value chain data availability and reliability, audit history, fraud indicators and IT dependencies are considered.

Risks and areas for improvement are identified through reviews of processes at selected facilities and through self-assessments. These methods strengthen the control environment and support a systematic approach to managing risks and opportunities.

Control activities have been implemented to reduce reporting risks with a focus on material data sources and key production sites. Measures include data input validation, segregation of duties, data reconciliation, deviation analysis and continuous monitoring of regulatory developments.

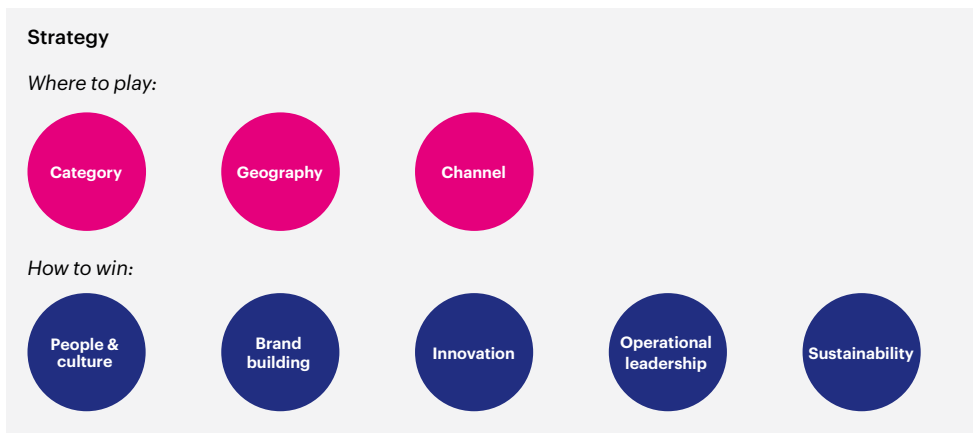
Findings from risk assessments, internal control activities and internal audits are incorporated into operational processes to support continuous improvement and reliable reporting.

Essity's Internal Control function reports annually to the CEO and Chief Financial Officer on the effectiveness of internal controls and action plans for significant deficiencies. The Internal Audit function provides independent assurance and reports to the Audit Committee and the Board of Directors, which have ultimate responsibility for internal control over sustainability reporting.

■ Strategy, business model and value chain (SBM-1, SBM-3)

Strategy and its relation to sustainability matters

Sustainability matters are an integral part of Essity's strategy. The Group's purpose is to break barriers to well-being for consumers, patients, caregivers and customers worldwide, while creating value for societies and minimizing negative environmental impact. Essity's vision is to be the undisputed global leader in hygiene and health.



Essity's strategic framework defines the Group's choices on "where to play" and "how to win". The focus is on hygiene and health categories, with product performance and brand preference representing key factors. The strategy aims to strengthen Essity's positions in North America, Latin America and East Asia while optimizing its established presence in Europe. Essity ensures a strong market presence across all relevant channels for consumers, patients, caregivers and customers.

Sustainability matters are fully integrated into Essity's strategic decisions to ensure long-term success.

- **People & Culture** – Essity aims to create an organization and culture enabling both people and business to thrive. The Group provides safe, attractive, inclusive and sustainable workplaces supported by committed employees who contribute to breaking barriers to well-being within a distinctive corporate culture. Essity prioritizes internal talent development through efficient flows between functions and units. Continuous development of employees and leaders is essential for the Group's long-term success. Learning and skills development are therefore integral to Essity's daily operations.
- **Brand Building** – Essity has a strong portfolio of leading global and regional brands with significant brand equity. By leveraging the strength and broad reach of its brands, the Group implements effective marketing activities designed to strengthen brand preference, support consumer preference, support consumer confidence and address stigma in the hygiene and health categories in which Essity operates.

- **Innovation** – Essity's innovation efforts focus on sustainable products that enhance hygiene and health standards, reduce environmental impact and support profitable growth. The target is for at least 50% of the Group's innovations to deliver social or environmental improvements. All launched innovations meet Essity's product safety standards, ensuring compliance and responsible stewardship.
- **Operations** – Essity drives efficiency in all business areas by focusing on continuous improvement. The health and safety of employees is among the Group's highest priorities, alongside reducing environmental and climate-related impacts across the value chain.
- **Sustainability** – Essity's sustainability efforts are guided by the Group's Sustainability Playing Field and are built on cross-functional priorities that drive long-term progress.

The Group contributes to improved hygiene and health outcomes globally by focusing on key societal areas such as women's health, infection prevention and control, hygiene, sanitation, and the care economy. Essity is committed to responsible business, focusing on DEI, occupational health and safety, product safety, business ethics and respect for human rights.

All innovations are designed to improve hygiene and health while using responsibly sourced, recycled and alternative fibers and reducing dependence on fossil-based plastic. The objective is to reduce post-consumer product waste and improve water efficiency at the Group's production facilities alongside reducing water-use throughout the product lifecycle.

Essity continuously develops its ambitions, strategies, policies and practices to address sustainability challenges by implementing and adjusting targets, roadmaps and initiatives.

Corporate sustainability targets measure progress toward the achievement of ambitions in areas such as emissions, water, fresh wood-based fiber, production waste, packaging, occupational health and safety, DEI, responsible sourcing, sustainable innovations and business conduct.

Climate action remains a central strategic priority for Essity and one of the most complex areas to manage, as it requires coordination across the global value chain and all organizational units. Essity has established a governance framework for science-based targets including processes for data management, reporting, initiative planning and continuous follow-up.

Essity focuses on reducing emissions across the value chain in line with its commitment to achieve net zero emissions by 2050. Priority actions focus on areas with the greatest environmental impact, such as emissions from tissue products, to accelerate measurable improvements. Most targets are global and independent of product groups or regions but require collaboration across the value chain with suppliers, customers and other stakeholders. Furthermore, Essity engages in industry associations and organizations to align actions with stakeholder expectations and sector-wide progress.

Business model

Essity develops, produces and sells products as well as services to improve hygiene and health standards both at home and away from home. Through effective hygiene routines and the prevention, treatment and monitoring of health conditions, Essity creates value for people and society. The business model focuses on profitable growth and added value in line with the Group's mission.

From a governance perspective, the Group is organized into business areas based on customer and sales channels. This structure enables the development of offerings in new and adjacent categories as well as an expanded range of services based on customer and consumer needs. In 2025, these business areas were Health & Medical, Consumer Goods and Professional Hygiene.

Business areas

Essity's offering in Health & Medical comprises the categories Incontinence Products, Health Care and Medical Solutions. The offering includes incontinence products, wound care, compression therapy, orthopedics, skincare products and digital solutions with sensor technology under brands such as TENA, Leukoplast, Cutimed, JOBST, Actimove and DeltaCast. Distribution channels include pharmacies, medical device stores, hospitals, distributors, care institutions and e-commerce.

Within Consumer Goods, Essity offers a portfolio comprising Incontinence Products Retail, Feminine Care, Baby Care and Consumer Tissue. The offering includes incontinence products, pads, diapers, wet wipes, skin cream, intimate soaps, leakproof apparel, menstrual cups, toilet paper, household towels, handkerchiefs, facial tissues and napkins. The products are sold under brands such as the global leader TENA and other strong brands including Libero, Libresse, Nosotras, Saba, TOM Organic, Lotus, Regio and Tempo. Distribution channels include retail trade and e-commerce.

Professional Hygiene comprises complete hygiene solutions, including toilet paper, paper hand towels, napkins, hand soap, hand lotion, hand sanitizers, dispensers, cleaning and wiping products as well as service and maintenance under the globally leading Tork brand. Customers consist of companies and office buildings, healthcare facilities, industries, restaurants, hotels, stadiums and other public venues. Distribution channels include distributors and e-commerce.

Resources

Essity uses several resources to achieve its mission. The following resources are critical:

- **Financial capital:** In 2025, Essity's equity amounted to approximately SEK 86.0bn (88.7) and net debt was approximately SEK 26.5bn (30.8).
- **Human capital** – Essity leverages the experience and skills of around 36,000 (36,000) employees to further develop Essity's ambitions and achievements.
- **Intellectual capital** – Research and development, patents, licenses, innovations, software and Essity's corporate culture form the foundation of the Group's success.
- **Physical capital** – Essity uses raw materials, facilities and infrastructure within its production processes.
- **Natural capital** – Forests, energy and water are necessary for Essity's production processes. Essity aims to reduce its environmental footprint by increasing efficiency and reducing resource use.
- **Relational resources** – The knowledge of people's daily needs and challenges forms the basis of Essity's product offering, which aims to improve people's well-being and quality of life. Collaboration with Essity's key stakeholders is essential to understand perspectives, strengthen decision-making and enhance overall performance. See the section on stakeholder interests and views on pages 56–57 for further details.

Outputs

- **Innovations** – Essity's insights into customer and consumer needs and perspectives are key assets for driving sustainable innovations. Continuous innovation is critical to improving people's hygiene, health and well-being and contributing to a more sustainable and circular society. In 2025, Essity operated a global innovation unit and had innovation centers in France, Mexico, Sweden, Germany and the USA. The reported costs for research and development in 2025 amounted to SEK 1.8bn (1.9), representing about 1.3% (1.3) of the Group's net sales.
- **Procurement and manufacturing** – Essity's framework of manufacturing excellence works with continuous improvements through its focus on process innovation, efficiency including digitalization and automation, quality and sustainability. The procurement organization is committed to sourcing from suppliers that share Essity's values regarding respect for people and nature.
- **Marketing and sales** – Through marketing and sales, Essity increases awareness of the Group's brand, purpose and product brands to further improve hygiene and health standards. Marketing initiatives are conducted at both local and global levels.
- **Leading hygiene and health products and services** – Essity produces and sells leading hygiene and health products and is the global market leader in incontinence products with the TENA brand and in Professional Hygiene with the Tork brand.
- **Value creation for stakeholders** – Essity creates customer and consumer value through leading sustainable products that enhance well-being and improve quality of life. Value is also created for employees, suppliers, governments, decision-makers and society at large through jobs in the value chain, compensation, taxes, improved well-being, sustainability initiatives and community engagement. For shareholders, returns are generated through dividends and favorable development of the Group's share price. Essity maximizes long-term value creation by integrating financial, environmental and social aspects into all business decisions.

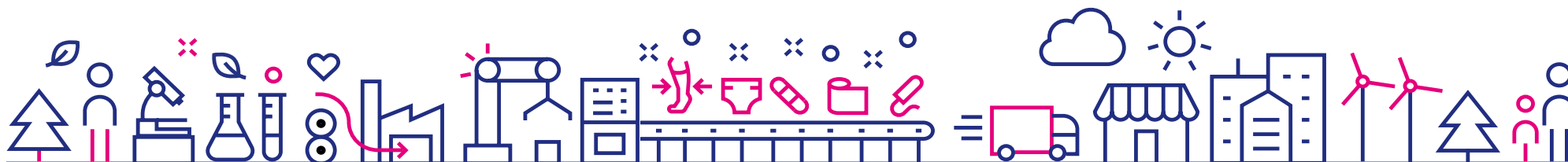
Value chain

The evaluation of Essity's value chain forms the basis of the double materiality assessment. A profound understanding of Essity's activities across the value chain is essential for analyzing sustainability matters, impacts, risks and opportunities.

Essity conducted its first value chain assessment in 2023. The assessment is updated annually and covers the entire value chain, including upstream supplier activities, Essity's own operations and downstream activities such as customer sales. The value chain assessment describes the Group from a supplier and resource perspective and is based on the product segments of Tissue, Personal Care and Medical.

Business model

Resources Stakeholder insights Sustainable innovations Responsible procurement and sustainable manufacturing Responsible marketing and sales Leading products and services within hygiene and health Value creation for stakeholders



Value chain



- Purchase of raw materials and finished goods
- Purchase of other goods and services
- Inbound logistics

- Research and development
- Production/manufacturing
- Warehousing
- Sales and marketing, management and administration

- Outbound logistics
- Distribution
- Product use
- Disposal: Reduce, Reuse and Recycle

Upstream activities

With more than 30,000 suppliers of raw materials, products and services, Essity is a significant purchaser of input materials for its production processes. The materials purchased vary across product categories, with responsibly sourced fresh pulp and recovered paper being key raw materials for the Group. Plastics are used in Personal Care and Medical products to ensure functionality. The remaining upstream activities have limited impact on emissions, energy and packaging materials. More than half of Essity's suppliers are located in Europe, one third in North and South America and the remainder in Asia, illustrating Essity's widespread influence on workers in the supply chain. Essity applies a proactive, risk-based approach in line with OECD guidelines and relevant human rights legislation to ensure responsible sourcing.

Own operations

The Group's own operations form the core of Essity's value chain, with production as the central activity. Nearly 30% of GHG emissions along the value chain originate from Essity's production. Essity conducts operations that require various permits for its production facilities. These operations impact the environment through emissions to air and water, solid waste and noise. Essity operates approximately 70 production facilities in 28 countries globally. In addition to production, operations include warehousing, sales, marketing, as well as general and administrative activities. Essity also conducts research and development to create new and more sustainable products. Around 36,000 employees in about 60 countries work for Essity, illustrating the Group's direct impact on people. See Note B2b in the financial statements on pages 133–134 for a detailed overview of the countries where Essity's workforce is located. In 2025, Essity reported approximately SEK 138bn (146) in revenues.

Downstream activities

Essity conducts sales in around 150 countries, reaching one billion people daily through its products and brands. Service providers engaged in product distribution contribute to emissions and energy use in the distribution process. Most products reach consumers through retail businesses and distributors, but Essity also uses other customer and distribution channels. The majority of Essity's portfolio consists of single-use products that become waste after usage, ending up in landfill or incinerated with the associated energy recovery. During use and disposal of most of Essity's products, water is consumed, for example, when washing hands or flushing toilet paper. Essity is actively working to transition from a linear to a more circular value chain.

■ Interests and views of stakeholders (SBM-2)

How stakeholder views inform Essity's strategy and business model

Stakeholder interests and views are essential for Essity's long-term success. Through systematic dialogues with stakeholders, Essity identifies relevant matters and expectations as well as related risks and opportunities. These insights are used to strengthen relationships and are integrated into the Group's strategy, sustainability ambitions and value creation model with the aim of creating long-term value. The Group's commitment to achieving net zero emissions by 2050 and the remaining sustainability targets reflect these continuous dialogues.

Essity's priorities for people and culture are shaped by active engagement with both internal and external stakeholders, considering shareholder expectations, ongoing dialogue with employees and their representatives, global demographic and technology trends and regulatory requirements. This approach ensures that Essity's operations align with the Group's business strategy and future competence needs.

The Group applies a structured process to manage social and ethical aspects throughout the value chain. Essity's Global Supplier Standard, including the Supplier Code of Conduct, provides a framework for responsible sourcing. Through ongoing dialogue with suppliers, non-governmental organizations (NGOs) and industry partners, actions are implemented to strengthen human rights, working conditions and business ethics.

Collaboration with internal and external stakeholders strengthens Essity's ability to deliver superior products by understanding the needs and challenges of consumers and end-users. Partnerships with global and regional NGOs support education and provide resources that help individuals fully engage in society, supporting their human rights and fostering greater inclusion.

The outcome of the systematic stakeholder dialogues is assessed in the separate responsibility areas. Material views and expectations that impact Essity's strategy and business model are reported to the Board of Directors and the Executive Management Team.

Stakeholder engagement

The table below summarizes how Essity interacts with its key stakeholders. To verify priorities and methods over time, Essity maintains an active and continuous dialogue with internal and external stakeholders. Through the involvement of various internal and external stakeholder experts, the results of the dialogues with key stakeholders are integrated into Essity's double materiality assessment.

Interaction with key stakeholders

Customers and consumers

Why Essity engages

By understanding customer and consumer needs and challenges, Essity ensures the delivery of high-quality products and services that meet those needs.

Key collaboration topics

- Market share
- Brand health
- Customer and consumer insights
- Quality
- Sustainability

Engagement channels

- Sales representatives
- Consumer in-home visits as well as usage and attitude studies
- Consumer contact via phone and email
- Brand health surveys
- Customer satisfaction ratings
- Consumer product testing
- Laboratory testing
- Trade shows and exhibitions
- Market shares and household panels

Outcomes

- Clear understanding of the Group's performance compared to competitors
- Clear understanding of the needs of Essity's customers

Employees and their families

Why Essity engages

Essity aims to build a culture in which individuals thrive by engaging stakeholders to support a safe, sustainable and inclusive work environment. The purpose of engagement is to gather insights that inform strategic decisions, strengthen employee well-being and ensure alignment with external stakeholders.

Key collaboration topics

- Health and safety
- Business ethics
- Social dialogue
- Employee well-being, experience and engagement
- DEI
- Training, skills development and career paths
- Code of Conduct

Engagement channels

- Essity's stakeholder engagement is organized through structured channels and initiatives at global and local levels. These include:
- Whistleblower system managed by external party available 24/7 in more than 25 languages
 - Employee Engagement Survey
 - Individual development plans
 - Internal communications (e.g. newsletters, CEO messages)
 - Continues constructive dialogue with employee representatives at both global and local levels
 - DEI initiatives such as Courageous Conversations, DEI leadership boards, DEI councils and DEI working groups
 - Governance bodies, such as the RESH Committee

Outcomes

- Considering employee perspectives in decision-making by actively integrating stakeholder feedback, particularly from employees and employee representatives, into strategic and operational decisions. Key outcomes include:
- Talent management strategy: Developed through engagement surveys and performance dialogues.
 - Well-functioning whistleblower system based on high awareness and trust in the system
 - Regular consultations with employee representatives enable informed and responsible decision making
 - Essity Learning Compass: Content and learning programs are continuously enhanced to support dynamic competence needs
 - Feedback from employees, local safety committees and managers leads to improvements in risk assessments and preventive health measures in the I Care program
 - The DEI strategy and roadmap are shaped in alignment with employees and managers from internal DEI forums with progress tracked against defined ambitions
 - Policies are continuously revised based on business needs and stakeholder feedback

Interaction with key stakeholders, cont.

Government and decision-makers

Why Essity engages

Essity strives to anticipate and contribute to public policy (political decisions, legislative framework) to create a favorable business environment and position Essity as a credible stakeholder in matters of public policy and societal interest. Through partnerships, Essity strengthens and enhances its reputation.

Key collaboration topics

- Business environment policy (geopolitics, trade, industry competitiveness, digitalization)
- Hygiene and health policies (continence care, hygiene, women's health, infection prevention and antimicrobial resistance (AMR))
- Environmental and climate policy

Engagement channels

- Stakeholder platforms and policy maker consultations
- Regular meetings, dialogues and events
- Position papers and case studies
- Industry associations
- Dialogue on industry-wide topics

Outcomes

- Understand the impact of public policy developments on Essity
- Contribute to policy making and better outcomes
- Early warning to prepare the business for impacts from the development of public policy decisions
- Support the business in developing strategies to manage or create competitive advantages in conjunction with public policy changes
- Position Essity to achieve the above and secure support from governments and decision-makers

Investors and analysts

Why Essity engages

Essity strives to create transparency and understanding of the Group's operations, strategy, performance, risks and opportunities to support well-informed decisions by current and potential investors. Through proactive and continuous dialogue with investors and analysts, Essity meets expectations, responds to questions and strengthens credibility and trust. Essity provides complete and fair information to the market in a timely and impartial manner regarding factors that may affect the value of Essity shares.

Key collaboration topics

- Strategy and targets
- Financial and business performance
- Sustainability-related disclosures and performance
- Risks and opportunities
- Capital structure

Engagement channels

- Interim reports and presentations
- Press releases, website and social media
- Investor conferences and roadshows
- Annual General Meeting
- Annual Report
- Capital market days

Outcomes

- Increased understanding among investors and analysts of Essity's operations, strategy, performance, risks and opportunities
- Improved understanding within Essity of investors' and analysts' perspectives and questions related to Essity's operations, strategy, performance, risks and opportunities.

Local communities and society at large

Why Essity engages

Essity strives to be an active and dedicated partner in the communities in which the Group operates. By partnering with NGOs and civil society organizations, Essity provides education, products and resources that empower individuals to participate fully in society, both at a local and global level.

Key collaboration topics

- Environment and climate
- Hygiene and health (care economy, women's health, AMR)
- Business environment (geopolitics, trade, industry competitiveness, digitalization)

Engagement channels

- Various programs in support of communities around the world
- Partnerships with NGOs
- Contribution to research projects
- Foundations, donations, volunteering and sponsorships
- Website and social media

Outcomes

- Availability of Essity products and services where needed
- Understand society and public policy development impacts on Essity

Suppliers and supply chain workers

Why Essity engages

Essity promotes strong relationships across the supplier network. The objective is to ensure compliance with the Supplier Code of Conduct. In this way, Essity meets customer requirements, strengthens the Group's supplier relationships, remediates negative impacts on supply chain workers and secures access to sustainable raw materials.

Key collaboration topics

- Supplier Code of Conduct
- Quality of products and services
- Supply chain reliability and efficiency
- Health and safety
- Sustainability management practices
- Due diligence, raw material chain of custody
- Human rights training

Engagement channels

Essity collaborates with stakeholders in the supplier base using different approaches depending on the material or service provided. The focus is usually on high-risk industries and engagement through traceability and certification schemes, partnerships with NGOs and training for selected suppliers through local organizations. Engagement channels are:

- Regular self-assessment through Supplier Ethical Data Exchange (SEDEX)
- Regular quality screening, due diligence and collaboration
- Climate impact working groups
- Capacity building initiatives
- Ethical audits
- Joint industry initiatives

Outcomes

- Compliance with the Supplier Code of Conduct
- Reduced ethical and human rights risk in the value chain
- Long-term relations with like-minded and strategically aligned suppliers
- Feedback and evaluations from local collaboration partners

Description of material impacts, risks and opportunities (SBM-3, GOV-2)

Essity has conducted a double materiality assessment to identify the Group's most material sustainability matters along with related impacts, risks and opportunities across the value chain. The overview below outlines where these sustainability matters occur and the time horizons in which they are considered material. Detailed explanations are provided for each sustainability matter in the section describing material impacts, risks and opportunities.

The following changes have been identified in the 2025 double materiality assessment compared with the 2024 version: In the 2024 double materiality assessment, gender equality and equal pay were considered as one single sustainability matter linked to a potential negative impact. In the 2025 assessment, gender equality aspects have been integrated with diversity aspects, while equal pay has been identified as a separate material matter. This change clarifies Essity's view that diversity is as an area that also encompasses gender equality while equal pay is highlighted as a separate and strategically important matter. Equal pay is still considered to have a potential negative impact while gender equality together with diversity is considered to have a potential positive impact on Essity's employees.

The methodology for assessing sustainability matters related to business conduct has also been revised. The potential positive impacts previously associated with corporate culture and supplier relationship management are now considered financial risks, as these areas primarily focus on risk mitigation and regulatory compliance. Furthermore, the protection of whistleblowers and matters related to corruption and bribery are no longer considered independently material, although they remain an integral part of Essity's corporate culture.

All identified financial risks are potential in nature and have not impacted the financial statements as of the reporting date. Potential effects depend on future developments. Essity's management has established risk mitigation strategies and monitors these exposures to ensure timely action and minimize any potential financial effect.

For information on the identification of material impacts, risks and opportunities and how they were assessed, see page 60, and regarding the definition of the defined time horizons, see page 49.

E Sustainability matters	Value chain			Material impact	Financial effect	Time horizon			Assessment
	Upstream activities	Own operations	Downstream activities			Short-term	Medium-term	Long-term	
Climate change: Adaptation	●	●	●	No material impact	Potential negative financial effect	●	●	●	Potential financial risk due to dependencies on natural resources and physical climate-related risks such as increased insurance costs and investments to manage extreme weather events such as heatwaves and floods. Since Essity relies heavily on forest-derived resources, climate change may increasingly threaten these, amplifying the Group's financial risks.
Climate change: Mitigation	●	●	●	Actual negative material impact	Potential negative financial effect	●	●	●	Actual negative impact across the value chain due to GHG emissions generated in Scopes 1, 2 and 3, which are a key driver of climate change. Potential financial risk from transitional climate-related regulations such as increased carbon taxes, which may raise costs for Essity and its customers, particularly within schemes such as the EU Emissions Trading System (ETS). Investments to reduce greenhouse gas emissions and higher carbon taxes will also have financial effects.
Climate change: Energy	●	●		Actual negative material impact	Potential negative financial effect	●	●		Actual negative impact arises from energy-intensive operations and upstream activities relying on both fossil and renewable energy sources. This includes energy for material production, transportation, manufacturing and building operations. The value chains for Medical and Personal Care impact upstream activities through product sourcing, while the Tissue value chain impacts Essity's own operations through raw material production. Potential financial risks occur due to raw material dependencies with potential price volatility, transitional risks and regulations. Investments in energy efficiency and resilience are expected to impact Essity financially over time as a result of these factors, including the risk of energy shortages.
Water: Consumption, withdrawals and discharges		●		Actual negative material impact	Potential negative financial effect		●		Actual negative impact in Essity's own operations due to water consumption, withdrawal and discharge in production processes. Potential financial risk from dependencies and physical water-related risks such as water scarcity.
Forest and fiber: Regulatory changes, shortage of fiber and alternative fibers	●			Potential negative material impact	Potential negative financial effect	●	●	●	Potential negative impact upstream on forests and ecosystems during the sourcing of wood fiber and pulp. There is an indirect impact through suppliers; if forests are not well managed, there is a risk of deforestation, habitat degradation, climate change, pollution and negative impacts on local communities. Potential financial risk also arises from regulatory changes such as the EU Deforestation Directive and the Kunming-Montreal Global Biodiversity Framework which may negatively impact availability and cost.
Circularity: Resource inflows, use of natural resources	●	●		Actual negative material impact	No financial effect	●	●		Actual negative impact upstream due to resource-intensive processes, mostly linear inflows and the use of primary fossil fuel-based plastics. Essity's products depend on various natural and synthetic fibers, such as polymers, plastics, pulp, cotton and chemicals, including packaging materials. Plastics are used to ensure necessary levels of sanitation, safety and functionality, but they contribute to negative climate impact and ultimately become waste.
Circularity: Resource outflows, products and services		●	●	Actual negative material impact	Potential negative financial effect		●	●	Actual negative impact downstream due to sales of consumables that are mostly linear, contributing to plastic pollution and landfill waste. Potential financial risk related to transitional risks and regulatory changes, such as those related to single-use products and extended producer responsibility, which may lead to increased costs.

I General disclosures

S Sustainability matters	Value chain			Material impact	Financial effect	Time horizon			Assessment
	Upstream activities	Own operations	Downstream activities			Short-term	Medium-term	Long-term	
Own workforce: Working conditions, health and safety		●		Actual and potential negative material impact	No financial effect	●	●	●	Actual negative impact on Essity's own workforce has been identified due to minor incidents and ergonomic hazards leading to lost time accidents (LTA). Although Essity did and does everything in its power to prevent accidents, one Essity employee has been permanently disabled in 2025, and one fatality of a contractor occurred. Essity assesses the likelihood of similar accidents in the medium and long-term time horizon as low and classifies them as potential negative impacts for these periods. Considering the impact and its potential severity, health and safety is always regarded as a material sustainability matter.
Own workforce: Equal opportunity, diversity and gender equality		●		Potential positive material impact	No financial effect		●	●	Potential positive impact in the medium and long-term time horizon through initiatives that promote equal treatment and opportunities for all. Examples include Courageous Conversations and integrating inclusion principles into recruitment training for line managers and Human Resources teams.
Own workforce: Equal opportunity, training and skills development		●		Potential positive material impact	No financial effect	●	●	●	Potential positive impact from initiatives that strengthen employees' career opportunities and promote long-term career growth through continuous skills development. Essity supports continuous development through annual performance reviews and individual development plans. In addition, Essity operates academies that develop both leadership- and functional competencies.
Own workforce: Equal opportunity, equal pay		●		Potential positive material impact	No financial effect	●			Potential negative impact related to gender-based pay gaps among Essity's employees. This impact is expected to decrease over time as a result of regular, global gender-related pay gap reviews designed to promptly identify and correct unjustified gaps.
Workers in the value chain: Working conditions, working time and health and safety	●			Actual negative material impact	No financial effect	●	●	●	Actual negative impact upstream related to working time as well as health and safety. Essity collaborates with suppliers operating in high-risk countries and sectors, such as service and logistics, raw material sourcing and manufacturing. Although the number of suppliers in high-risk countries is limited, supplier audits have revealed cases involving these sustainability matters that have been subsequently resolved.
Workers in the value chain: Other rights and forced labor	●	●		Potential negative material impact	No financial effect	●	●	●	Potential negative impact on workers in the value chain may occur due to a limited number of suppliers operating in countries and sectors with a high risk of human rights, labor rights and corruption violations. In these contexts, cases of forced labor may occur. Essity considers this impact material because the potential to remediate is low as Essity only has an indirect influence over its suppliers.
Consumers and end-users: Hygiene and health		●	●	Actual positive material impact	Actual positive financial effect	●	●	●	Actual positive impact downstream as Essity's products and services help people live healthier and more active lives, creating a tangible positive impact on society. The purpose of breaking barriers to well-being aligns with Essity's social focus areas: women's health, the care economy, hygiene and sanitation as well as infection prevention and control. This impact generates revenue for every product sold and represents a significant actual financial opportunity.

G Sustainability matters	Value chain			Material impact	Financial effect	Time horizon			Assessment
	Upstream activities	Own operations	Downstream activities			Short-term	Medium-term	Long-term	
Governance: Corporate culture		●		No material impact	Potential negative financial effect	●	●	●	Potential financial risk as a negative corporate culture can lead to unethical business conduct, which in turn could lead to fines, reputational damage and consequently reduced revenues and profits as well as difficulties in attracting and, consequently, retaining talent within the Group.
Governance: Management of relationships with suppliers	●			No material impact	Potential negative financial effect	●	●	●	Potential financial risk resulting from unlawful and unethical conduct in the supply chain, such as human rights violations, which could lead to reputational damage, legal consequences and loss of revenue for Essity. Such events may also affect product availability and customer trust.

Description of the processes to identify and assess material impacts, risks and opportunities and the related disclosures (GOV-2, SBM-3, IRO-1, IRO-2)

Essity conducted its first double materiality assessment in 2023. The purpose of the assessment is to evaluate the Group's impacts on the environment and people (inside-out perspective) and how sustainability matters may affect the Group's financial performance (outside-in perspective).

Essity's process for the double materiality assessment included the following key steps:

Step 1: Understanding Essity and assessing its value chain

The double materiality assessment process requires a profound understanding of Essity's operations. All necessary information is documented in Essity's value chain assessment, which was reviewed with a focus on potential changes in core activities, key stakeholders and operational dependencies. All aspects of Essity's value chains were included in the review: upstream activities, own operations and downstream activities. The confirmation of all key stakeholders ensured their appropriate involvement in the double materiality assessment. The outcome of the value chain assessment determined which standards were to be analyzed as part of the double materiality assessment.

Step 2: Identification phase

Based on the value chain assessment, sustainability matters were reviewed for actual and potential impacts, risks and opportunities. This review was based on previously published reports, internal documents, the results from Essity's various risk assessment processes, external sources as well as input from stakeholders and stakeholder experts. A prioritized list of material impacts, risks and opportunities was validated through reviews with internal subject matter experts to confirm its completeness.

For each sustainability matter, the scoring mechanism is based on predefined criteria used to assess impacts, risks and opportunities and to determine the respective scores. The mechanism was reviewed to improve comparability of the results, while maintaining relevance and effectiveness.

Step 3: Assessment

Workshops with stakeholder experts were conducted to quantitatively assess each sustainability matter from an impact and a financial perspective. The assessment was based on predefined criteria and covered short-, medium- and long-term time horizons. For definition of the time horizons, see page 49.

Impact materiality

For each sustainability matter, the impact was assessed based on severity and likelihood. Severity was scored on a scale from 1 to 5, based on the average score of the scale, scope and irremediability, with the latter only applicable to negative impacts. When evaluating negative impacts, risk factors associated with specific regions, such as water scarcity, and stakeholder groups, such as migrant workers, are taken into consideration. For human rights impacts, severity takes precedence over likelihood when determining materiality.

Financial materiality

For identified risks and opportunities, size and likelihood were respectively assessed on a scale from 1 to 5. This process also considered risks arising from identified impacts and dependencies.

For each impact, risk and opportunity, it was assessed in which part of the value chain they occur. For more information about Essity's value chain, see pages 54–55.

Step 4: Determination

The outcome of the workshops was consolidated and reviewed for consistency. A materiality threshold was applied to identify the material sustainability matters for Essity.

The aggregated results were validated by the Executive Management Team, discussed with the Audit Committee and reported to the Board of Directors. Several action plans have been developed for the identified material matters including targets, initiatives and measurable key performance indicators to track progress. The identification, assessment and management of sustainability-related impacts, risks and opportunities were integrated into the overall governance process through Essity's risk assessment framework. Although this framework primarily addresses risks, it also considered sustainability impacts as these could evolve into risks. While several risk identification processes exist for different risk types, Essity's approach aims to ensure a fair and consistent prioritization of all risks, based on impact and likelihood.

The result of Essity's double materiality assessment was integrated into due diligence processes within the Group. Through this process, material sustainability matters influenced Essity's strategy and decision making, thereby shaping Essity's business model and value chain. In essence, the identified material environmental, social and governance matters were all anchored and managed within the "how to win" pillars of Essity's strategy. The close connection between Essity's strategy and its material sustainability matters ensures the resilience of the Group's strategy and business model.

To assess the materiality of information for disclosures, a qualitative review was performed. The review evaluated whether information was relevant based on its significance to the sustainability matter and its ability to meet decision-making needs of users of the sustainability statements. If a specific information requirement was not considered aligned with a material impact, risk or opportunity, the data point or disclosure requirement was not disclosed.

In 2025, all steps in the process were revised and remained largely consistent with prior years. The main change was the introduction of a new scoring methodology that integrates the double materiality assessment with Essity's business risk assessment framework, enhancing consistency and comparability across risk management processes. The two dimensions, severity and likelihood, were combined to determine the overall materiality of each topic. Values above three in both dimensions were defined as material to prioritize impacts, risks and opportunities that were both likely to occur and deemed to have significant consequences. This approach ensured that resources were focused on areas with the greatest potential impact on stakeholders and material financial effect.

In 2024, averages were used to determine final scores for impacts, risks and opportunities.

E Climate change

Why combating climate change matters

Climate change is one of the defining challenges of our time and its effects are already visible today. Rising temperatures and related consequences create social and economic risks, making urgent climate action essential. About one third of Essity's greenhouse gas emissions originate from its own production. Reducing emissions from operations and across the value chain is a priority, supported by an action plan and ambitious, validated science-based targets in line with the Science Based Targets initiative (SBTi).

Sustainability matters	Value chain			Material impact	Financial effect	Time horizon		
	Upstream activities	Own operations	Downstream activities			Short-term	Medium-term	Long-term
Climate change adaptation	●	●		No material impact	Potential negative financial effect (transitional risk)	●	●	●
Climate change mitigation	●	●	●	Actual negative material impact	Potential negative financial effect (physical and transitional risk)	●	●	●
Energy	●	●		Actual negative material impact	Potential negative financial effect (physical and transitional risk)	●	●	●

Governance

Integration of sustainability-related performance incentive schemes (E1 ESRS 2 GOV-3)

For information on the integration of climate-related targets in incentive programs, see note C2 in the financial notes of the Group on page 142.

Strategy

Transition plan for climate change mitigation (E1-1)

Essity's decarbonization journey is led by its science-based targets (SBTs), including near-term targets for 2030 and long-term targets for 2050, as well as the related SBTi framework. Essity has initiated extensive work on a comprehensive transition plan based on relevant emissions categories. The plan covers own manufacturing, energy sourcing, raw materials, transportation, product and production waste and includes targeted actions within each area. While the main focus is on own operations, Essity takes collaborative action across the entire value chain to drive emissions reductions.

Aligned with the Paris Agreement

Essity's ambition is a net zero business and the action plan and action areas guide the Group toward achieving this. The ambition is accompanied by SBTs for Scope 1, 2 and 3, which have been validated by the SBTi. This means that the targets are aligned with the ambitions of the Paris Agreement to limit global warming to 1.5°C above pre-industrial levels. Essity's plan to achieve net zero emissions by 2050 and its near-term emissions targets by 2030 were approved by the Executive Management Team and the Board

of Directors. Each business area contributes to the SBTs by developing its own specific plans. These plans focus on the areas with the greatest environmental impact. A central steering group, governed by the Executive Management Team, coordinates the activities and continuously tracks progress.

Essity's climate action areas

Essity's climate action plan follows the SBTi framework where the action areas are defined according to the emission categories Scope 1, 2 and 3. Scope 1 and 2 are directly and indirectly linked to Essity's production. Scope 3 includes other indirect emissions in Essity's value chain. For Scope 1 and 2, both the near-term 2030 and long-term 2050 target have the same scope and boundary. Essity's near-term Scope 3 SBT applies to the most important emission categories: key purchased raw materials and branded packaging (3.1), incoming and outgoing transportation (3.4), waste from the Group's own production (3.5) and product waste after use (3.12). These categories represent most of the total Scope 3 emissions in the value chain.

Essity's climate action areas are:

Energy and consumption mix (Scope 1 and 2)

- Embed energy efficiency across operations through the E-save program, which is a Group-wide program that encompasses investments in energy-efficient technical solutions, daily improvement activities and a general shift in mindset toward energy use across Essity sites.
- Continue the transition to energy sources with lower climate impact and an increased share of renewable energy
- Modernize and optimize tissue production

Reducing emissions from production waste (Scope 3.5)

- Achieve zero production waste to landfill by transforming waste into value by increasing material and energy recovery
- Sludge valorization by scaling proven waste valorization solutions and external partnerships
- Pioneer circular innovations to transform waste into valuable resources

Upstream collaboration with suppliers and partners (Scope 3.1)

- Climate-aligned procurement by integrating climate data and carbon insights into procurement practices
- Driving supplier climate action by creating shared decarbonization goals
- Exploring low-carbon materials and preparing for scalable adoption

Downstream collaboration and distribution (Scope 3.4)

- Digital transport optimization to improve service, cost efficiency and minimize environmental impact
- Continuous improvements through optimized product design and an efficient distribution network
- Develop end-to-end collaboration and strategic partnerships for a sustainable, optimized value chain

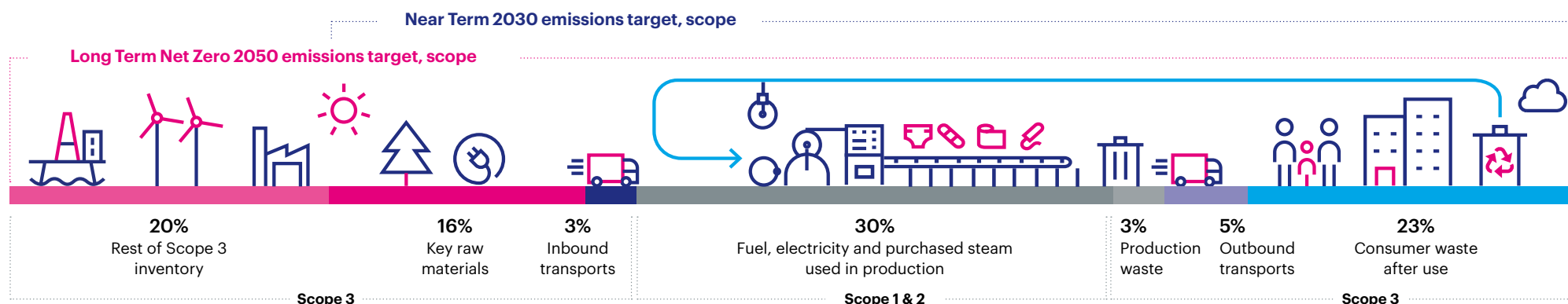
Reducing emissions from product waste (Scope 3.12)

- Promote tissue composting and changed waste disposal practices
- Paper towel recycling by scaling solutions like Tork PaperCircle®
- Develop new materials and product concepts to drive multi-use and circular solutions

Compliance with EU Paris-aligned benchmarks

According to available information, Essity is not excluded from any EU benchmarks aligned with the Paris Agreement, as Essity's operations are not covered by the current exclusion criteria.

Essity's greenhouse gas emissions inventory (10.1 million ton CO₂e, base year 2016)



Locked-in emissions

Essity has a direct and indirect negative impact on the climate due to the emissions of greenhouse gases (GHG) across its value chain, including raw material procurement, production, waste and transportation. Locked-in GHG emissions arise across the value chain, including raw material sourcing, production processes, waste handling and transportation. Tissue production represents the largest share, driven by energy-intensive operations and long-lived industrial assets. Reducing these emissions is a central focus of ongoing climate strategy via implementation of cross-functional strategies, coordination of key decarbonization projects and priorities as well as risk analysis and mitigation. In the short- to mid-term perspective, some emissions can be considered locked-in due to existing infrastructure.

Material impacts, risks and opportunities and their interaction with strategy and business model (E1 ESRS 2 SBM-3)

Essity prioritizes climate actions with the greatest impact and collaborates with suppliers, customers and other business partners to strengthen efforts across the value chain. Decarbonization is embedded in the Group's strategy and influences decisions on operations, investments and innovations. By aligning sustainability targets with financial targets, Essity strengthens both its resilience and its competitiveness. Based on the Group's climate risk assessment, Essity has conducted an in-depth analysis of climate change adaptation, climate change mitigation and energy topics.

Climate change adaptation

Essity faces potential financial risks from extreme weather events such as heatwaves and floods, which may lead to increased insurance costs and the need for investments in risk mitigation measures. Dependence on natural resources, especially forest-based raw materials, increases vulnerability if climate change progresses and may affect long-term raw material availability and cost structure. If emission reductions do not materialize in line with the ambitions in the Paris Agreement, stricter regulations and/or carbon taxes may be introduced, impacting cost levels and profitability. Changes in consumption patterns may also affect future revenues and market share.

Climate change mitigation

Essity's operations and value chain emit GHG, creating transitional risks from regulations and requiring investments to meet climate targets. Essity is committed to net zero emissions by 2050, supported by SBTs for Scope 1, 2 and 3. Failing to achieve these targets could lead to reputational damage, revenue loss and challenges in securing financing.

Energy

Energy-intensive processes in Essity's operations and supply chain pose financial risks related to price volatility and changes in energy regulations. Investments in energy transition activities may increase costs, but opportunities exist to improve energy efficiency, adopt fossil-free energy and design low-carbon products. These measures can reduce emissions and attract customers. Essity's strategy aligns with global trends where policymakers are introducing increasingly ambitious climate targets and requirements, driving greater investments in fossil-free energy production.

For additional information on material impacts, risks and opportunities, see pages 58–59.

Impact, risk and opportunity management

Description of the processes to identify and assess material climate-related impacts, risks and opportunities (E1 ESRS 2 IRO-1)

Essity's detailed climate-risk analysis was first conducted in 2020. In 2022, a more in-depth scenario analysis was conducted based on two climate scenarios, valid for current operations as well as for business continuity. The analysis is carried out with a long-term perspective of up to ten years to identify strategic actions and priorities. The conclusions from the climate-risk analysis have been continuously verified and integrated into strategic work. The analysis includes two key scenarios:

- **Scenario 1** – Global warming of 1.5°C
- **Scenario 2** – Global warming of 4°C

The climate-risk analysis was used in the development of the transition plan for climate change as well as the activities and roadmaps related to the five key action areas. Key risks identified have been integrated into Essity's Business Risks Library, which includes operational and strategic risks being assessed annually as part of Essity's strategy process.

Scenario 1: Global warming of 1.5°C¹⁾

In this scenario, global warming is limited to no more than 1.5°C by 2100 through extensive global collaboration with governments, industries, companies and individuals. This includes stricter legislation, green innovations and rising demand for environmentally friendly products and services. Carbon emissions are strictly limited, and carbon taxes are increased and extended, which promotes processes with low-carbon emissions and greater use of circularity for materials and products.

Risks	Description and impacts
• Shifting regulatory landscape • Changed consumption patterns • Shortage of green energy and sustainable materials	Transitional effects will impose stricter legislation for manufacturing processes, energy sources and material use: • Increased restrictions on carbon emissions through raised carbon taxes impact overall operational costs • Limitations or stricter demands on single-use products after use to reduce waste impact on operational costs • Limitations on water use in production impact production costs • Consumer behavior and preferences move toward lower use of plastics • Continued increase in demand leads to shortage of fresh wood-based fiber, resulting in raw material shortages and increased prices for raw materials
Opportunities	Description and impacts
• Development of new business models • Sustainable innovations	• Competitive advantages through Essity's long-term and robust efforts to achieve lower resource use, innovative production methods and lower carbon emissions • Customers, consumers, investors and employees are attracted by changed consumption patterns in the form of increased demand for sustainable products with a lower carbon footprint, where companies with a strong sustainability profile are rewarded for their investments in and development of new business models and environmentally conscious products

Scenario 2: Global warming of 4°C²⁾

In this scenario, global warming will reach 4°C by 2100 as a result of insufficient measures to reduce emissions and limit negative environmental impacts. Physical risks such as extreme weather becomes more frequent, sea levels rise, and desertification and deforestation accelerate. Resources such as raw materials, energy, water and food become increasingly scarce, leading to greater price volatility and uncertainty.

Risks	Description and impacts
• Extreme weather • Permanent shortage of key raw materials and access to water • Linear consumption patterns continue • Dynamic and globally disharmonized regulatory landscape	Extreme weather and the continued rise of carbon emissions into the atmosphere may impact Essity's business in areas such as: • Water scarcity and excessively high water temperatures impacting production stability and operational costs • Rising insurance costs and costs for reconstruction following extreme weather • Increased investments required to safeguard stable production and supply chain • Deforestation continues and forest fires limit availability of good quality certified wood fiber, impacting prices negatively and leading to raw material shortages • Lower living standards and changed consumption patterns • Permanent scarcity of natural resources, raw materials, energy and water may require site closures in specific areas and generally lead to higher prices for raw materials, energy, water and distribution • Increasing amount of waste to be managed by communities and countries will impose higher waste costs • Without bans, plastic use continues to increase, resulting in higher costs • Frequent shifts in the political landscape and regulations may impact cost of compliance and conducting business
Opportunities	Description and impacts
• Competitive advantage • Leading hygiene and health products are prioritized	• Safeguarded production and sourcing in at-risk regions builds trust in and loyalty to Essity's brands

Essity's approach to identifying and assessing material climate-related impacts, risks and opportunities is outlined on page 60.

1) The scenario includes consideration of Shared Socioeconomic Pathways (SSP) scenarios 1-1.9 and the International Panel for Climate Change (IPCC) scenario (Representative Concentration Pathways (RCP) scenario 2.6).

2) The scenario includes consideration of SSP scenarios 3-7.0 and the IPCC scenarios (RCP scenario 6-8.5).

■ Policies related to climate change mitigation and adaptation (E1-2)

Activities related to climate change adaptation, climate change mitigation, as well as energy, are aligned with several policies and steering documents such as Essity's Sustainability Policy, the GHG Accounting Manual, the Fresh Wood-based Fiber Procurement Policy and the Code of Conduct.

Essity's Sustainability Policy defines the Group's commitment to creating environmental, social and economic value. Near-term and long-term targets to reduce climate impact are continuously reviewed and challenged. The Group applies recognized environmental management systems to ensure appropriate governance and continuous improvement.

Through responsible fiber sourcing, Essity ensures that none of the wood fiber in the Group's products originates from controversial sources. All fresh wood fiber-based raw materials in Essity's products must be Forest Stewardship Council (FSC) or the Programme for the Endorsement of Forest Certification (PEFC) certified or meet the FSC standard for controlled wood.

Essity's GHG Accounting Manual establishes guidelines for the accounting and reporting of GHG emissions in accordance with Scope 1, 2 and 3. The manual is aligned with the GHG Protocol Corporate Accounting and Reporting Standard as well as the Corporate Value Chain (Scope 3) Standard. Group Finance is responsible for and has approved the manual and material changes are reported to the Audit Committee as part of the Group's governance process.

To ensure long-term success in a competitive and increasingly regulated environment, Essity conducts systematic assessments and mapping of various risks related to GHG emissions. The Group's GHG inventory serves multiple business objectives, including:

- Managing climate-related risks and identifying reduction opportunities
- Participation in emission trading systems (ETS) such as EU ETS and UK ETS
- Public reporting and participation in voluntary climate initiatives such as the CDP and SBTi
- Mandatory reporting, such as ESRS and the EU Taxonomy

Essity's Sustainability Policy and the GHG Accounting Manual are fully implemented within the Group. For information on Essity's Sustainability Policy, see pages 50–51.

■ Actions and resources in relation to climate change policies and Essity's climate action plan (E1-3)

Essity is on track to deliver absolute emission reductions of 35% for Scope 1 and 2, in line with the SBTi-validated near-term targets. For Essity's indirect Scope 3 emissions, progress is being made with further actions to be implemented through 2030. During 2025, Essity continued its efforts in relation to global knowledge sharing, implementing best practices and digital follow-up of resource efficiency across production facilities. The Group also continued investing in state-of-the-art technology, such as heat and fiber recovery, replaced fossil fuels to biofuels and improved process controls and equipment.

Essity has an extensive plan that includes the capital expenditure and operating expenditure for the implementation of planned actions and required resources.

Essity's climate action areas for 2030

Essity has defined five key action areas that are part of delivering its ambitious emissions reduction targets. The areas cover Scope 1, 2 and 3 emissions.

Energy and consumption mix (Scope 1 and 2)

Tissue production accounts for over 80% of manufacturing emissions, making these facilities the core of Essity's decarbonization efforts. Essity focuses on using energy more efficiently through process improvements and transitioning to lower-emission and renewable energy sources. Furthermore, future technologies are explored to further reduce emissions, while prioritizing actions that create real impact in the short term. All actions contribute to reducing Scope 1 and 2 emissions while boosting operational efficiency and resilience.

Each site is analyzed individually and tailored solutions that deliver measurable results are implemented within the frame of the E-save program. E-save delivers annual reductions in energy consumption and direct emissions at Essity facilities. In 2025, several significant improvements were implemented, including the commissioning of a new steam storage system at the Mannheim mill in Germany, which reduced the need for additional steam for paper production and reduces GHG emissions by approximately 13,000 tons per year.

Essity is continuing the transition to energy sources with lower emissions and an increased share of renewable energy. For example, at the tissue plant in Kawerau, New Zealand, Essity replaced fossil-based steam with geothermal energy during the reporting year.

In a longer term perspective, Essity is working to reduce its climate footprint by exploring future technologies aimed at reinventing tissue production. Together with the global technology company Voith, Essity is developing an innovative concept for tissue production using dry fiber technology. This technology eliminates the need for water and drying energy, which in turn reduces direct GHG emissions in line with climate targets.

Reducing emissions from production waste (Scope 3.5)

Essity is committed to eliminating production waste from landfill and incineration, while improving material efficiency in production processes. By improving waste segregation and expanding reuse initiatives, byproducts are transformed into new resources that reduce emissions, lower disposal costs and enhance operational efficiency.

A key focus area is to manage tissue sludge, which accounts for the majority of the production waste. Through partnerships and innovation, efforts are focused on reusing the material in a circular manner, for example by converting it into construction materials or using it for energy production. This contributes to reduced emissions and strengthening both environmental and business performance.

Waste can also be turned into value by strengthening waste segregation and supplier collaboration, enabling higher material and energy recovery. Essity's facility in Ecatepec, Mexico, exemplifies this progress, achieving 100% waste valorization by transforming production waste into materials and energy for reuse, resulting in cost savings and reduced emissions.

Essity also advances material recovery through partnerships, transforming waste into secondary materials that can be used in applications such as building materials and plastic products.

Upstream collaboration with suppliers and partners (Scope 3.1)

Essity is advancing sourcing strategies beyond operational improvements, partnering with strategic suppliers for long-term decarbonization. This includes embedding carbon intelligence into decisions, improving material efficiency and selecting lower-carbon alternatives that strike a balance between performance, climate impact, scalability and cost.

Climate-aligned procurement involves embedding climate criteria into supplier selection and renewal processes, while Essity strengthens internal procurement capabilities to analyze and act on carbon data analytics in decision-making.

Essity uses Climate Action Contracts to formalize supplier commitments and create accountability for shared decarbonization goals. By collaborating on roadmaps and co-developed solutions, the approach moves beyond voluntary pledges toward measurable action, while suppliers are supported with tools and training to strengthen their carbon intelligence. At the same time, Essity works with a long-term perspective with its suppliers to develop innovative material solutions, including alternatives with a lower carbon footprint and mass-balanced materials.

Reducing emissions from transportation (Scope 3.4)

Essity's products are distributed globally to meet everyday hygiene and health needs. Together with transportation and distribution partners, Essity works to reduce the climate impact of transportation. These efforts include load utilization, route optimization and a shift to lower-emission modes of transportation, such as rail, sea and intermodal, wherever possible. Partnerships with carriers also increase transparency around shared emissions data.

Essity is accelerating decarbonization by digitalizing transport load consolidation, freight assignment and delivery route optimization across its global distribution network. This transport technology enables smarter routing and scheduling for over one million shipments annually, improving load efficiency, cutting empty miles and enabling lane-based carbon dioxide emissions tracking.

Essity is also expanding its use of renewable and alternative fuels by incorporating more electric, bio-fuel and gas-powered vehicles in its transportation networks.

Reducing emissions from product waste (Scope 3.12)

The majority of Essity's products are single-use, designed to ensure hygiene and safety. While this meets essential health needs, it also creates environmental challenges since many of the products are disposable. Essity's goal is to reduce the impact of product disposal through circular products and innovations without compromising health and well-being.

Product design to align with established circular waste management systems, such as recycling and composting, ensures that they can be safely and efficiently recovered at the end of their life. Scaling these solutions requires collaboration with governments and authorities, particularly in regions with high landfill use, such as Latin America. By advocating for systemic change, Essity creates better conditions for innovation and sustainable end-of-life solutions.

Essity can reduce the climate impact from product waste by scaling up the use of certified compostable household towel products, which are for example sold under Essity's Zewa brand in Europe. These products help influence waste disposal habits by encouraging composting at home, rather than sending paper towels to landfill. Essity also recycles used paper towels through Tork PaperCircle®, enabling scalable circular products. Reusable and hybrid products also have the potential to transform future waste streams.

Essity is advancing multi-use and circular products that cut waste after use. In 2024, the Group introduced fossil-free and plastic-free pads and panty liners in Feminine Care, exploring new materials and product concepts that support circularity and more sustainable consumption.

Targets and metrics

Targets related to climate change mitigation and adaptation (E1-4)

Essity's Sustainability Policy defines the Group's commitment to environmental, social and economic value creation. Essity continuously reviews its targets to reduce its global impact on the climate throughout the complete value chain. Essity's overall long-term ambition is linked to the Group's commitment to follow the SBTs for Scope 1, 2 and 3, and to achieve net zero GHG emissions throughout the value chain by 2050. Essity has set the following targets through 2050:

- Near-term target to reduce Scope 1 and 2 emissions by 35% by 2030.
- Near-term target to reduce the most important Scope 3 emissions categories by 35% by 2030. This includes complete scope of incoming and outgoing transportation (3.4), waste from the Group's own production (3.5) and most significant parts of key purchased raw materials and branded packaging (3.1), and product waste after use, excluding packaging (3.12). These categories represent most of the total Scope 3 emissions in the value chain.
- Long-term commitment to achieve net zero emissions covering Scope 1, 2 and 3 by 2050. This includes above Near-term target scopes and all remaining Scope 3 emission categories.

All emissions reduction targets are measured in absolute terms using 2016 as the baseline year.

	2016 baseline year	2030 Near-term	2050 Long-term
	Emissions (kton CO ₂ e)	% reduction target	Emissions target (kton CO ₂ e) % reduction target
Scope 1 and Scope 2 (location-based)	3,051	-35%	1,983 Net zero
Scope 3: 3.4, 3.5 and 3.12 and key raw materials for 3.1	5,192	-35%	3,375 Net zero
Total emissions, 2030 near-term scope	8,243	-35%	5,358
Scope 1, 2 and 3	1,890		Net zero
Total emissions, 2050 long-term scope	10,133		Net zero

Essity's near-term targets for Scope 1, 2 and 3 are based on the SBTi Criteria and Recommendations (version 5.0 for Scope 1 and 2 and version 5.1 for Scope 3) and are aligned with the SBTi Corporate Net-Zero Standard and the well-below 2°C (WB2C) pathway. The targets include all Essity subsidiaries under the operational control approach, as defined in the GHG protocol. The target boundary includes biogenic emissions and removals from bioenergy feedstocks. The targets have been validated by SBTi, aligning with the Paris Agreement to limit global warming to 1.5°C above pre-industrial levels.

The target-setting and approval process has been carried out by Essity's central climate targets steering group with representation from valid internal functions. In addition, Essity works with various key stakeholders, such as public authorities and other policymakers, including the EU and OECD, intergovernmental organizations and non-governmental organizations, such as the SBTi. The CDP, World Resources Institute, UN Global Compact, We Mean Business Coalition and World Wide Fund for Nature (WWF) are partners of SBTi, which allows collaboration between companies and key stakeholders to address climate change mitigation and adaptation.

No adjustments were made to targets in 2025. The main changes to the inventory methodology in 2025 were as follows:

- Scope 1 and 2: Non-material emissions from warehouses (<0.05% of total emissions) have been excluded from reporting in all periods, in line with ESRS materiality principle.
- Scope 3: Several improvements in data availability methodology were made:
 - 3.1. Improved collection of activity (volume) data and an updated database for emission factors, including more supplier-specific factors to enhance transparency in line with the ESRS.
 - 3.4. Improved data collection for activity (volume) data and review of transport distances for key raw materials.
 - 3.12. A new waste after-use model has been developed providing improved accuracy levels of climate impact and supporting circular products in line with the ESRS.

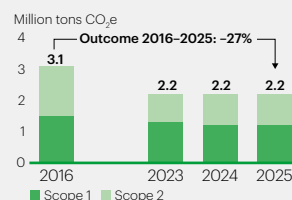
Several of these improvements have resulted in more accurate emissions with better precision for the most recent years. In 2026 a more detailed analysis related to base year 2016 comparability will be carried out.

Sustainability targets and assessment of outcome

Science-based emissions targets, near-term

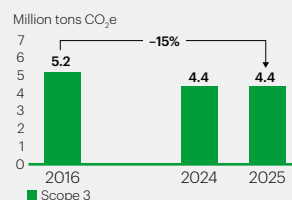
Scope 1 and 2

Target 2030: –35% Outcome: –27%



Scope 3¹⁾

Target 2030: –35% Outcome: –15%



1) Essity's near-term Scope 3 science-based target applies to the most important emission categories: key purchased raw materials and branded packaging, incoming and outgoing transportation, waste from the Group's own production and product waste after use.

Energy consumption and mix (E1-5)

Energy efficiency, breakthrough technologies and the increased use of renewable energy are required to achieve Essity's targets. Energy sources currently necessary for production include electricity, whether purchased or generated onsite, fuels such as fossil fuels and biomass, and purchased steam. The amount of these energy sources consumed in production is monitored and the data is used in emissions calculations and for tracking progress toward the climate targets. Surplus heat is created during the onsite combustion of fuel, some of which is reused by Essity in production processes, while a smaller proportion share is sold externally to increase resource efficiency.

The majority of Essity's energy demand, both fuel and electricity, is for tissue production. Electricity is the primary energy source used to produce products in the Personal Care (Incontinence Products, Feminine Care and Baby Care) and Medical Solutions product categories. European Personal Care production facilities have purchased certified renewable electricity with guarantee of origin certificates since 2020. For grid electricity specification into renewable, fossil and nuclear sources, Essity has split the sources according to available country mix information (Source: U.S. Energy Information Administration, January 2026).

The energy intensity per net revenue from activities in high-climate impact sectors was 79.0 (MWh/SEKm) for 2025. As Essity operates in the manufacturing sector, virtually all of the activities are part of the high-climate impact sector (99.7%). Total energy (net) and Essity's net sales (see page 112) is used for the energy intensity ratio calculation.

Energy

	2025	2024	2023	2022	2021
Production, tons of products	3,235,496	3,276,060	3,261,236	3,503,931	3,410,084
Purchased electricity, MWh	3,887,080	3,879,374	3,836,438	4,190,350	4,038,948
Certified renewable electricity purchased	861,002	771,804	614,290	377,895	345,198
Grid electricity purchased, MWh	3,026,078	3,107,570	3,222,148	3,812,455	3,693,751
of which from renewable sources	1,219,951	1,269,418	1,280,811	1,489,711	1,399,731
of which from fossil sources	1,237,747	1,270,008	1,366,063	1,626,906	1,549,645
of which from nuclear sources	568,380	568,144	575,274	695,838	744,374
Purchased heat/steam, MWh	250,106	218,819	232,706	181,636	194,775
Heat/steam renewable	93,566	70,225	81,828	86,676	89,941
Geothermal steam	85,017	71,027	83,336	67,801	74,943
Heat/steam non-renewable	71,523	77,567	67,542	27,159	29,891
Total purchased electricity, heat/steam, MWh	4,137,185	4,098,193	4,069,144	4,371,986	4,233,724
Total purchased renewable electricity, heat/steam	2,259,536	2,182,474	2,060,264	2,022,083	1,909,813
Total purchased fossil electricity, heat/steam	1,309,270	1,347,575	1,433,605	1,654,065	1,579,536
Total purchased electricity from nuclear sources	568,380	568,144	575,274	695,838	744,374

Energy, cont.

	2025	2024	2023	2022	2021
Total fuels, MWh	6,991,281	7,086,993	7,131,713	7,844,147	7,765,565
Biofuels	1,051,112	1,080,173	1,081,124	1,180,670	1,178,146
of which wood fuels	144,718	176,032	167,589	187,909	196,640
of which black liquor	771,855	773,496	787,234	862,038	901,298
of which other biofuels	134,539	130,645	126,301	130,723	80,208
Fossil fuels	5,940,169	6,006,820	6,050,589	6,663,477	6,587,419
of which natural gas	5,821,083	5,871,652	5,907,690	6,501,368	6,299,042
of which coal	5,667	6,153	5,045	5,788	159,353
of which oil	106,029	122,111	130,736	148,433	122,505
of which other fossil fuels	7,390	6,904	7,118	7,888	6,520
Photovoltaic electricity generated, MWh	17,629	9,118	678	-	-
Total energy (gross), MWh	11,146,096	11,194,305	11,201,535	12,216,133	11,999,289
Total renewable energy (gross)	3,328,277	3,271,766	3,142,066	3,202,753	3,087,959
Total fossil energy (gross)	7,249,439	7,354,395	7,484,195	8,317,541	8,166,955
Total energy from nuclear sources	568,380	568,144	575,274	695,838	744,374
Energy sold, MWh	201,288	148,829	44,990	250,944	248,838
Renewable energy sold	12,730	40,197	200	135,169	166,222
Fossil energy sold	188,558	108,632	44,790	115,774	82,617
Nuclear energy sold	-	-	-	-	-
Total energy (net), MWh	10,944,808	11,045,476	11,156,545	11,965,189	11,750,450
Total renewable energy	3,315,547	3,231,569	3,141,866	3,067,584	2,921,737
Total fossil energy	7,060,881	7,245,763	7,437,404	8,201,767	8,084,338
Total nuclear energy	568,380	568,144	575,274	695,838	744,374
Share of renewable energy in total energy consumption, %	30	29	28	26	25
Share of fossil sources in total energy consumption, %	65	66	67	69	69
Share of energy consumption from nuclear sources in total energy consumption, %	5	5	5	6	6

Gross Scope 1, 2 and Scope 3 and total greenhouse gas emissions (E1-6)

Essity calculates greenhouse gas emissions across Scope 1, 2 and 3 in accordance with the GHG Protocol, applying the operational control approach. Scope 1 and 2 emissions include calculations directly linked to Essity's production facilities, covering direct emissions from fuel consumption (Scope 1) and indirect emissions from the use of purchased energy (Scope 2). Scope 3 comprises estimated indirect emissions across Essity's upstream and downstream value chain.

The reported data for Scope 1 is based on onsite fuel use with associated emission factors. For Scope 2, data for emissions from electricity is calculated and disclosed according to location- and market-based methodology, using countries' relevant grid mix emission factors for the two methods. Essity's data for emissions from purchased steam is calculated based on the fuel used by the suppliers to generate the steam.

The calculation of greenhouse gas emissions for Scope 1, 2 and estimations for Scope 3, as well as progress tracking toward Essity's science-based targets, encompasses carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O).

Emission factors used:

- Greenhouse gas emissions from incineration are calculated using emission factors for the fuel's thermal value. Source: IPCC Guidelines 2006 (Scope 1 emissions).
- Greenhouse gas emissions from purchased electricity are calculated using the country's emission factor published by the International Energy Agency (IEA), 2022 (Scope 2 emissions, location-based). For market-based, emission factors used are AIB Residual Mix (2023), Green-e® residual mix (2022) and IEA (2022).
- For Scope 3, emission factor sources vary and include factors from CEDA by Watershed and GLEC v3.1.

For production waste to landfill, the waste streams containing fiber, such as deinking residuals and rejects from wastepaper, are reported into a centralized system that applies an emission factor to the disposed dry fiber portion. This emission factor is based on national averages considering incineration and land filling practices, including methane capture in each area.

For the other key Scope 3 emissions categories, Essity conducts estimates of emissions using the Group's data from purchased, transported, produced and sold volumes, known as primary data. The emission factors are obtained through third-party information from suppliers and service providers in manufacturing and transportation, as well as from publicly available statistics for waste management systems. Essity's restatement principles are in line with the GHG Protocol. Prior year adjustments are made due to structural changes, such as acquisitions and divestments, improved or updated methodology and updated data from third-party suppliers.

E Climate change

GHG emissions, kton CO₂e

	2025	2024	2023	2022	2021	2016
Scope 1 GHG emissions						
Gross Scope 1 GHG emissions	1,215	1,230	1,239	1,365	1,371	1,538
Scope 1 GHG emissions from regulated emissions trading schemes, %	65	65	65	66	65	–
Scope 1 GHG emissions reduction (as of emissions of base year), %	21	20	19	11	11	–
Scope 2 GHG emissions						
Gross market-based Scope 2 GHG emissions	1,140	1,205	1,255	1,490	1,354	1,818
Scope 2 GHG emissions (market-based) reduction (as of emissions of base year), %	37	33	31	18	26	–
Gross location-based Scope 2 GHG emissions	1,012	1,011	993	1,153	1,203	1,513
Scope 2 GHG emissions (location-based) reduction (as of emissions of base year), %	33	33	34	24	21	–
Total Scope 1 and 2 (location-based) GHG emissions	2,227	2,240	2,231	2,518	2,573	3,051
whereof CO ₂	2,220	2,233	2,223	2,510	2,564	3,041
whereof N ₂ O	3	4	3	4	4	5
whereof CH ₄	4	4	4	5	5	5
Prior year adjustment ¹⁾	–	1	1	1	1	1
Total Scope 1 and 2 GHG emissions (location-based) reduction (as of emissions of base year), %	27	27	27	17	16	–

1) Updates of emission factors for Scope 2 (location-based) and minor corrections.

Air emissions: GHG Biogenic CO₂-emissions, kton

	2025	2024	2023	2022	2021	2016
Scope 1, from biofuel use	408	417	431	469	475	526
Scope 2, from purchased steam	50	42	44	37	39	2

Scope 3 GHG emissions, kton CO₂e

	2025	2024	2016
Scope 3 GHG emissions, corresponding to SBTi near-term target 2030			
Total indirect (Scope 3) GHG emissions	4,402	4,436	5,192
whereof SC 3.1 Purchased goods and services (key raw materials)	1,488	1,471	1,608
whereof SC 3.4 Upstream transport and distribution	656	708	861
whereof SC 3.5 Production waste	89	103	277
whereof SC 3.12 End-of-life treatment of sold products	2,169	2,155	2,446
Scope 3 GHG emissions reduction, near-term target 2030 scope, %	15	15	–
Other Scope 3 GHG emissions, included in long-term SBTi target 2050	2,335	2,199	1,890
Total Scope 3 GHG emissions	6,737	6,635	7,082

Total Scope 1, 2 and 3 GHG emissions, kton CO₂e

	2025	2024	2016
Total Scope 1, 2 and 3 GHG emissions (location-based)	8,965	8,876	10,133
GHG emissions intensity, location-based (total GHG emissions per net revenue), ton/kSEK ¹⁾	64.7	61.0	–
Percentage of total GHG emissions reduction from base year (location-based)	12	12	–
Total Scope 1, 2 and 3 GHG emissions (market-based)	9,093	9,071	10,439
GHG emissions intensity, market-based (total GHG emissions per net revenue), ton/kSEK	65.7	62.3	–
Percentage of total GHG emissions reduction from base year (market-based)	13	13	–

1) See net revenue on page 112 in the financial statements.

Why water matters

Water is essential for life and underpins healthy ecosystems. As climate change accelerates, water scarcity and declining water quality are becoming more pronounced, increasing risks for communities, industries and nature. Essity relies on water as a critical resource in tissue manufacturing, which places a clear responsibility on the Group to manage it carefully and efficiently. Responsible water use is therefore integral to Essity's operations. The Group works continuously to reduce freshwater intake, improve water efficiency and strengthen water stewardship across its sites.

Sustainability matters	Value chain			Material impact	Financial effect	Time horizon		
	Upstream activities	Own operations	Downstream activities			Short-term	Medium-term	Long-term
Water consumption, withdrawals and discharges		●		Actual negative material impact	Potential negative financial effect	●	●	●

Impact, risk and opportunity management

Description of the processes to identify and assess material water-related impacts, risks and opportunities (E3 ESRS 2 IRO-1)

Essity's primary impact on water occurs in tissue production, where water is essential for transporting fiber during the manufacturing process. In water-stressed areas where Essity conducts such activities, limited water availability may affect production and ultimately challenge the Group's social license to operate locally.

To proactively address these risks, Essity conducts water baseline assessments and applies the World Wide Fund for Nature (WWF) Water Risk Filter across all facilities. These assessments are complemented by discussions with local stakeholders at selected facilities in regions experiencing water stress.

For more information on the process for identifying and assessing material impacts, risks and opportunities related to water, see page 60.

Policies related to water (E3-1)

Essity has identified water as a material sustainability matter due to its importance both for the environment and for the Group's operations. In areas with significant water risks, Essity is committed to reducing water consumption through targeted measures. This commitment is guided by the Essity's Risk, Environment, Safety and Health (RESH) Policy, which outlines Essity's approach to meeting or exceeding applicable legal requirements related to environmental issues, including water. To ensure consistent and effective implementation, local procedures are in place and internal procedure documents on wastewater management and water stewardship have been developed to standardize practices across all facilities. These policies address water usage, water management and wastewater treatment, including the maintenance and optimization of continuous treatment systems. Together, these policies and procedures aim to

mitigate water-related risks, ensure sustainable water extraction, and identify opportunities for efficiency improvements. Implementation and progress are regularly reviewed to ensure continuous improvement and development in line with Essity's sustainability targets.

For more information about Essity's RESH Policy, see pages 50–51.

Actions and resources related to water (E3-2)

To advance Essity's water reduction target and uphold the ambitions of the company's Global RESH Policy, a series of focused actions are being taken today, with additional steps planned for the coming years. These efforts strengthen water stewardship by reducing overall water use, including freshwater intake and by improving how water resources are managed and protected across the operations.

Although water demand is high at tissue production facilities, water consumption and actual loss is low, with most of the water being treated and returned to the environment. In tissue manufacturing, Essity uses water to transport fiber through the production process (referred to as process water) as well as water to cool machinery (referred to as cooling water).

The water in use in the majority of cases is surface water. It is sometimes treated before use in production, for example, when it is purified from dissolved substances and suspended solid content. Process water is either treated at Essity facilities directly before being discharged to the environment or sent to third parties for treatment, in accordance with regulatory requirements. The cooling water is used to cool down equipment or processes through heat exchange and is therefore classified as indirect and noncontact. It therefore requires no specific treatment before being released to the environment again. Wastewater treatment technology has been installed in the majority of Essity's production facilities, and investments continue to be made as new facilities are added. By recirculating and treating water multiple times within the tissue production process, water intake and pollutant loadings in effluent discharges are reduced. This approach also helps to reduce energy consumption for water heating. After use, water is monitored and treated before being discharged, in accordance with legal requirements or enhanced purification standards that exceed such requirements.

During 2023, Essity conducted an assessment of water-related risks at all tissue production facilities using the WWF Water Risk Filter. The assessment showed that eight of Essity's tissue production facilities are located in areas with high water-related stress due to a combination of limited water availability, strict regulation and potential reputational impact related to water use.

In 2024, the assessment was followed up with site visits focused on comparing operational practices, collecting relevant examples and identifying areas for improvement. These insights formed the basis for setting ambitions and developing action plans with clearly defined targets.

During 2025, Essity introduced two new global procedures in Water Stewardship and Wastewater Management. These were accompanied by training materials, self-assessment tools and a catalog of best practices to support implementation. An internal network was established between selected sites to enable knowledge sharing and joint analysis of water usage. Detailed site-level assessments were carried out at the eight facilities identified to establish immediate improvements, such as enhanced measurement and validation of existing processes. The results guided the development of site-specific action plans, finalized in 2025. These plans align with the RESH Policy to reduce environmental impact and are critical to achieving Essity's defined target of a 25% reduction in freshwater intake at the eight prioritized sites by 2032.

Progress will be monitored through data collection and analysis of water withdrawal at site level. Some sites have already taken measures, such as temporary production limitations during periods of high water stress.

As part of its innovation efforts, Essity has entered an exclusive partnership with the global technology company Voith to develop a new manufacturing process for tissue. This technology has the potential to reduce water consumption by up to 95%, while also lowering energy use and greenhouse gas emissions.

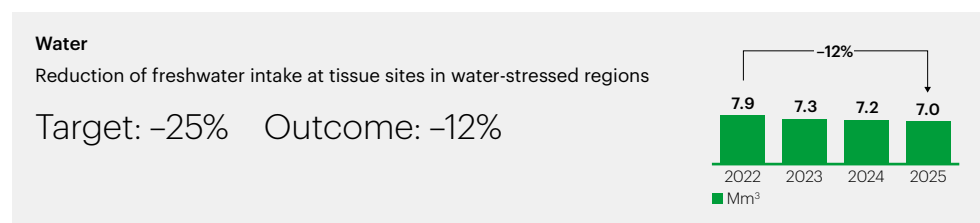
Targets and metrics

■ Targets related to water (E3-3)

In 2024, Essity established a voluntary target to reduce freshwater intake by 25% at eight tissue manufacturing facilities located in water-stressed areas by 2032, using 2022 as the baseline year. The baseline value for freshwater intake across these facilities was 9 million m³. This target directly supports the objective of Essity's Global RESH Policy, which seeks to reduce environmental impact across operations in a way that meets or exceeds compliance requirements.

In developing the target, Essity based its approach on numerical data from selected facilities and complemented this with comparisons to other sites within its own operations. This was done to calibrate the level of ambition and ensure that the target is relevant to the specific conditions of each facility. The WWF Water Risk Filter was used to assess and identify water-related risks at the sites. Stakeholder discussions were a central part of the process. Essity collaborated with WWF, conducted competitor analyses and involved local teams through water baseline assessments as well as in discussions on regulatory requirements from local authorities.

In 2025, Essity collected data from prioritized facilities to support its water reduction target. The purpose was to identify local conditions, evaluate potential solutions and build a shared knowledge base. Progress is monitored using site-level water intake data, with each facility assessed individually. This water reduction target is directly linked to Essity's management of material impacts, risks and opportunities, particularly in water-stressed areas where water availability is a critical factor.



■ Water consumption (E3-4)

In 2025, Essity's total water consumption was 8 million m³. Overall, the water intensity, meaning water consumption in relation to production volumes, was 37% at the eight tissue production facilities located in water-stressed areas, compared to Essity's total water intensity for its tissue operations. The eight sites in water-stressed areas accounted for 8% of Essity's total water intake. Water intensity, defined as water consumption divided by net revenue, was 678 m³ per EURm.

No additional third-party assurance than the review of the assurance provider has been performed.

Water	2025	2024	2023	2022	2021
Water, m³					
Water intake	91,907,673	93,101,005	96,841,727	96,545,885	92,977,493
of which surface water	67,595,438	68,681,640	71,489,848	71,213,430	69,820,630
of which ground water	19,115,643	18,640,289	19,497,706	19,217,593	17,273,492
of which municipal water systems	4,713,871	4,841,513	5,087,961	5,492,494	5,055,050
of which rainwater and water from third party	482,721	937,563	766,212	622,368	828,321
Water discharge	83,413,259	84,659,330	88,793,710	87,415,248	82,903,428
of which surface water	75,582,483	78,069,430	82,463,336	80,841,786	76,397,685
of which water to a third party	7,820,681	6,556,257	6,317,104	6,565,938	6,498,657
of which ground water	10,096	33,643	13,270	7,491	7,086
Water consumption¹⁾	8,494,414	8,441,675	8,048,017	9,130,638	10,074,065
Water intensity, intake/production, m³/ton	2025	2024	2023	2022	2021
Tissue production facilities, total	35	35	36	34	34
Tissue production facilities, water-stressed areas	13	14	15	16	16
Essity's water target, water-stressed areas	2025	2024	2023	2022	
Fresh water intake, tissue sites, water-stressed areas, m³	6,967,159	7,200,666	7,315,113	7,916,601	
Tissue sites, water-stressed areas, % change vs 2022	-12	-9	-8		

1) Water consumption is water intake minus water discharged.

E Forest and fiber

Why forest and fiber matters

Global forests play an important role in Essity's climate impact by absorbing carbon dioxide and influencing both local and global climate patterns. They also provide habitats for a wide range of species and contribute to the livelihoods of rural communities. Preserving forests is therefore essential for a functioning ecosystem. Essity is committed to sourcing fiber responsibly and increasing the use of recycled materials. Since fresh wood-based fiber remains an important raw material, Essity recognizes its role as a global pulp purchaser and works to minimize any negative impacts associated with fiber sourcing.

Sustainability matters	Value chain			Material impact	Financial effect	Time horizon		
	Upstream activities	Own operations	Downstream activities			Short-term	Medium-term	Long-term
Regulatory changes, shortage of fiber and alternative fibers	●			Potential negative material impact	Potential negative financial effect	●	●	●

Strategy

Material impacts, risks and opportunities and their interaction with our strategy and business model (E4 ESRS 2 SBM-3)

Essity's impact on forests and biodiversity primarily stems from the use of fresh wood-based fiber. While this is a key component of its products, it also carries potential negative impacts on ecosystems and local communities if not responsibly sourced. Unsustainable forest management can lead to deforestation, habitat degradation, pollution and climate change, posing material risks to both nature and the long-term viability of the business model.

The rising global demand for forest resources is increasing pressure on supply chains, while stakeholders and regulators are setting stricter requirements for transparency, traceability and certified sourcing, particularly through such frameworks as the EU Deforestation Regulation and the Kunming-Montreal Global Biodiversity Framework. These regulatory developments also entail potential negative financial effects, as they may affect the availability and cost of certified raw materials. Essity is committed to sourcing fiber certified by the Forest Stewardship Council (FSC) and the Programme for the Endorsement of Forest Certification (PEFC). The Group continuously works to improve processes for identifying and assessing impacts, dependencies and opportunities related to biodiversity throughout the value chain, in line with international standards and regulatory requirements.

Integrating forest and fiber impacts and risks into business strategy and resilience planning (E4-1)

Essity is strengthening supply chain resilience by securing future access to raw materials and addressing climate-related risks, particularly those related to forest and fiber sourcing. This includes broadening the base of fiber and raw materials to reduce dependency on individual sources. As part of this effort, a resilience analysis has been conducted focusing on pulp suppliers, taking transitional risks into account, including those related to evolving regulations and increasing transparency requirements.

The analysis is based on assumptions regarding biodiversity loss, forest and fiber-related risks, regulatory changes and shortages of both conventional and alternative fibers. Potential negative impacts

upstream on forests and ecosystems may arise from wood fiber and pulp sourcing, especially if forests are not well-managed.

To support enhanced due diligence, Essity is implementing IT systems to facilitate data exchange with pulp suppliers. Stakeholder discussions are a key component of this work, with Essity partnering with external organizations to gain knowledge and co-develop methods for assessing impacts on forests and ecosystems.

The analysis is based on a long-term perspective and has identified potential negative financial effects, which serve as the basis for mitigation actions to strengthen long-term resilience and sustainability.

Impact, risk and opportunity management

Description of processes to identify and assess material forest and fiber-related impacts, risks, dependencies and opportunities (E4 ESRS 2 IRO-1)

As part of Essity's strategy to identify and manage material impacts, risks and opportunities related to biodiversity and its influence on the business model, Essity has conducted an assessment of its own production facilities using the World Wide Fund for Nature (WWF) Biodiversity Risk Filter. The result, combined with the fact that the Group does not own or manage forest land, shows that no biodiversity-sensitive areas are impacted through Essity's own operational activities. However, an indirect potential negative impact exists in the upstream value chain.

For information on the process to identify and assess material impacts, risks and opportunities related to forest and fiber, see page 60.

Policies related to forest and fiber (E4-2)

Essity's primary impact on forests and biodiversity arises from its use of fresh wood-based fiber. To manage related impacts, risks, dependencies and opportunities, Essity has adopted two key policies: the Fresh Wood-based Fiber Procurement Policy and the Global Supplier Standard. These guide responsible sourcing practices and ensure compliance through defined requirements and tools.

Essity's Fresh Wood-based Fiber Procurement Policy includes a target that all wood fiber raw materials are certified and sourced through a recognized third-party Chain of Custody system. All fresh wood-based fiber used in Essity's products and packaging must be certified under FSC or PEFC. They must fulfill minimum FSC Controlled Wood standard, which guarantees the exclusion of unacceptable sources. Compliance is ensured through regular third-party audits and supplier reporting. Third-party audit reports are occasionally commissioned to obtain additional background information of a supply chain or to assess potential social or environmental impacts. All suppliers must hold FSC Chain of Custody certification. FSC Controlled Wood defines low-risk sources of wood that comply with FSC principles and excludes illegal, high-conservation risk or socially harmful sources, supporting responsible forest management. Unacceptable sources include:

1. Illegally harvested wood
2. Wood harvested in violation of human rights
3. Wood from forests in which high conservation values are threatened by forest management activities
4. Wood from forests being converted to plantations or non-forest use
5. Wood from forests in which genetically modified trees are planted

E Forest and fiber

To ensure traceability, all pulp suppliers must disclose the origin and species of wood used via a standardized questionnaire. This enables risk assessments and supports compliance with stakeholder and regulatory requirements. Essity continues to expand public reporting on fiber sourcing, certification and traceability performance.

For more information on the Fresh Wood-based Fiber Procurement Policy and the Global Supplier Standard, see pages 50–51.

■ Actions and resources related to forest and fiber (E4-3)

Essity is committed to responsible fiber sourcing and increasing the use of recycled fiber. This is achieved through partnerships, certifications and innovation across the supply chain. These efforts ensure that high environmental and social standards are maintained, without relying on biodiversity offsets.

Partnerships

Essity participates in the Consumer Goods Forum Forest Positive Coalition of Action, which combats global forest degradation and deforestation while preserving biodiversity. The coalition's roadmap for pulp, paper and fiber-based packaging helps members source materials from responsibly managed forests, promotes certifications, recycling and the use of recycled materials, and encourages the implementation of time-bound commitments and concrete actions.

Certifications

Essity has reinforced its requirements for wood and fiber traceability and its commitment to forest certification. International third-party certifications, FSC and PEFC, which support responsible forest management and safeguard social dimensions such as labor conditions, community engagement and Indigenous rights. Essity's products are made of material from FSC-certified forests, recycled materials and other controlled sources, reflecting the ambition to enable positive impact across the value chain. Essity supports non-certified suppliers and forest owners in achieving certification, increasing the availability of responsibly sourced materials. Globally, regionally and nationally, Essity promotes the development of international certification systems. For its own operations, Essity uses ISO 14001 and EMAS-certified environmental management systems to continually improve environmental performance.

Investments in innovation

To further strengthen circularity and reduce reliance on virgin wood-based pulp, Essity invests in expanding recycling capacity. This improves resource efficiency and reduces climate impact. A recent investment in Hondouville, France, enables the facility to recycle over 25,000 metric tons per year, equivalent to 60% of all collected, sorted and recycled food and beverage cartons in France. The recovered fibers are used in the fiber mix for Tork-branded products within Professional Hygiene, reducing dependency on fresh wood-based fiber.

Targets and Metrics

■ Targets related to forest and fiber (E4-4)

Essity's target is to source 100% of fresh wood-based fiber through internationally recognized third-party certification systems, such as FSC or PEFC. All fresh wood-based fiber must be traceable through a recognized Chain of Custody system and, at a minimum, meet the FSC Controlled Wood standard.

The target has been in place since 2015 and is measured annually as the share (in metric tons) of certified fresh wood-based fiber purchased, relative to the total volume of fresh fiber purchased. It applies globally and remains consistent regardless of new supplier onboarding or regional expansion. Essity utilizes certification to avoid negative impact on biodiversity and ecosystems and the Group does not use biodiversity offsets.

Essity's fiber sourcing target supports ecological integrity by aligning with certification systems that safeguard against environmental degradation. These targets consider ecological thresholds, which are limits beyond which ecosystems risk irreversible harm. By ensuring that sourcing practices support the continued functioning and resilience of forest ecosystems, Essity meets disclosure expectations related to environmental pressures such as land-use change, biodiversity loss and resource extraction.

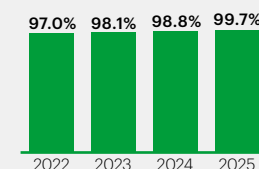
The target-setting process is informed by input from suppliers, non-governmental organizations and certification bodies, as well as guidance from external frameworks such as the Kunming-Montreal Global Biodiversity Framework and UN's Intergovernmental Panel on Climate Change (IPCC). Progress, challenges and corrective actions are disclosed annually to ensure transparency and accountability.

Fresh fiber

Share of FSC- and PEFC-certified fresh fiber

Target: 100% Outcome: 99.7%

Through certifications such as FSC and PEFC, Essity ensures sustainable fiber procurement, thereby preventing deforestation and promoting biodiversity.



Fiber use, pulp and recycled paper¹⁾

	2025	2024	2023	2022	2021
Fiber used, million tons	3.5	3.5	3.6	5.2	5.0
of which, pulp consumption	1.9	1.9	1.8	3.3	3.2
share of total fiber use, %	55	54	50	64	64
of which, recovered paper consumption	1.6	1.6	1.8	1.9	1.8
share of total fiber use, %	45	46	50	36	36

Fiber sourcing fresh wood-based fiber by certification²⁾

%	2025	2024	2023	2022	2021
FSC	65	62	59	59	63
PEFC	35	37	39	38	35
FSC Controlled Wood standard ³⁾	–	1	2	3	2
Total	100	100	100	100	100
Target fulfillment	99.7	98.8	98.1	97.0	98.0

1) 2023 excludes discontinued operations. Prior years are not adjusted.

2) The distribution applies to procurement by wholly owned companies.

3) Includes mainly packaging and a small amount of externally purchased mother reels.

E Resource use and circular economy

Why resource use and a circular economy matter

Global resource consumption is accelerating at an unsustainable pace, while linear “take-make-dispose” models are depleting limited resources. A transition to a circular economy offers a systemic solution by preventing waste, extending the lifespan of products and materials and regenerating natural systems. This approach reduces dependence on virgin resources, lowers greenhouse gas emissions and strengthens resilience against supply chain disruptions. Essity is committed to achieving net zero greenhouse gas emissions by 2050 by integrating resource efficiency throughout the product life cycle using low-impact materials, sustainable production and circular product design. Essity’s Life Cycle Management framework drives the transition to circular practices, keeping operations within planetary boundaries while creating strategic advantages such as cost savings, innovation and regulatory compliance.

Sustainability matters	Value chain			Material impact	Financial effect	Time horizon		
	Upstream activities	Own operations	Downstream activities			Short-term	Medium-term	Long-term
Resource inflows (use of natural resources)	●	●		Actual negative material impact	No financial effect	●	●	●
Resource outflows (products and services)			●	Actual negative material impact	Potential negative financial effect	●	●	●

Actions related to resource use and circular economy (E5-2)

Essity works to advance a circular economy by improving material efficiency in packaging and product design, increasing the use of recycled materials, and designing products to fit established circular waste streams. Across the value chain, the Group prioritizes low-carbon materials and design, while exploring circular products.

Resource efficiency is a core principle in development processes. Material use is reduced through innovations such as lighter plastic packaging and thinner hygiene products, supported by improvements in materials and design. These innovations contribute to lower resource consumption and reduced climate impact.

Another principle is to increase the use of recycled materials to further reduce the environmental impact and conserve natural resources. Integrating recycled content into production processes and Essity’s products reduces carbon emissions and contributes to a circular economy.

Designing for circularity is critical to closing resource loops and reducing dependency on virgin materials. By embedding circular principles into product and process design, Essity enables reuse, recycling, controlled consumption and regeneration, fostering circular flows that drive long-term sustainability and value creation.

Essity’s innovation process embeds the principles of improved resource efficiency, increased use of recycled materials, and design for circular flows. The company also uses life cycle assessments (LCAs) to guide decisions by identifying environmental impacts across the full product life cycle.

These principles support Essity’s actions toward responsible fiber sourcing, reduced fossil-based plastics, minimized production waste, and the development of circular products with lower environmental impacts during and after use. They also contribute to Essity’s climate actions within Science Based Targets (SBT) to reduce Scope 3 emissions.

Responsible sourcing of fibers

Essity is committed to responsible fiber sourcing and the use of recycled fiber. For more information, see pages 71–72.

Reduce fossil-based primary plastics

Essity actively works to reduce the use of primary fossil-based plastics in packaging and to replace these with renewable or recycled plastics or new flexible paper-based packaging. In 2025, Essity launched products containing biomass-balanced resources. The Group promotes sustainable consumption during use and has introduced reusable products to further mitigate environmental impact.

Reduce production waste

Reducing production waste is a key priority for Essity. Preventing waste generation is the first priority. When waste cannot be avoided, the focus is on finding solutions that give production waste a meaningful and responsible use-case. In tissue manufacturing, the main source of production waste is sludge generated from the use of recycled fibers. Essity aims to recover this sludge as material or energy through waste valorization initiatives wherever feasible. When recovery is not possible, landfill may be used as a last resort. These efforts support resource efficiency and contribute to a more circular approach in operations.

Impact, risk and opportunity management

Description of processes to identify and assess material resource use and circular economy-related impacts, risks, dependencies and opportunities (E5 ESRS 2 IRO-1)

Currently, Essity’s operations are largely based on a linear production and consumption model. The Group works closely with stakeholders throughout the value chain to identify risks and opportunities related to resource use and to move toward a more circular economy. This process involves internal data reviews, materiality assessments and life-cycle thinking to evaluate resource inflows, outflows and waste.

For more information on the process to identify material impacts, risks and opportunities related to resource use and circular economy, see page 60.

Policies related to resource use and circular economy (E5-1)

Essity’s Sustainability Policy, the Global Supplier Standard and the Fresh Wood-based Fiber Procurement Policy establish requirements for responsible sourcing of all materials, low-carbon resource use as well as circularity across the Group and its supply chain. The Group has implemented processes to ensure high resource efficiency within operations, embedding low-carbon and circularity principles into its business model. These measures encompass responsible raw material procurement, resource-efficient production and sustainable products that help customers and consumers minimize material waste during and after use. In addition, engagement with stakeholders is an important component of the policies, promoting collaboration and transparency in achieving shared sustainability objectives.

For more information on Essity’s Sustainability Policy, the Global Supplier Standard and Fresh Wood-based Fiber Procurement Policy, see pages 50–51.

Reducing waste after-use through circular design in practice and at scale

Essity is committed to promoting sustainable consumption, which involves working together with the user. One example is TENA SmartCare, which optimizes care and product use, reduces waste through digital monitoring and enables the use of thinner products. Digital monitoring makes it easier to replace the product at the right time, leading to fewer products used. Another example is Tork dispensers, which reduce consumption by allowing users to take one product at a time. This encourages behavioral changes that minimize product use.

In recent years, Essity has launched fully reusable and washable absorbent underwear and hybrid products that combine high performance with reduced environmental impact. The Group continues to develop washable, reusable and hybrid products to ensure functionality and user acceptance while reducing the need for primary materials and to generate less waste.

Recyclability of paper and plastic packaging has been enhanced and the product range includes compostable tissue products. Essity actively encourages consumers to compost food service items such as Tork napkins and Consumer Tissue household towels. Tork Paper Circle is a pioneering recycling service for hand towels and the next step is to leverage insights from this initiative to evaluate whether tissue products can be recycled within existing recycling streams. Alternative post-consumption solutions for absorbent hygiene products are currently being explored.

Targets and Metrics

■ Targets related to resource use and circular economy (E5-3, E5 ESRS 2 IRO-1)

Essity's Sustainability Policy and Global Supplier Standard set requirements for responsible sourcing, low-carbon resource use and circularity across own operations and the value chain. The following targets support these objectives by driving innovation, reducing emissions and developing circular products:

- Sustainable innovations: At least 50% of Essity's innovations shall annually contribute to social and/or environmental improvements.
- Circular packaging: Essity aims for all packaging to be 100% recyclable and to consist of at least 85% renewable or recycled materials by 2025.
- Zero waste to landfill from production: All production waste shall be recycled as material or energy no later than 2030.
- Reduce greenhouse gas (GHG) emissions from product waste: Product waste is part of Essity's Scope 3 emissions target, which stipulates a reduction of 35% by 2030.
- Responsible procurement of fresh wood-based fiber: Essity's target is to source 100% of fresh wood-based fiber through internationally recognized third-party certification systems, such as Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC). For more information, see page 72.

Targets and metrics are developed through collaboration with internal and external stakeholders such as national and multi-national trade associations. The work includes extended producer responsibility schemes for both packaging and products. Essity also engages in conversations throughout the value chain, including with partners such as the Consumer Goods Forum (CGF), European Disposals and Nonwovens Association (EDANA), Confederation of European Paper Industry (CEPI), the Ellen MacArthur Foundation (EMF) and RecyClass. The purpose is to promote implementation of circular economy solutions designed to tackle waste.

Sustainable innovations

The ambition is to develop innovative products that meet user needs, create business value and promote social and environmental sustainability. To achieve this goal, Essity focuses on promoting resource efficiency throughout the life cycle, ensuring sustainable consumption and reducing waste after use.

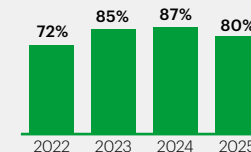
Essity has set a target for sustainable innovations. At least 50% of all innovations each year should be classified as sustainable according to defined criteria. An innovation is considered sustainable if it delivers social and/or environmental improvements. Sales from launched innovations are tracked and assessed against defined criteria linked to environmental and social improvements. An innovation is classified as sustainable if it meets one or both criteria. Environmental assessments rely on LCAs conducted in accordance with ISO 14040 and Product Category Rules for tissue and absorbent hygiene products.

Sustainable innovations

Share that yielded social and/or environmental improvements

Target: >50% Outcome: 80%

Essity's ambition is to develop innovative products that meet user needs, create business value, and promote social and environmental sustainability. To reach this goal, Essity focuses on resource efficiency throughout the entire lifecycle, sustainable consumption, and reduced post consumer waste. In 2025, for example TENA Stretch™ Plus Briefs was launched, contributing to improved sustainability.



Sustainable innovations

	2025	2024	2023	2022	2021
Sustainable innovations¹⁾, %	80	87	85	72	59
of which, social, %	56	54	48	56	47
of which, environmental, %	48	55	58	38	32

1) To avoid double counting, sustainable innovations that meet both social and environmental criteria are only counted once. This means that the sum of the KPIs for social and environmental innovations may exceed the total outcome for sustainable innovations.

Circular packaging

Essity's target for circular packaging is to ensure technical recyclability and increase the share of renewable or recycled materials, contributing to resource efficiency and full circularity. The target, valid until 2025, is that all packaging should be technically recyclable. At least 85% of all packaging should be made from renewable or recycled materials and at least 25% of plastic packaging should be derived from recycled plastic. These plastic-related commitments are linked to Essity's participation in the Ellen MacArthur Foundation's New Plastic Economy initiative and are based on external standards for the definition of recyclability.

Progress is measured annually for both paper and plastic packaging. Measurement of circular packaging includes resource inflows (share of renewable or recycled materials) and resource outflows (share of recyclable packaging), calculated as a proportion of total sold packaging. In 2025, no changes were made to targets, metrics or methodologies.

Zero waste to landfill from production

Essity's waste target is to ensure that all production waste is recovered as material or energy by 2030. This approach aims primarily to reduce waste generated in tissue mills. This leads to lower GHG emissions and also contributes to achieving Essity's target to reduce emissions from production waste (Scope 3.5). Stakeholders involved in defining and validating the target include the Science Based Targets initiative (SBTi). The target is aligned with the Paris Agreement and uses methodologies and assumptions based on the SBTi framework and the GHG Protocol. No changes to the target or methodologies were made during 2025.

Reduce greenhouse gas emissions from product waste

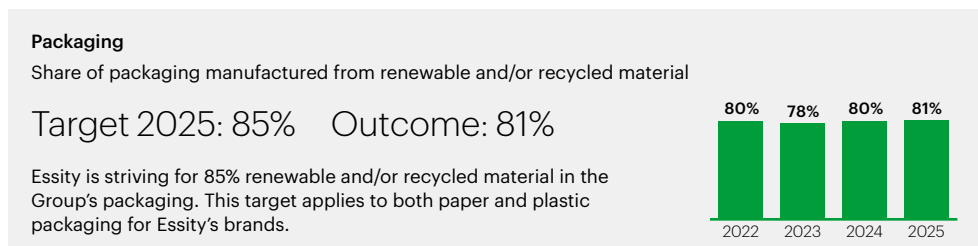
Essity aims to reduce GHG emissions from product waste as part of the overall target to reduce absolute GHG emissions by 35% by 2030. The target is validated by the SBTi framework and based on the GHG Protocol. The base year is 2016 with a baseline value of 2,304 kilotons of CO₂e. The target includes estimated greenhouse gas emissions from product waste after use, including emissions from incineration, landfill and wastewater treatment. To achieve this target, Essity prioritizes minimizing waste by reducing materials, lowering the carbon footprint for current and new materials and promoting sustainable consumption during use. Additional measures include increasing fully reusable and hybrid products to reduce material consumption as well as encouraging alternative waste management that improves circularity.

In 2025, methodology changes were implemented to improve the accuracy of GHG estimates. These changes include a Group-wide integration of activity data and an enhanced waste model that enables a higher level of detail in emissions calculations.

Resource inflows (E5-4)

Essity's primary raw materials include fiber-based materials (pulp and recovered fiber) and fossil-based materials (superabsorbents and nonwoven fabrics). Essity works to reduce the use of raw materials in its products wherever possible and continues to invest in alternative fibers. Many of Essity's products, such as tissue products, contain renewable fiber (fresh wood-based fiber, recycled fiber and alternative fibers), which together represent the largest share of total material volume. For additional information on Essity's fiber-based materials, see pages 71–72.

Plastics are used in absorbent and medical products to ensure functionality, hygiene and safety. Essity evaluates alternatives with low climate impact and circular products as well as biomass-balanced plastics from renewable sources. Efficiency improvements in production facilities are ongoing through digitalization and automation, with the goal of achieving sustainable, resource-efficient and competitive production.



Packaging data¹⁾

	2025	2024	2023	2022
Packaging, total kton	186	183	182	173
of which, paper packaging	142	139	136	133
of which, plastic packaging	44	44	46	40
Technical recyclability of packaging, total %	92	91	88	85
of which, paper packaging	98	97	94	89
of which, plastic packaging	74	72	72	72
Renewable or recycled materials in packaging, total %	81	80	78	80
Renewable or recycled materials in plastic packaging, %	20	17	12	12
of which, renewable materials in plastic packaging	1	1	2	2
of which, recycled materials in plastic packaging	19	16	10	10

1) Scope is paper and plastic packaging for Essity's brands.

Resource outflows (E5-5)

Essity develops, produces and sells high-quality hygiene and health products and services. Essity's tissue products are largely designed to be technically compostable or recyclable, which supports circular resource use. The Group works to increase the acceptance of tissue products in already available recycling streams and in biowaste streams that go to composting. For other product categories, recycling opportunities are continuously evaluated to reduce environmental impact. Where composting or recycling is not yet possible, incineration with energy recovery is used as an alternative to ensure efficient resource utilization.

The proportion of renewable or recycled materials was 81% (80) in 2025. 92% (91) of the total packaging was technically recyclable. For plastic packaging, which accounts for about 24% (24) of the total packaging volume, 20% (17) was manufactured from renewable or recycled materials. The proportion of recovered plastic was 19% (16). The proportion of technically recyclable plastic packaging was 74% (72).

Tissue production circularity and waste streams

The Group works to reduce total GHG emissions by minimizing the amount of production waste sent to landfill and instead recycling waste or recovering energy, thereby contributing to Essity's Scope 3 emissions reduction commitment. In 2025, the total amount of production waste decreased and 72% (71; 69) was recovered. All waste data for Essity includes water content, which was approximately 50% for waste sent to landfill.

Essity applies the waste hierarchy and circular economy principles in production processes to minimize environmental impact and optimize resource efficiency. The two largest production-related waste streams currently sent to landfill are deinking residues and pulper rejects from the recycling processes at Essity's facilities. Deinking residues consist of non-recoverable fractions of recycled paper, such as short fibers and minerals from paper coatings, which are separated in on-site wastewater systems and dewatered.

E Resource use and circular economy

In line with circularity objectives, Essity prioritizes recovery over disposal. At several production facilities, including Lilla Edet (Sweden) and Nokia (Finland), deinking residues are used as fuel in onsite biomass boilers, supporting energy recovery. In Europe, the majority of these residues are recovered through off-site outlets such as waste-to-energy, construction and agricultural applications. In North America and Latin America, recovery options include reuse in agriculture or construction, while waste-to-energy alternatives are less common due to high moisture and mineral content, which limit recovery potential.

The Group's Personal Care facilities generate smaller volumes of production-related waste streams, including trimmings and captured super-absorbent material, which are frequently recovered through recycling or energy recovery. Recovery rates vary across regions due to differences in national legislation, infrastructure and availability of waste-to-energy outlets. Changes in production volumes may also influence the balance between material recovery and energy recovery.

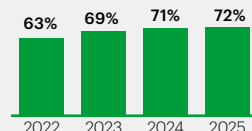
Of Essity's total production waste, only a small share (0.3%) is classified as hazardous, primarily consisting of waste oil regulated under EU legislation, as well as organic solvents, batteries and used light bulbs. Essity manages hazardous waste in compliance with applicable legislation and internal procedures to ensure safe handling and disposal.

Production waste

Subject to material or energy recovery

Target 2030: 85% Outcome: 72%

Resource efficiency and the reduction of waste are important in Essity's production facilities. The target is that all production waste will be subject to material and energy recovery by 2030, which reduces greenhouse gas emissions.



Production waste, ton

	2025	2024	2023	2022	2021
Waste management	354,910	377,746	426,783	530,727	466,603
Non-hazardous waste					
landfill	350,052	374,338	420,246	519,774	458,073
incineration without energy recovery	947	754	549	1,392	5,117
other waste management	2,955	1,903	5,372	8,466	2,552
Hazardous waste					
landfill	56	42	26	64	34
incineration without energy recovery	180	135	117	350	195
other waste management	720	573	474	682	632
Waste recycling	905,727	906,255	944,578	912,244	892,540
Non-hazardous waste					
incineration with energy recovery	137,085	101,981	205,235	237,938	207,841
recycling	376,896	368,190	368,385	380,424	340,923
other waste recycling	389,435	434,857	369,648	291,839	341,613
Hazardous waste					
incineration with energy recovery	448	249	184	159	254
recycling	1,408	612	637	1,581	1,458
other waste recycling	454	367	490	303	451
Total waste	1,260,637	1,284,001	1,371,361	1,442,971	1,359,143
Waste management, %	28	29	31	37	34
Subject to material or energy recovery, %	72	71	69	63	66

S Own Workforce

Why own workforce matters

Essity's own workforce plays a crucial role in the Group's sustainability efforts and in enhancing the Group's long-term resilience, innovation capacity and value creation. Ensuring fair, safe and inclusive working conditions strengthens employee well-being and the social and economic sustainability of the business. An engaged and skilled workforce is essential for implementing sustainability strategies, maintaining responsible business ethics and building trust with stakeholders.

Prioritizing workforce-related matters, such as health and safety and equal opportunities, is essential for fostering a responsible business model aligned with sustainable development objectives. Essity is committed to providing a safe, attractive and inclusive working environment while also fostering conditions for continuous skills development. By focusing on the material sustainability matters related to its own workforce, Essity strengthens employee engagement, its attractiveness as an employer and its ability to create long-term business value.

Sustainability matters	Value chain			Material impact	Financial effect	Time horizon		
	Upstream activities	Own operations	Downstream activities			Short-term	Medium-term	Long-term
Working conditions: Health and safety		●		Actual/potential negative material impact	No financial effect	●	●	●
Equal treatment and opportunities for all: Diversity and Gender equality		●		Potential positive material impact	No financial effect		●	●
Equal treatment and opportunities for all: Equal pay		●		Potential negative material impact	No financial effect	●		
Equal treatment and opportunities for all: Training and skills development		●		Potential positive material impact	No financial effect	●	●	●

Strategy

Material impacts, risks and opportunities and their interaction with strategy and business model (S1ESRS 2 SBM-3)

Essity's workforce is one of the strategic pillars contributing to the Group's ambition to become the leader in global hygiene and health. Employee engagement and competence are crucial to achieving this goal, making the impact, risks and opportunities related to Essity's employees an integral part of the Group's strategy and business model.

Essity's corporate culture is rooted in the Group's Beliefs & Behaviors: Care, Courage, Collaboration and Commitment. These values form the basis for leadership, decision-making and employee engagement across the organization. While several steering documents define Essity's commitments, in practice the culture is shaped by initiatives and everyday actions.

The following sustainability matters have been identified as having a material impact:

Health and safety

Ensuring a healthy and safe working environment for the workforce is one of the Group's top priorities. Providing a safe workplace increases employee satisfaction and enables Essity to more effectively mitigate negative impacts on its own workforce. Operational efficiency is strengthened when the workforce is well informed about safety protocols and capable of managing hazards. Despite preventive measures, accidents can occur. During the year, workplace-related incidents were reported that resulted in the fatality of a contractor and a permanent disability of an Essity employee. As a result, there was an actual negative impact from the Group's activities during the year. Nevertheless, the likelihood of future incidents of similar severity is considered low, and such incidents are therefore classified as a potential impact going forward. To maintain focus, Essity continuously evaluates health and safety as a material sustainability matter. At the same time, the Group continues its proactive work to prevent incidents that could compromise the health and well-being of its workforce. The assessment includes both employees and non-employees, such as contractors.

Diversity, equity and inclusion (DEI)

Essity believes that DEI is a strategic enabler for a high-performing culture that is firmly embedded in the Group's Beliefs & Behaviors. This culture strengthens Essity's ability to attract and retain talent while fostering innovation and performance; factors that are critical for long-term business success.

Essity's DEI agenda is supported by a global strategy approved by the Executive Management Team and an action plan with initiatives led and monitored by the DEI Center of Excellence in the Human Resources (HR) function in collaboration with the DEI Council. Essity is committed to fostering an inclusive culture, while recruiting employees from a broad and diverse talent pool. By combining these actions with initiatives that enhance belonging and engagement, Essity establishes a strong foundation for diversity that fuels innovation and drives long-term success. The anticipated positive impact is expected to be material in the medium-term time horizon as the strategy matures and delivers measurable results.

If Essity does not achieve its DEI ambitions, this could result in unequal treatment, exclusion or reduced employee engagement. Certain groups may be more vulnerable, but Essity assesses all employees equally in DEI-related matters, assuming that every individual can be affected. The double materiality assessment shows that non-employees, such as self-employed individuals and third-party workers, are not considered to have a material impact and are therefore not included in any DEI reporting.

The implementation of DEI initiatives is a culture and performance enhancer and without them, Essity puts both employee well-being and the Group's long-term performance at risk. Inadequate execution can hinder talent attraction and retention, weaken corporate culture and increase the likelihood of exclusionary or discriminatory practices. In severe cases, this could lead to harassment and inappropriate behavior. For more information, see pages 92–94. Insufficient inclusion could also reduce employee engagement and restrict innovation capability. Essity views DEI as a business enabler for the Group to thrive in an increasingly diverse and interconnected world. To support this belief, Essity takes proactive measures to create an inclusive work environment where qualification and recruitment related decisions are always based on competence, merit and skills. Essity follows applicable law of all jurisdictions in which it operates.

Equal pay

Essity believes that equal pay for work of equal value is essential for retaining competence and attracting the most suitable candidates in the market, while also fostering diversity, motivation and productivity among employees. Gender-based pay gaps could have a potential negative impact on employee engagement and motivation, which in turn may increase personnel turnover and negatively impact performance.

Essity conducts annual salary reviews as part of the routine compensation process. Given that no systematic or significant discrepancies were identified in the equal pay analysis, the impact is assessed as potential.

Training and skills development

Employee competence and engagement are critical for Essity to remain competitive, resilient and innovative. In a rapidly changing environment, where digitalization, sustainability demands and market dynamics continuously impact operations, it is essential that Essity's employees develop and adapt to new requirements.

To foster long-term potential positive impact, Essity provides continuous learning and development opportunities for all employees. These efforts also extend to non-employees, distributors and agents. As part of Essity's ambition to become a learning organization, each employee is expected to set development goals aligned with strategic priorities, focusing on leadership and functional competence. This approach promotes individual growth and engagement while ensuring that Essity has the right talent and expertise to meet future challenges and deliver on its commitments. By investing in workforce development, Essity strengthens engagement, job satisfaction and employee retention.

Impact, risk and opportunity management

■ Policies related to own workforce (S1-1)

Essity is committed to fostering a safe and inclusive working environment for all employees. This commitment is embedded in the Group's global policies and procedures, which collectively guide Essity's sustainability efforts for its workforce. The identified material impacts are managed within three global frameworks: the Risk, Environment, Safety and Health (RESH) Policy, the DEI Policy and the Remuneration Policy. The DEI Policy and Code of Conduct confirm Essity's commitment to recruiting, evaluating and promoting employees based on objective criteria without regard to gender, marital or parental status, ethnic or national origin, sexual orientation, religious belief, political affiliation, age, disability or other grounds for discrimination under applicable law. These policies are implemented through a number of global employee processes as described below.

Essity does not have a separate policy for training and skills development. As the issue is already covered by existing processes and governance documents, Essity does not currently intend to establish a separate policy for training and skills development.

For more information on Essity's policies related to its own workforce, see pages 50–51 and for details on Essity's Human Rights Framework, see pages 51–52 and 92.

■ Processes for engagement with own workers and workers' representatives (S1-2)

Essity promotes open and transparent dialogue with its employees and their representatives to ensure that employees' voices are heard and their perspectives are considered in decision-making processes. Operational responsibility for maintaining an effective employee engagement process lies with the HR department under the leadership of the Group's Chief Human Resources Officer.

Employee perspectives are gathered through multiple channels, such as:

Continuous dialogue between employee and line manager

Essity encourages open and regular dialogues between employees and line managers to jointly define and document individual goals and development plans. All employees are expected to have learning objectives linked to strategic priorities of the Group. These are reviewed at least once per year.

Employee Engagement Survey MyVoice

The Employee Engagement Survey MyVoice is conducted biannually to give employees the opportunity to share their experiences and views. The survey measures overall employee satisfaction. It includes questions on health and safety, diversity, gender equality and learning and development to identify employee needs.

Topic-specific initiatives

To strengthen employee engagement, gain insights from individuals who may be vulnerable or marginalized and support the DEI agenda, Essity conducts the initiative Courageous Conversations. For more information on Courageous Conversations, see page 80.

Engagement on health and safety is integrated into various aspects of Essity's operations. Through the I Care program, employees receive leadership tools and support to raise awareness and effectively address unsafe situations, conditions or behaviors.

Global RESH Committee

Since 2020, Essity has maintained a Global RESH Committee composed of senior executives, RESH directors and worker representatives from across the organization. The Committee is responsible for health and safety matters and monitors the monthly performance of each business unit using key performance indicators (KPIs).

Collaborations with unions and work councils

Essity applies a structured approach to social dialogue at global, European and local levels to gain insights into employee perspectives. Regular information and consultation meetings with employee representatives are held several times per year. These meetings are particularly prioritized ahead of organizational changes and aim to ensure transparency and foster constructive dialogue between employee representatives and Essity. Topics addressed include financial performance, health and safety, employment conditions and, in some countries, salary reviews.

To promote respect for human rights and fair working conditions, Essity has signed a global framework agreement with the IndustriALL Global Union and participates in the Global Deal initiative.

Essity's whistleblower system SpeakUp

For details on Essity's whistleblower system, see page 93.

The effectiveness of Essity's workforce engagement is primarily measured through the biannual global Employee Engagement Survey MyVoice. For related key metrics, see page 83.

Processes to remediate negative impacts and channels for own workers to raise concerns (S1-2, S1-3)

Essity is committed to identifying, addressing and remediating actual and potential negative impacts on its workforce. A key element of this effort is the provision of effective and accessible channels for employees to report suspected violations or irregularities. Essity fosters an open and transparent culture, encouraging all employees to report suspected breaches of the Code of Conduct or applicable legislation. Reports can be submitted through various channels, but the externally managed whistleblower system SpeakUp serves as a dedicated and confidential process.

For more information regarding whistleblower reporting, see page 93.

In addition to formal reporting mechanisms, Essity regularly evaluates employee feedback through the Employee Engagement Survey MyVoice and the Courageous Conversations initiative. These insights are systematically followed up and not only measure the effectiveness of employee engagement but also serve as a foundation for the development of strategies to address identified challenges, set priorities and improve working conditions.

Regarding health and safety, Essity implements annual remediation plans based on the insights from the I Care program, internal audits, technical visits to production facilities and decisions from the global RESH Committee. The objective is to continuously mitigate health and safety-related risks and improve working conditions for employees.

Taking action related to material impacts on own workforce (S1-1, S1-4)

Essity manages material impacts related to its workforce through strategic actions and regular assessments of progress and effectiveness. The effectiveness is evaluated through metrics and targets related to the material sustainability matters:

Health and safety

Essity takes a proactive and systematic approach to health and safety, focusing on four key areas:

- Reduce the number of total recordable injuries (TRI)
- Minimize situations that could result in potential serious injuries
- Strengthen the health and safety culture
- Foster clear safety leadership across all levels of the organization

To achieve these ambitions, Essity has implemented several key actions:

Embedding the I Care program

Essity has implemented the I Care program as a central element in building a shared understanding of the importance of health and safety. Since its launch in 2022, the program has been rolled out across all sites, with regular follow-ups and internal audits to ensure compliance and continuous improvement.

The Safety Leadership training course is a core component of the program. In 2025, 1,600 employees completed the training course, and 60 master trainers were enabled to cascade the knowledge within the organization. Since 2022, more than 15,000 employees have completed the training course and 600 master trainers have been enabled to cascade the knowledge within the organization.

In 2023, the program was strengthened by introducing internal audits as a key element. To date, approximately 100 audits have been conducted, reinforcing compliance and driving continuous improvement.

A key enabler of this journey is the I Care Toolbox, developed to support leaders in conducting more effective safety tours and dialogues. These tools were implemented across all facilities in 2025 and are expected to be used continuously. Throughout 2025, Essity continued to monitor the I Care program globally and reinforced its commitment to cultivating a health and safety focused workplace culture. As part of this effort, Essity updated its Life-Saving Rules, providing clearer guidelines for high-risk activities in production environments. These upgrades align with ISO 45001 principles, enabling a structured and consistent approach to health and safety.

Health and well-being project

In 2023, Essity launched a health and well-being project at selected production sites to improve employee well-being by exploring different opportunities, technologies and actions aimed at establishing a health and well-being standard for front-line workers. This is a first step and the project will subsequently be expanded to include all employees. This initiative supports the ongoing integration of health and well-being into operations. Insights from the project will be integrated into the I Care program.

Launch of the Technical Safety Roadmap

In 2024, Essity launched a Technical Safety Roadmap across all sites, focusing on primary machinery safety and other key processes such as warehouse safety, tool safety, traffic management, isolation of hazardous energy, work permits, contractor management and process safety. This roadmap is part of the broader Global RESH framework, which provides standardized guidelines to strengthen local health and safety practices.

On an annual basis, Essity sets global objectives, targets, strategies and measurements for all production facilities to reduce negative impacts and drive continuous improvement.

National Safety Council (NSC) Health and Safety Survey

Essity conducts a comprehensive health and safety survey every three years across all production facilities to assess its safety culture and identify risks and areas for improvement. The survey evaluates management commitment, supervisor engagement and other employee involvement, providing a transparent and realistic understanding of how Essity's employees contribute to safety efforts and a secure work environment. Insights from the 2024 edition have served as a foundation for ongoing strategic work. In 2025, the top three priority actions identified for each site were implemented to strengthen workplace safety and well-being. Additional measures based on the survey are planned for implementation in 2026 to continuously advance Essity's health and safety culture and reduce work-related incidents.

ISO implementation

In addition to already existing certificates, in 2025 Essity initiated a multi-site certification program for the development of Health & Safety Management Systems (ISO 45001) and Environmental Management Systems (ISO 14001). The program includes the implementation of a Global RESH framework to complement local standards.

DEI

Essity's commitment to DEI is a core component of its strategy to attract, develop and retain talent. This commitment is reinforced by ongoing dialogue and the gathering of insights from multiple channels to better understand, value and integrate each employee's unique perspective and experiences into decision-making processes.

Within DEI Essity has formulated two global goals:

- Ensure an inclusive working environment for all
- Achieve and maintain gender-balanced leadership, with no gender representing more than 60%

To achieve these ambitions, Essity has introduced three key actions:

Courageous Conversations

Courageous Conversations are a global initiative designed to raise awareness, foster dialogue and drive change in DEI. The program consists of a network of 80 trained facilitators who conduct quarterly and on-demand sessions, both in-person and virtually. In 2025, more than 50 (80) sessions were held, engaging over 2,000 (4,500) participants. During the year, the initiative expanded to new geographic regions. Regular sessions promote inclusion, psychological safety and directly contribute to Essity's goals to create an inclusive workplace.

The initiative also includes a podcast available on Spotify and support materials for managers that encourage inclusive practices in daily operations. These resources reflect Essity's long-term commitment to dialogue and participation, ensuring that DEI remains an integrated and dynamic part of the organization.

Inclusive leadership training

Over 590 employees have participated in Essity's Inclusive leadership training since its launch in 2022. This training supports leaders to build and leverage diverse and inclusive teams for better performance and is an ongoing effort directly related to Essity's ambition to create an inclusive work environment for all. Effectiveness is measured through the Group's Inclusion Index in the Employee Engagement Survey MyVoice.

Mitigating bias in recruitment processes

To eliminate bias, ensure fair recruitment processes and embed inclusive behavior in daily operations, inclusion principles have been integrated into recruitment training for managers and HR teams.

Essity has not allocated significant financial resources for the current or future implementation of DEI-related initiatives.

Essity measures and evaluates the effectiveness of actions related to workforce impacts through the gender-balanced goal at management levels, and in the Employee Engagement Survey MyVoice, which captures employee experiences of inclusion, belonging and leadership commitment.

Equal pay

Essity strives to identify and eliminate any potential unjustified gender pay gaps in line with the Group's Remuneration Policy.

In 2025, Essity conducted a Group-wide analysis of gender-related pay gaps for all employees. Identified gaps were addressed promptly within the framework of regular salary processes. The global analysis is planned to be conducted yearly as part of preparations for the annual salary review to ensure that any pay disparities are promptly and appropriately investigated and resolved. By integrating this initiative into global HR processes, Essity promotes equal pay while reducing the material impact related to pay equity over time.

In addition, a separate review of all major benefits was conducted in 2025. The review confirmed that no significant gender-based selection criteria or differences in access to benefits exist, other than those required by local legislation, such as parental leave.

No substantial financial resources have been allocated to these actions.

Training and skills development

Essity promotes a culture of continuous learning in daily work, ensuring all employees, regardless of geography and role, are equipped for current and future responsibilities. As part of these efforts, Essity has identified three focus areas and corresponding actions:

Individual development plans

Essity supports the development of all employees by implementing individual development plans. For white-collar employees, individual development plans are integrated via the Group's HR platform, enabling personalized learning aligned with the requirements of current and future roles. For blue-collar employees, integration is planned by 2027, reinforcing Essity's commitment to inclusive skills development. These efforts are complemented by well-established processes for goal setting as well as talent and skills planning processes that are continuously refined to meet evolving business needs.

HR learning and development platforms

Essity prioritizes modern, scalable and future-proof learning technologies to support continuous skill development and increase employee engagement. A global AI-based Learning Experience Platform (LXP) is scheduled to be fully implemented latest by 2028 to enable data-driven development. In parallel, Essity's digital platform for blue-collar workers, the Rubik platform, is being further developed with a focus on digital accessibility and skills-enhancing content. The Rubik platform is used to manage daily operator tasks, skills development and document standardization. The aim is to increase efficiency, knowledge and quality at the Group's production facilities. Together with the HR platform, the Employee Engagement Survey MyVoice and digital training libraries, these solutions create an inclusive, accessible and data-driven learning environment for all employees.

Ensuring governance in skills management

To integrate learning into daily work and ensure continuous skills development, Essity has established a global governance model based on functional academies and Essity's University. Essity University provides a structured framework with development programs and skills development initiatives aligned with the business strategy and future skills requirements. Beginning in 2026, Essity will focus on further advancing digital learning, strengthening core competencies and increasing access to personalized learning solutions. Targeted talent programs, including mentoring and leadership development, actively promote personal growth and DEI throughout the organization.

Among the various functional academies, the Leadership Academy has an essential role in ensuring that all Essity employees, especially line managers, develop relevant leadership abilities to successfully navigate in a complex and evolving business and societal environment. This is achieved through a tailored training program and a broad portfolio of solutions including Core leadership programs, advanced programs for senior executives, small learning pods and trainings in strategic DEI leadership skills. A global leadership model and skills framework ensure an inclusive and consistent approach to developing leaders across the Group.

The effectiveness of Essity's training and skills development strategy is evaluated based on training metrics, skills development indicators and business-relevant KPIs, see page 83.

Targets and metrics

Additional assurance

No additional external assurance of any target or metric and their associated data has been conducted beyond the auditor's review of the sustainability statements.

Targets related to own workforce (S1-5)

Health and safety

In 2021, Essity established a relative target to decrease the total recordable incident rate (TRI-R) by 75% compared to 2019 rate of 7.7. The ambition was to achieve the target by 2025. TRI-R comprises of Fatalities (F), Permanent disabilities (P), Lost time accidents (LTA), Restricted work cases (RWC) and Medical treatment cases (MTC) at all of Essity's production facilities. The target was based on an analysis of historical data, internal audit findings, as well as insights into the needs and expectations of internal and external stakeholders. To ensure relevance and competitiveness, the target was benchmarked against industry standards and industry peers.

The target is directly linked to Essity's ambition to provide safe and healthy working conditions in line with Essity's RESH Policy. Health and safety performance is reviewed monthly by the RESH Committee.

Employee representatives are not directly engaged in the target-setting process, but participate indirectly through numerous consultations and dialogues.

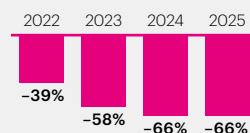
A new health and safety target is being developed and is planned to be implemented in 2026, focusing on a zero-accident vision and a strengthened safety culture.

Health and safety

Decrease in total recordable injuries rate compared to 2019

Target 2025: -75% Outcome: -66%

Total recordable incident (TRI) include Lost time accidents (LTA), Restricted work cases (RWC), Medical treatment cases (MTC), Permanent disabilities (P) and Fatalities (F).



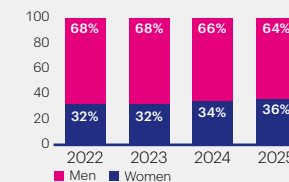
DEI

Essity's goal for gender distribution at management levels was established in 2022. The goal is relative and measured as a percentage of women in management positions (Executive Management Team, senior management and middle management). Gender distribution is aimed to remain within the interval 40/60%, with no group exceeding 60%. The goal is outcome-based, part of Essity's DEI Policy and aims to ensure equal opportunities, inclusive leadership and representative diversity at all levels of the Group.

Gender balanced representation at management levels

Goal: 40/60% Outcome: 36/64%

The goal is reported at an aggregate outcome level for the three management levels. For the outcome in 2025, 36% were women and 64% were men. Talent and employment related decisions are always based on competence, merit and skill. Essity follows applicable law of all jurisdictions in which it operates.



Equal pay

Although Essity has not established a specific target for equal pay for work of equal value and currently has no plans to do so, the Group ensures that remuneration is set in a fair and transparent manner in accordance with the principle of equal pay for work of equal value. All employees are provided an adequate wage in line with market practices and local requirements. Essity also applies clear remuneration practices and regularly monitors pay differentials across the Group.

Training and skills development

Essity has not set a formal target for training and skills development but remains committed to fostering employee growth through continuous learning opportunities, digital training solutions and skills development initiatives. Currently, there are no plans to introduce a quantitative target, but Essity monitors participation rates and learning effectiveness through established KPIs to ensure ongoing skills development and business relevance.

Characteristics of employees (S1-6)

The tables below describe key characteristics of the employees in Essity's own workforce.

Employees by gender

Number of employees	2025	2024
Men	24,029	23,582
Women	12,296	11,911
Non-binary	12	16
Gender-not-declared	38	36
Total	36,375	35,545

Reporting principles

Number of employees is shown in headcount and is calculated as an average of five quarters. Corresponding full-time equivalent (FTE) data can be found in Note B2b in the Group's financial statements, see pages 133–134.

Gender information is based on four gender alternatives used in Essity personnel data.

S Own workforce

Employees by country

Number of employees	2025	2024
Germany	5,193	5,075
Mexico	4,140	4,000
Colombia	3,681	3,561
Other countries	23,361	22,909
Total	36,375	35,545

Reporting principles

Number of employees is shown in headcount and is calculated as an average of five quarters. Country level data is disclosed for countries with at least 50 employees representing at least 10% of total number of employees.

Employees by contract type broken down by gender

Number of employees	2025					2024				
	Men	Women	Non-binary	Gender-not-declared	Total	Men	Women	Non-binary	Gender-not-declared	Total
Permanent employees	22,696	11,569	10	29	34,304	22,379	11,248	12	28	33,667
Temporary employees	1,333	727	2	9	2,071	1,203	662	4	8	1,878
Total	24,029	12,296	12	38	36,375	23,582	11,911	16	36	35,545

Reporting principles

Number of employees is shown in headcount and is calculated as an average of five quarters.
 Permanent employee: an employee with no set end date of employment.
 Temporary employee: an employee with a set end date of employment.
 Non-guaranteed hours employee: an employee with no guarantee of a minimum or fixed number of working hours. Essity has no non-guaranteed hours employees.

Employee turnover

	2025	2024
Employees who left the Group, number	4,827	5,049
Employee turnover rate, %	11	12

Reporting principles

Number of employees who left the Group is accumulated for the full reporting period. Employee start and exit dates are based on employment dates. Employee turnover rate is calculated as a percentage of the number of employees who left in the reporting period (excluding end-of-contract terminations) over the average headcount of five quarters.

Collective bargaining coverage and social dialogue (S1-8)

Essity recognizes the right of every employee to be a trade union member and to participate in union activities. When there is no union representation, Essity establishes other channels where possible, such as an employee council.

Collective bargaining

%	2025	2024	2023	2022	2021
Employees covered by collective bargaining agreements	63	62	62	60	67

Reporting principles

The percentage of employees covered by collective bargaining agreements is calculated by dividing the number of employees covered by collective bargaining agreements by the total number of employees as of the end of the reporting period. The change in 2022 compared to 2021 is due to additional Latin American countries being included in the HR platform in 2022. These countries have a relatively low number of employees covered by collective bargaining agreements.

Diversity metrics (S1-9)

The tables below describe key diversity metrics for Essity. Monitoring these metrics is important to ensure progress and deliver on the Group's ambitions to create an inclusive working environment for all. Progress was made in 2025 for Essity's goal for gender balanced representation on management levels (Executive Management Team, senior management and middle management).

Gender distribution of Board of Directors

	2025	2024	2023	2022	2021
Board members (elected by the AGM)					
Women, number	4	4	4	4	4
Men, number	5	5	5	6	5
Women, %	44	44	44	40	44
Men, %	56	56	56	60	56
Board members (appointed by trade unions)					
Women, number	2	2	1	1	1
Men, number	1	1	2	2	2
Women, %	67	67	33	33	33
Men, %	33	33	67	67	67
Board members (total)					
Women, number	6	6	5	5	5
Men, number	6	6	7	8	7
Women, %	50	50	42	38	42
Men, %	50	50	58	62	58

Reporting principles

The number of board members is shown as of the end of reporting period. Gender distribution of the Board of Directors is calculated as of end of the reporting period.

Gender distribution of management levels

	2025	2024	2023	2022	2021
Executive Management Team					
Women, number	4	4	4	4	4
Men, number	8	9	9	8	9
Women, %	33	31	31	33	31
Men, %	67	69	69	67	69
Senior management level					
Women, number	37	38	39	38	35
Men, number	66	71	72	71	69
Women, %	36	35	35	35	34
Men, %	64	65	65	65	66
Middle management level					
Women, number	255	237	215	209	195
Men, number	443	451	455	457	427
Women, %	37	34	32	31	31
Men, %	63	66	68	69	69
Overall gender distribution of management levels above, women/men, %	36/64	34/66	32/68	32/68	32/68

Reporting principles

The gender distribution of management levels is calculated as of end of the reporting period. Overall gender distribution at management levels is calculated by dividing the aggregated headcount of women and men in the Executive Management Team, senior and middle management levels by the total combined headcount in these levels.

Share of employees by age group

	2025	2024	2023	2022	2021
Under 30 years old, number	6,729	6,618	6,663	9,529	9,037
Under 30 years old, %	18	18	19	20	19
30–50 years old, number	19,585	19,188	18,923	28,414	27,925
30–50 years old, %	54	54	53	58	59
over 50 years old, number	10,279	10,023	9,946	10,632	10,166
over 50 years old, %	28	28	28	22	22

Reporting principles

The number of employees for each age group is shown as headcount as of the last day of the reporting period based on the employee's date of birth. Vinda employees were included for the years 2021–2022.

Nationalities

Number of nationalities	2025	2024	2023	2022	2021
Employee nationalities	140	135	131	130	124

Reporting principles

The data in the table above is reported as of end of the reporting period.

Training and skills development metrics (S1-13)

Training and skills development activities for continuous professional growth are an integrated part of employees' everyday lives and take place through on-the-job experiences, project assignments, training and social learning activities.

Essity offers individual training and development opportunities based on business and role requirements and personal strengths, including participation in various leadership and functional academies and a range of social learning programs. The Group is continuing the shift from traditional to digital learning, exploring recent technologies to enable learning to become a natural part of day-to-day work.

Training and skills development

	2025	2024	2023	2022	2021
Employees with individual goals, %	69	66	64	62	57
of whom, white collar employees	91	90	90	87	90
Employees with individual development plans, %	74	50	47	42	42
of whom, white collar employees	84	82	79	70	78
Average training hours per employee, number	11	11	8	7	7
Employee engagement, %	79	78	78	77	79

Reporting principles

The data in the table above excludes blue collar employees who record their goals outside the HR platform. From 2025 it includes individual development plans for blue collar employees recorded outside the HR platform. Average training hours per employee is calculated by dividing total completed training hours during the reporting period by the average headcount over five quarters.

The employee engagement index is based on the average result of the Employee Engagement Survey MyVoice conducted biannually.

Health and safety metrics (S1-14)

In 2025, Essity further reduced the Lost time accidents (LTA) to its lowest level since the start of the target period in 2019. However, Essity regrets to disclose one case of a permanent disability (P) as well as increased Restricted work cases (RWC) and Medical treatments cases (MTC) which resulted in a flat total recordable incident rate (TRI-R) compared with 2024.

During the reporting period, an unfortunate fatality of a contractor occurred. There were no work-related fatalities among Essity's employees in 2025. At the end of 2025, Essity's TRI-R was stable in comparison to the previous reporting period at 66% in comparison to the base year 2019.

Work-related injuries

	2025	2024	2023	2022	2021
Fatalities (F)	–	–	–	–	–
Permanent disabilities (P)	1	–	–	–	–
Lost time accidents (LTA)	90	104	116	157	142
Restricted work cases (RWC)	10	5	6	23	12
Medical treatment cases (MTC)	19	11	24	32	37
Total recordable incidents (TRI)	120	120	146	212	191
Total recordable incident rate (TRI-R, TRI/million WH)	2.6	2.6	3.2	4.7	4.2
Total recordable incident rate, IR (TRI-IR) (TRI/200,000 WH)	0.5	0.5	0.6	0.9	0.8
Lost time accident frequency rate (LTA-FR), (LTA/million WH)	2.2	2.4	2.7	4.0	3.4
Lost time incident rate (LTA-IR) (LTA/200,000 WH)	0.4	0.5	0.5	0.8	0.7
Contractor fatalities (CF)	1	–	–	1	2
Contractor lost time accidents, CLTA	32	21	25	31	35
Zero recordable incident sites (based on TRI)	31	35	26	20	23
Number of sites included in reporting	82	83	81	80	78
Working hours (WH), million hours	46.4	45.5	45.4	45.4	45.3

Reporting principles

The data in the table refers to wholly owned production facilities of Essity, excluding sales and administrative offices. Health and safety statistics are collected monthly and follow the safety procedures and actions described under S1-1 and S1-4.

Remuneration metrics (S1-16)

Gender pay gap

%	2025	2024
Women/Men	4	6

Reporting principles

The gender pay gap is calculated on the basis of average hourly pay. The hourly pay does not take into consideration factors affecting compensation levels, such as job role, experience and education levels. Pay includes annual base salary, short-term incentive pay, sales incentive pay, long-term incentive pay, shift premium and overtime pay. Salary to the CEO is excluded.

Total remuneration

For the annual total remuneration ratio of the President and CEO to the median annual total remuneration of all employees, see Note C2 in the Group's financial statements on page 143.

Incidents, complaints and severe human rights impacts (S1-17)

For information about the incidents reported in the human rights category via the whistleblower system, see the table on page 94.

There were no financial fines, penalties or compensation for damages due to incidents concerning human rights in 2025.

s Workers in the value chain

Why workers in the value chain matter

Workers across every stage of the value chain contribute to Essity's operations, including those employed by suppliers and business partners. As a global Group, Essity therefore has significant influence over working conditions around the world. To uphold human rights and prevent unsafe or unfair working conditions and labor practices, Essity has established frameworks designed to be implemented throughout the entire value chain. By actively managing social risks and promoting ethical labor practices, Essity strengthens stakeholder trust and contributes to the long-term sustainability of the Group.

Sustainability matters	Value chain			Material impact	Financial effect	Time horizon		
	Upstream activities	Own operations	Downstream activities			Short-term	Medium-term	Long-term
Working conditions: Working time	●			Actual negative material impact	No financial effect	●	●	●
Working conditions: Health and safety	●			Actual negative material impact	No financial effect	●	●	●
Other work-related rights: Forced labor	●			Potential negative material impact	No financial effect	●	●	●

Health and safety

Insufficient health and safety measures at the workplace could negatively affect workers in the supply chain. This may include inadequate safety measures for managing tools and equipment, insufficient signage of emergency exits and shortcomings in the use of personal protective equipment. Essity requires its suppliers to comply with applicable local laws and the International Labour Organization (ILO) Core Conventions, as outlined in the Supplier Code of Conduct. In addition, suppliers are expected to implement an occupational health and safety management system that enables continuous monitoring, evaluation and improvement of working conditions.

Forced labor

Within Essity's supply chain, there is a potential risk of forced labor. A risk-based assessment, supported by internal tools and analyses, indicates that the largest risk lies with suppliers outside Essity's direct contractual relationships, particularly in the early stages of the value chain. The risk is especially evident among suppliers operating in certain regions of Asia and Latin America.

The probability of forced labor is particularly high in industries that rely heavily on migrant labor. The risk, which is not limited to the early stages of the supply chain, has also been identified in later stages, especially in regions such as Asia and parts of the Middle East. Forced labor can occur both in the production of raw materials and in the manufacturing of finished goods. For vulnerable groups such as refugees and low-skilled migrant workers, this risk is global. Therefore, enhanced due diligence is required depending on the procurement category, particularly when sourcing low-skilled services. Under Essity's Global Supplier Standard, suppliers must take measures to prevent any involvement in or support of forced labor.

Strategy

Material impacts, risks and opportunities and their interaction with strategy and business model (S2 ESRS 2 SBM-3)

Although workers in the downstream value chain are essential for Essity to deliver high-quality goods and services, the double materiality assessment indicates that material impacts occur in the upstream value chain. These impacts result from Essity's need to purchase raw materials and finished goods as well as other goods and services. The following areas have been identified as having a material impact:

Working time

Essity has identified excessive working hours as a negative impact on workers in the supply chain, particularly among suppliers located in regions with significant migrant labor. Excessive overtime is associated with poorer work-life balance, increased risk of fatigue-related accidents and long-term health concerns. Essity's Global Supplier Standard requires that working hours comply with applicable national laws as well as local industry standards.

Impact, risk and opportunity management

Policies related to value chain workers (S2-1)

Essity is committed to upholding the highest standards of labor rights and working conditions throughout its supply chain. To promote responsible business practices and respect for human rights, Essity sources from suppliers who align with the principles stated in the Group's Global Supplier Standard. This standard includes a Supplier Code of Conduct that outlines Essity's expectations for all suppliers with respect to human rights. These expectations contain explicit prohibitions against trafficking, forced labor, compulsory labor and child labor, as well as protection against discrimination or harassment. The Supplier Code of Conduct also includes requirements regarding working time, employee relations, health and safety and other aspects of sustainable and responsible business conduct. Compliance with these principles is a key criterion in the selection of suppliers who are expected to pass these requirements on to their own suppliers further upstream in the value chain. In response to laws in the UK, Australia and Canada, Essity has issued modern slavery statements covering the entire value chain.

Essity's Supplier Code of Conduct is based on the Group's Code of Conduct and is anchored in internationally recognized principles. Through its membership in the United Nations (UN) Global Compact, Essity further strengthens its commitment to integrate labor standards, human rights and ethical business practices.

For more information on Essity's sustainability-related policies, see pages 50–51.

■ Processes for engagement with value chain workers (S2-1, S2-2)

The Group is committed to ensuring that workers in the supply chain are heard, that their rights are respected and that their concerns are addressed. Engagement processes aim to foster transparent communication, promote fair labor practices and continuously improve working conditions. Through regular audits, surveys and direct feedback mechanisms, supply chain workers actively participate in identifying and addressing impacts related to Essity's business activities.

Engagement with supply chain workers and their recognized or legitimate representatives is embedded across several processes. These cover areas such as working conditions, land rights, health and safety, and other human rights-related issues. The established processes include Essity's regular due diligence approach, which encompasses but is not limited to the supplier approval procedure, annual risk assessment processes, various screening procedures, the whistleblowing mechanism, supplier training, collaboration in multi-stakeholder dialogues and participation in certification initiatives such as the Forest Stewardship Council (FSC) for forest fiber and Better Cotton Initiative (BCI) for cotton.

Independent third-party auditors regularly conduct Sedex Members Ethical Trade Audits (SMETA) at Essity's supplier sites to assess working conditions and ensure worker feedback is considered. These external audits help identify risks related to health and safety as well as labor rights, including working hours. In line with SMETA Best Practice Guidance, auditors also evaluate the presence of potentially vulnerable groups, such as migrant workers and conduct focus group interviews to ensure that workers' perspectives are represented.

In addition, Essity participates in industry-wide networks, such as AIM Progress, a member-led forum of fast-moving consumer goods (FMCG) companies and suppliers. In collaboration with other FMCG companies, Essity promotes responsible business conduct to ensure resilient supply chains as well as thriving workers and communities.

As part of this initiative, selected Essity suppliers have received training on human rights and local labor laws. The aim is to strengthen their capabilities to meet the needs of both their own employees and their upstream suppliers.

Essity also engages with non-governmental organizations to facilitate additional collaboration and initiatives. For instance, in Latin America, the Group has contributed to the formal recognition and legal acknowledgement of waste pickers, recognizing their essential role in advancing a more circular economy. The insights generated through these efforts are continuously integrated into Essity's decision-making processes and contribute to strengthening the Group's commitments to social responsibility.

At the Group level, no specific role has been formally designated to engage directly with workers in the supply chain. Instead, this responsibility is integrated into Essity's broader sustainability and risk management frameworks. Engagement with suppliers is managed by the relevant operational functions, typically Procurement.

Essity is a committed partner of the Global Deal, a multi-stakeholder initiative that promotes social dialogue and working conditions in global supply chains. In addition, the Group has affirmed its commitment to human rights through a global framework agreement with IndustriALL Global Union. The agreement establishes respect for human rights as a key criterion in the selection and management of suppliers and subcontractors.

The Group assesses the effectiveness of its engagement with its supply chain workers through a combination of supplier visits, supplier audits, feedback mechanisms and collaboration with credible third-party organizations. Engagement outcomes are evaluated based on improvements in working conditions, resolution of identified issues and the responsiveness of suppliers to corrective actions. Regular reviews and stakeholder dialogues help ensure that workers' perspectives are integrated in Essity's sustainability strategy and due diligence processes.

For information on Essity's engagement with value chain workers and their representatives, see page 57.

■ Processes to remediate negative impacts and channels for value chain workers to raise concerns (S2-1, S2-3)

Essity is committed to proactively and effectively remediating negative impacts on workers in its supply chain. The Group has established structured processes to identify, manage and address such impacts. Particular focus is placed on labor rights as well as occupational health and safety. The aim is to promote worker well-being and continuously evaluate the effectiveness of the measures taken.

When SMETA audits or other due diligence mechanisms identify non-compliance with labor standards, suppliers are expected to immediately take appropriate corrective actions to remedy the violation and prevent its recurrence. Essity closely monitors the development and implementation of these corrective action plans, which include clearly defined steps, timelines and follow-up audits to ensure resolution of the identified issue. Insufficient implementation of the action plans is escalated and discussed directly at dedicated follow-up meetings with the supplier. Essity reserves the right to terminate the business relationship with any supplier that materially or repeatedly violates the Global Supplier Standard.

Essity requires its suppliers to establish effective grievance channels to identify issues within their own organization and to actively promote and ensure that these principles are applied throughout their supply chains. The existence of effective grievance channels is verified in SMETA audits.

In 2025, no agreements with strategic suppliers were terminated due to issues related to labor rights in the supply chain.

Essity promotes an open and transparent culture, encouraging all external stakeholders, including workers in the supply chain, to report suspected violations of the Supplier Code of Conduct or other applicable laws. To assess the awareness and trust regarding grievance mechanisms, Essity conducts supplier self-assessments, independent third-party ethical audits and regular human rights impact assessments. These processes include direct feedback from workers and evaluations of the effectiveness of the grievance mechanisms. Retaliation against individuals who report concerns in good faith is strictly prohibited.

There are several internal and external channels available to stakeholders who wish to report concerns or grievances. For more information about these channels, see page 93.

Taking action on material impacts on value chain workers (S2-1, S2-4)

Essity takes a proactive approach to managing material impacts on workers throughout its value chain. This includes identifying and preventing human rights violations, improving working conditions as well as regularly evaluating the effectiveness of implemented actions.

The following key actions are continuously applied:

- All suppliers, excluding energy providers, are required to provide written confirmation of their commitment to the principles outlined in the Global Supplier Standard. This standard includes explicit requirements related to human rights and environmental practices.
- A comprehensive risk assessment process, aligned with OECD Guidelines and UN Global Compact principles, is applied to both new and existing suppliers. In instances where elevated risks are identified, on-site ethical audits are requested to assess supplier practices and verify compliance. Essity actively monitors changes in laws and regulations, particularly those related to due diligence obligations and trade-based regulations to ensure that internal procedures remain current and effective. These procedures are regularly updated and key personnel receive targeted training to secure proper execution of risk assessments, maintain relevant documentation and uphold transparency throughout the process.
- Strategic and high-risk suppliers are required to complete self-assessments covering working conditions, environmental practices, business ethics and health and safety using the SEDEX platform.
- All new strategic suppliers undergo initial audits focusing on topics such as quality as well as health and safety as part of the supplier qualification process.
- Suppliers operating in identified high-risk areas, as determined through SEDEX data and internal risk mapping, are subject to ethical audits, preferably based on the SMETA format. These audits evaluate compliance with standards related to fundamental human rights, fair employment practices and the prevention of corruption. Findings are typically integrated into corrective action plans developed by SMETA auditors and are closely monitored by Essity to ensure timely implementation and closure. Ethical audits typically identify findings, highlighting the importance of ongoing monitoring and corrective actions.

Essity supports remediation for supply chain workers affected by actual material impacts through its supplier audit and follow-up process. When non-compliance is identified, such as excessive working hours or health and safety deficiencies, Essity collaborates with suppliers and independent third-party auditors to implement corrective action plans. These efforts have resulted in concrete improvements, including updated time registration systems, enhanced safety procedures, improved signage for emergency exits and better access to grievance mechanisms for affected workers.

The key actions as described above primarily apply to upstream suppliers involved in the production and processing of raw materials and finished goods. Focus regions include countries with an elevated risk of labor rights violations, identified through internal risk mapping and external indices. These typically include parts of Asia, parts of the Middle East and Latin America. The actions target particularly vulnerable worker groups such as migrant workers, temporary and subcontracted workers, women workers and informal sector participants. Essity evaluates and adjusts the scope of these actions based on risk assessments, audit findings and stakeholder feedback.

In 2025, Essity evaluated the outcomes of 94 (75; 88) ethical supplier audits conducted in Mexico, Colombia, Sri Lanka, South Africa, Turkey, Brazil, Argentina, India, Taiwan, the United Arab Emirates and Malaysia. Eight of these audits were initiated by Essity using an independent audit firm. The remaining 86 audits, which meet Essity's requirements, were conducted at the initiative of other customers and approved by Essity. In the event of critical observations, Essity is informed within 24 hours. In 2025, no critical violations of human rights or incidents were identified.

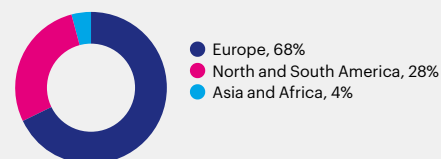
When Essity is informed about a situation that involves excessive working hours at a supplier through an audit, the Group communicates its concerns to the supplier and actively monitors the implementation of corrective actions until the issue has been resolved. The responsible sourcing function is reminded of how Essity's procurement practices can contribute to a solution through accurate forecasting and reasonable delivery timelines. The effectiveness of the corrective actions is tracked through follow-up audits by an independent third-party auditor and monitored during meetings with the supplier.

Essity employs additional due diligence measures for raw materials associated with elevated social risks. These measures include the use of certifications, sustainability programs and third-party assurances to help safeguard workers' rights and well-being throughout the supply chain.

To reduce social and ethical risks, a risk-based supplier selection approach is applied when choosing suppliers. This means that Essity prioritizes collaborations with large multinational corporations based in Europe and the USA that operate production facilities in Asia and South America. Supplier location and the origin of raw materials and finished goods are key considerations in Essity's risk assessments because the same material may pose different risks depending on the region in which it is produced or cultivated. In contrast, certain materials may carry similar risks regardless of geography. Other relevant factors include the automation level, production technology and skills of the workforce.

As of the end of 2025, approximately 68% (54; 54) of Essity's strategic suppliers of raw materials and finished products were located in Europe, 28% (37; 37) in North and South America, and 4% (9; 9) in Asia and Africa. A total of 1,020 (1,020; 958) suppliers shared data via SEDEX.

Geographical distribution of strategic suppliers 2025



Ethical audits conducted

	2025	2024	2023	2022	2021
Audits initiated by Essity ¹⁾	8	6	12	4	14
Audits approved by Essity ²⁾	86	69	43	41	35
Total number of audits	94	75	55	45	49

- 1) Audits initiated by Essity were conducted by Essity's independent audit firm in accordance with SMETA's 4-pillar format.
 2) Customer-initiated audits have been conducted on behalf of other customers of the suppliers and approved by Essity.

Targets and metrics

Targets related to value chain workers (S2-5)

In 2021, Essity established a responsible sourcing target to address material impacts on workers in the supply chain. At the time, 88% of Essity's purchasing spend, excluding energy, was directed toward suppliers that confirmed their compliance with Essity's values in accordance with the Global Supplier Standard through written consent. The target has been set to increase this percentage to 95% by 2025.

This approach is based on the assumption that supplier compliance with the Global Supplier Standard contributes to improved working conditions and that procurement data systems can reliably track and categorize supplier spend. It also assumes that aligned suppliers maintain their compliance throughout the reporting period.

The prioritization and calibration of the target was informed by findings in mandatory qualification audits of new suppliers, insights from supplier audit interviews as well as engagement with customers and investors through sustainability forums and reporting processes.

Essity's Sustainability Council systematically documents and reviews feedback from stakeholders. The Council is responsible for ensuring that stakeholder perspectives are embedded in the Group's sustainability strategy and target-setting processes.

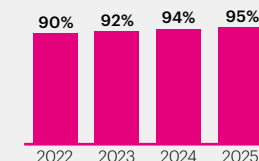
No additional external assurance of the target and its associated data has been conducted beyond the auditor's review of the sustainability statements.

A new target is currently under development and is expected to be established in 2026.

Responsible procurement

Share of total purchase spend from suppliers that comply with Essity's Global Supplier Standard

Target 2025: 95% Outcome: 95%



Share of total purchasing spend¹⁾ from suppliers that comply with Essity's Global Supplier Standard

%	2025	2024	2023	2022	2021
Outcome	95	94	92	90	88

- 1) Excluding energy.

S Consumers and end-users

Why hygiene and health matter for consumers and end-users

Hygiene is essential for maintaining both physical and mental health as well as for preventing the spread of infectious diseases. Comprehensive hygiene practices are based on awareness of their importance, knowledge of what needs to be done and how to do it as well as access to the right products. Every day, Essity's innovative hygiene and health products reach one billion people worldwide. Essity enables richer lives by offering products that enhance individual well-being while creating social and economic value. Through its brands, Essity works to break taboos, raise awareness, improve accessibility and elevate hygiene and health standards. The goal is to create healthier and more inclusive societies for all.

Sustainability matters	Value chain			Material impact	Financial effect	Time horizon		
	Upstream activities	Own operations	Downstream activities			Short-term	Medium-term	Long-term
Hygiene and health			●	Actual positive material impact	Actual positive financial effect	●	●	●

Strategy

Material impacts, risks and opportunities and their interaction with strategy and business model (S4 ESRS 2 SBM-3)

Essity has an actual positive impact on consumers and end-users by contributing to healthier and more active lives. This positive impact can also lead to financial opportunities, as Essity's business model focuses on providing hygiene and health products that improve everyday life. The Group's products enable consumers, patients, caregivers and businesses to overcome barriers to achieve better hygiene and health outcomes. Through continuous innovation, Essity develops products that help healthcare providers manage rising costs without compromising quality care. By challenging taboos and breaking stigmas, Essity promotes openness and inclusion, contributing to healthier societies for all.

Impact, risk and opportunity management

Policies related to consumers and end-users (S4-1)

Essity aspires to be the global leader in hygiene and health. The Group actively supports the United Nations Sustainable Development Goals by fostering a healthier and more inclusive society while reducing Essity's environmental footprint. Although Essity does not have a specific policy on hygiene and health related to consumers and end-users, the Group remains committed to improving hygiene and health worldwide. This commitment to social sustainability is reflected in strategic actions across four focus areas: women's health, the care economy, hygiene and sanitation as well as infection prevention and control, with road-

maps and initiatives in each area. Essity's KPIs to track launched innovations follow the internal guidelines for assessing sustainable innovations both from a social and environmental perspective. Through partnerships with global and regional non-governmental organizations (NGOs), Essity provides education and resources that empower individuals to participate fully in society, uphold human rights and promote inclusion.

Essity contributes to better public health by driving societal and systemic change in collaboration with private sector partners, public stakeholders and civil society. Rising life expectancy and global population growth increase demand for accessible, preventive hygiene and health products and services. Whenever Essity engages with communities or other non-profit organizations, the Group is guided by the internal group instruction for charitable donations, community investments and commercial initiatives.

According to the World Health Organization, approximately 50% of the world's population still lacks adequate access to hygiene and health products. An important part of Essity's business is to promote products that enhance individual well-being and deliver societal and economic value. These products provide consumers and end users with long-term support by improving health and quality of life, while simultaneously generating societal and economic benefits.

Processes for engagement with consumers and end-users (S4-2, S4-3)

Essity actively engages with customers, consumers, end-users and society through targeted initiatives. By bringing insight-based innovations to market, Essity improves well-being for consumers, patients, caregivers and customers. Further engagement includes community projects, educational programs, partnerships with NGOs, contributions to research and the use of customer satisfaction ratings. Essity supports communities through foundations, donations, volunteering and sponsorships. To promote hygiene and health awareness, Essity collaborates with end-users and consumers, for example via social media campaigns.

Since 2008, Essity's The Hygiene and Health Report has contributed to global dialogue on the importance of hygiene and health for individual well-being and societal progress.

Essity also maintains formal channels for engagement with consumers and end-users, such as the global whistleblower system SpeakUp, which is available to employees and external stakeholders to report suspected violations or non-compliance with the Code of Conduct and applicable laws. For more information, see page 93.

Taking actions on material impacts and opportunities on consumers and end-users (S4-4)

Essity continuously works to deliver on its purpose through three guiding pillars:

- Advocating for systemic change by breaking taboos, raising standards and creating awareness through campaigns, education and global partnerships.
- Developing sustainable innovations around consumer needs by embedding insights and sustainability targets into the business model to improve everyday life.
- Strengthening community relations through donations, volunteering and partnerships that strengthen education and health awareness.

Advocating for systemic change

Women's health

Essity closes gaps in menstrual health by ensuring access to safe, affordable products and services. Through brands and partnerships, stigmas are challenged, openness is fostered, and women are empowered to participate fully in education, work and society. In 2025, global advocacy continued to influence menstrual health policy and expand education programs in collaboration with United Nations International Children's Emergency Fund (UNICEF).

Care economy

The TENA brand supports dignity and quality of life for millions of people, including older adults and caregivers. Efforts focus on closing the care gap and raising visibility for carers through education, services and advocacy. Initiatives have also been launched to support professional caregivers and improve recognition of their vital role in society.

Hygiene and sanitation

The comprehensive portfolio covers hand hygiene and surface care and actively contributes to shaping international and local handwashing guidelines to advance hygiene for all. In 2025, Tork launched a coalition with the American Restroom Association, International Paruresis Association and Other Tomorrows consultancy to promote inclusive hygiene in public restrooms. This coalition brings together experts and advocates to address hygiene barriers and ensure inclusive hygiene for all.

Infection prevention and control

Essity reduces infection risks through innovation and training. Wound care brands offer antibiotic-free products to combat antimicrobial resistance (AMR), supported by awareness campaigns and engagement in international forums. Through the Wound Warriors campaign, awareness of AMR continued to be raised and alternative treatment routines promoted globally.

Initiatives by Essity's brands

Product access – Essity's Modibodi brand, in partnership with Plan International, runs a program in Laos which aims to improve access to reusable period underwear in rural areas.

Access to clean water and sanitation facilities – Hygiene is our right, is a joint initiative between UNICEF Mexico and Essity's Saba and Tork brands. It promotes menstrual hygiene and washing practices to support equal school opportunities.

Access to inclusive, accurate information and education – Essity's Saba brand enhances menstrual health literacy and information through its Mundo Saba Teens, providing inclusive and accurate information to young audiences.

Taboo and stigma-free environment – Through campaigns such as V-Land in Roblox by Saba and It's never just a period by Libresse, Essity aims to normalize menstruation and dispel stigmas surrounding it.

Partnerships for women's health

In 2024, Essity became an ambassador of the Global Alliance for Women's Health, hosted by the World Economic Forum, to collaboratively measure the menstrual health gap and drive meaningful action. Essity contributed to the Alliance's report on closing the women's health gap (Blueprint to Close the Women's Health Gap | World Economic Forum) by leading the menstrual health working group.

In 2025, Essity became an ambassador of the Coalition for Reproductive Justice in Business, established by the United Nations Population Fund (UNFPA). In the same year, Essity released its white paper on menstrual health (co-created with researchers from Stanford University and Karolinska Institutet), outlining a "menstrual health in all policies" approach to ensure that menstrual health is addressed comprehensively across topics such as education, infrastructure, gender and employment.

Sustainable Innovations

Innovation is at the core of Essity's business model. The ambition is to create products that meet user needs, deliver commercial value while at the same time advance social and environmental sustainability. Essity puts consumers and customers at the heart of everything it does. Through insights, co-creation and trend analyses, the global innovation teams identify needs and shape products that improve hygiene, health and well-being.

Community Relations

Essity is committed to creating value for consumers, end-users, employees and the local communities in which the Group operates. Community relations initiatives strengthen both the Essity brand and its product portfolio and reflect the purpose of breaking barriers to well-being.

Essity's steering document for community relations states that the Group shall remain politically and religiously neutral. Consequently, Essity does not make payments or product donations to political parties, candidates, institutions, agencies or their representatives. In 2025, Essity did not support any organizations or projects with political or religious aims.

Targets and metrics

Targets related to consumers and end-users (S4-5)

Essity's business model is centered on the actual positive impact on consumers and end-users by contributing to healthier and more active lives. This positive impact is leading financial opportunities, disclosed in the financial statements. In addition, Essity tracks social metrics that also form part of these positive impacts, such as sustainable innovations and Essity's contribution to communities in which it operates.

Essity has defined targets and metrics for continuously developing sustainable innovations for its customers and end-users. The sustainable innovations target is that at least 50% of the Group's innovations are to yield social and/or environmental improvements. Essity tracks sales from launched innovations, which are assessed against both social and environmental aspects throughout the innovation lifecycle. Innovations are classified as sustainable if the environmental and/or the social aspect meets the requirements, while the other aspect must reach the established reference level.

During 2025, the social component of sustainable innovations was 56% (54; 48), meeting social innovation criteria such as hygiene improvements (body and hand hygiene), health (skin health, skin care, curing treatments, mobility) or other relevant benefits (ergonomics, comfort, easy-to-use, odor control). For more information on Essity's sustainable innovations, see page 74.

Sustainable innovations

	2025	2024	2023	2022	2021
Sustainable innovations¹⁾, %	80	87	85	72	59
of which, social, %	56	54	48	56	47
of which, environmental, %	48	55	58	38	32

¹⁾ To avoid double counting, sustainable innovations are reported only once. This means that the sum of the KPIs for social and environmental innovations may exceed the total outcome for sustainable innovations.

In addition to sustainable innovations, Essity monitors and measures all community relations projects. In 2025, Essity invested approximately SEK 106m (63; 81) in over 550 community relations projects. The largest amounts of these projects were related to hygiene and health and emergency relief, areas where Essity's employees also dedicate many working hours, including staff management.

Community relations, SEKm

	2025	2024	2023	2022	2021
Charitable donations	77.0	46.7	53.6	29.3	28.6
Commercial initiatives	13.7	4.1	8.0	2.1	4.9
Community investments	15.0	11.8	19.3	5.8	4.3
Total	105.7	62.6	80.9	37.2	37.8
of which cash funds	35.9	19.5	25.6	14.0	21.8
of which products	69.8	43.1	55.3	23.2	16.0

G Business conduct

Why business conduct matters

Essity's objective is to conduct its global operations in a responsible, ethical and lawful manner, which is essential for maintaining the trust of customers, suppliers and other business partners. This includes complying with relevant laws, upholding ethical standards and integrating sustainability into its operations and value chains. Responsible conduct is embedded in Essity's governance, ensuring compliance with the Group's strategic goals and regulatory requirements.

Sustainability matters	Value chain			Material impact	Financial effect	Time horizon		
	Upstream activities	Own operations	Downstream activities			Short-term	Medium-term	Long-term
Corporate culture		●		No material impact	Potential negative financial effect	●	●	●
Management of relationships with suppliers (excluding payment practices)	●			No material impact	Potential negative financial effect	●	●	●

Governance

The role of the administrative, supervisory and management bodies (G1 ESRS 2 GOV-1)

For information on the roles of the Compliance & Ethics Department, Internal Audit function, Compliance Council, Executive Management Team and Board of Directors in relation to business conduct and its associated impacts, risks and opportunities including the responsibility allocation, see the corporate governance report on page 103.

Impact, risk and opportunity management

Description of the processes to identify and assess material impacts, risks and opportunities (G1 ESRS 2 IRO-1)

For information on the processes to identify and assess material impacts, risks and opportunities related to business conduct, see page 60.

Essity's internal and external guidelines (G1-1)

Essity's approach to business conduct is anchored in a comprehensive framework of internal and external policies, supported by the Code of Conduct. The Code outlines the principles that guide Essity's business practices and defines how the Group identifies, addresses and manages compliance risks. It also explicitly prohibits all forms of forced or compulsory labor, as well as child labor, reflecting Essity's commitment to human rights and ethical standards across its operations.

The Group's approach to human rights is based on the United Nations Guiding Principles on Business and Human Rights and Essity's Human Rights Framework aligns with these principles and reflects a commitment to the International Bill of Human Rights, the International Labour Organization (ILO) Core Conventions and the OECD Guidelines for Multinational Enterprises.

For more information about Essity's Human Rights Framework, please visit the Human Rights webpage on essity.com.

For more information on Essity's sustainability-related policies, see pages 50–51.

Governance (G1-1, G1-3)

For defined compliance areas such as anti-corruption, sanctions compliance, data privacy and AI ethics, the global Compliance & Ethics department is responsible for overseeing the implementation of compliance programs through management systems. The department operates independently from both executive and operational management. The Compliance & Ethics department provides training to the organization and reports regularly to the Compliance Council, which includes members of the Executive Management Team, as well as to the Board of Directors.

Essity's compliance management system includes guidance documents, risk assessments, training, customized communications as well as monitoring and testing activities to ensure effectiveness. Essity also has a global whistleblower system, SpeakUp, which is available to employees and external stakeholders to report suspected violations or non-compliance with the Code of Conduct and applicable laws.

Essity has implemented a compliance training strategy to build awareness and knowledge across the organization. As part of the onboarding program, employees must complete the Code of Conduct training, which is delivered through e-learning and classroom training sessions. In addition, specific employee groups identified as needing more frequent and specialized training, particularly in the areas of anti-corruption and competition law, receive targeted training.

■ Free and fair competition

Essity's business is based on free and fair competition in all the markets in which the Group operates. Essity therefore takes a very serious view of any form of anti-competitive conduct in violation of applicable competition laws in the countries in which the Group operates.

In order to raise awareness across the organization in general and among relevant categories of employees specifically, Essity has developed guidelines to reduce the risk of violating applicable competition law. These guidelines complement the general requirements set out in the Code of Conduct. The guidelines are sent annually to the affected employee groups with a request for confirmation that they have been read and understood.

Furthermore, Essity provides e-learning on competition law for employees in Europe and North America. Corresponding training, adapted to local conditions, is also provided to employees in Latin America and Australasia. At the business area level, Essity also conducts in-depth, in-person training for affected target groups.

Other measures to prevent the risk of undesirable behavior include ongoing information to employees regarding current competition law issues, as well as random checks and interviews.

■ Whistleblower reporting (S1-2, S1-3, S2-3, G1-1, G1-3)

Essity is committed to maintaining a culture where everyone feels safe and empowered to report suspected breaches of the Code of Conduct or applicable laws. This culture is a cornerstone of Essity's efforts to detect, address and prevent misconduct. Essity's Whistleblower Policy reflects the Group's commitment to key principles such as confidentiality, the option of anonymous reporting and a zero-tolerance policy for retaliation.

In addition to internal reporting channels such as Human Resources and line managers, employees and external stakeholders can raise concerns through SpeakUp, Essity's whistleblower tool. Managed by an external party, SpeakUp allows for anonymous reporting, where permitted by law.

All reports are received by Essity's Compliance & Ethics department, which is responsible for ensuring that each case is handled in accordance with Essity's Guideline for Managing Whistleblower Investigations. Feedback is provided to all reporters. Statistics on whistleblower reports and updates on ongoing investigations are regularly presented to Essity's Compliance Council.

Essity's employees complete mandatory Code of Conduct training during onboarding, which includes information about the SpeakUp tool. Additional details about SpeakUp are published on the intranet and made available at all offices and sites. Essity regularly assesses employee awareness of the SpeakUp tool and identifies areas where further training or communication may be needed.

■ Anti-Corruption (G1-3)

Corruption and other unethical business behavior are obstacles to fair competition, as well as economic and social development. Essity strictly prohibits all forms of corruption, including bribery.

Essity has established a comprehensive compliance program that includes risk assessments, policies, instructions and mandatory e-learning. To further mitigate risks associated with third-party relationships, a global due diligence screening process is in place. This process focuses on business relationships, countries and industries identified as posing higher corruption risks to Essity.

The online anti-bribery and corruption training is available for all employees. It is mandatory for employees within sales, marketing and procurement who have frequent interactions with external partners to complete the training annually. Overall, 83% of these functions received training during the year. In 2025, 7,129 (6,467) of these employees completed the training.

In relation to the Health & Medical business, Essity has a sector-specific compliance program to ensure that all engagements with healthcare professionals and healthcare organizations are conducted in accordance with applicable industry codes. The training program includes both mandatory e-learning and in-depth face-to-face training sessions conducted by compliance officers.

■ Management of relationship with suppliers (G1-2)

Essity collaborates with strategic suppliers of raw materials and finished products operating across Europe, North and South America and Asia. This global presence means that the Group operates in regions with elevated risks of unethical business conduct and human rights violations.

To mitigate these risks, Essity has implemented a structured supplier onboarding process that integrates sustainability as a core component of the supplier qualification process. Prospective partners are evaluated on their adherence to Essity's Global Supplier Standard requirements, in particular regarding human and labor rights, environmental stewardship and ethical business practices. Suppliers identified as high-risk undergo enhanced due diligence, including third-party audits and sustainability performance reviews, prior to contract approval.

Essity fosters long-term, responsible partnerships with suppliers, guided by its Global Supplier Standard and sustainability principles. A risk-based approach underpins supplier management, enabling the Group to identify, prioritize and address potential issues based on their severity and likelihood. This includes regular evaluations, independent audits and close collaboration to tackle environmental, social and human rights challenges.

Continuous improvement is central to Essity's strategy. Through training, open dialogue and the integration of sustainability criteria into sourcing decisions, the Group ensures that its supply chain remains resilient, responsible and aligned with global standards.

Targets and metrics

Confirmed incidents of breaches regarding competition law, anti-corruption principles and human rights standards (G1-4)

Essity confirms that no violations of anti-corruption or anti-bribery laws were identified during the year. No fines were received or paid, and no remedial actions were required in relation to breaches of anti-corruption or anti-bribery procedures or standards.

In addition, no severe human rights violations or related incidents were submitted to Essity's whistleblower system. No material fines, penalties or compensation for damages as a result of violations regarding social and human rights factors were paid.

No complaints were filed with National Contact Points for OECD Multinational Enterprises.

Business conduct related target

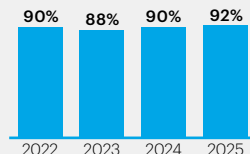
All new employees are expected to receive training to ensure a thorough understanding of Essity's Code of Conduct to promote ethical behavior across the organization. The annual and continuous target is in place since 2011. External stakeholders have not been involved in the setting of this target.

No additional external assurance of the target and its associated data has been conducted beyond the auditor's review of the sustainability statements.

Business ethics and Code of Conduct

Share of new employees who received training in the Code of Conduct

Target: 100% Outcome: 92%



Code of Conduct training

	2025	2024	2023	2022	2021
Share of new employees who received training in the Code of Conduct, %	92	90	88	90	92

Business conduct-related metric

Reported breaches of the Code of Conduct

The table contains details about the reports submitted to the whistleblower system and to Essity's Compliance & Ethics department.

Reports submitted to the whistleblower system and to Essity's Compliance & Ethics Department by category

Category ¹⁾	2025	2024	2023	2022	2021
Human Resources (HR)	320	204	216	83	43
Regulatory breach, fraud and corruption	47	41	19	31	14
Security incidents	4	6	1	–	–
Operations	24	24	5	3	4
Sustainability	–	1	–	–	–
Human rights	–	–	1	–	–
Other	35	11	7	5	3
Total	430	287	249	122	64

1) Essity's Compliance & Ethics Department places the submitted reports into the relevant category. The category may be changed during the course of an investigation.

Of the 430 reports in 2025, 410 were closed and 20 are still under review and/or investigation. The reported cases in the HR category do not concern degrading treatment. In 2025, Essity did not receive any reports of discrimination according to ILO's definition, Convention no. 111, during the year. No person was dismissed during the year for breaching the Group's Anti-corruption Policy. No breaches were financially material.

Internal audits conducted of the Code of Conduct

Compliance with the program for regulatory compliance and the anti-corruption program is ensured through audits conducted by the Internal Audit function.

Internal audits conducted of the Code of Conduct

	2025	2024	2023	2022	2021
In production					
Number of audits	5	6	8	5	5
Number of observations	54	69	118	98	52
Average number of observations per audit	10.8	11.5	14.8	19.6	10.4
In sales					
Number of audits	5	6	8	6	4
Number of observations	40	46	58	67	28
Average number of observations per audit	8.0	7.7	7.3	11.2	7.0

A Additional disclosures

Disclosure requirements in ESRS covered by the sustainability statements (IRO-2)¹⁾

ESRS General disclosures	Page
BP-1 General basis for preparation of sustainability statements	48
BP-2 Specific circumstances	48–49, 97
GOV-1 Governance roles	50
GOV-2 Information provided to management	50, 58–59
GOV-3 Incentive schemes	52, 61
GOV-4 Due diligence	52
GOV-5 Risk management	52
SBM-1 Strategy, business model and value chain	53–55
SBM-2 Interests and views of stakeholders	56–57
SBM-3 Material impacts, risks and opportunities	53, 58–60
IRO-1 Processes	60, 62–63, 69, 71, 73, 74–75, 92
IRO-2 ESRS disclosure requirements covered	95–96

E1 Climate change	Page
E1-1 Transition plan for climate change mitigation	61–62
SBM-3 Material impacts, risks and opportunities	62
E1-2 Policies related to climate change	50–51, 64
E1-3 Actions in relation to climate change	64–65
E1-4 Targets related to climate change	65–66
E1-5 Energy consumption and mix	66–67
E1-6 Gross Scope 1, 2 and Scope 3	67–68
E1-7 GHG removals and GHG mitigation projects financed through carbon credits	Not material
E1-8 Internal carbon pricing	Not material
E1-9 Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	Phase-in

E3 Water	Page
E3-1 Policies related to water	69
E3-2 Actions and resources related to water	69–70
E3-3 Targets related to water	70
E3-4 Water consumption	70
E3-5 Anticipated financial effects from material water-related risks and opportunities	Phase-in

E4 Biodiversity and ecosystems	Page
SBM-3 Material impacts, risks and opportunities	71
E4-1 Transition plan for biodiversity	71
E4-2 Policies related to biodiversity	50–51, 71–72
E4-3 Actions related to biodiversity	72
E4-4 Targets related to biodiversity	72
E4-5 Metrics related to biodiversity	72
E4-6 Anticipated financial effects from material biodiversity and ecosystem-related risks and opportunities	Phase-in

E5 Resource use and circular economy	Page
E5-1 Policies related to resource use and circular economy	73
E5-2 Actions related to resource use and circular economy	73–74
E5-3 Targets related to resource use and circular economy	74–75
E5-4 Resource inflows	75
E5-5 Resource outflows	75–76
E5-6 Anticipated financial effects from material resource use and circular economy-related risks and opportunities	Phase-in

1) Essity has chosen to adjust headers throughout the report to better summarize the content of the respective sections.

A Additional disclosures

Disclosure requirements in ESRS covered by the sustainability statements (IRO-2)¹⁾, cont.

S1 Own workforce	Page
SBM-2 Interests and views of stakeholders	56
SBM-3 Material impacts, risks and opportunities	77–78
S1-1 Policies related to own workforce	50–51, 78
S1-2 Engaging with own workers and workers’ representatives about impacts	56, 78–79, 93
S1-3 Remediate negative impacts and channels to raise concerns	79, 93
S1-4 Taking action on material impacts, risks and opportunities for own workforce	79–80
S1-5 Targets related to managing material impacts, risks and opportunities	81
S1-6 Characteristics of employees	81–82
S1-7 Characteristics of non-employee workers in the undertaking’s own workforce	Phase-in
S1-8 Collective bargaining coverage and social dialogue	82
S1-9 Diversity metrics	82–83
S1-10 Adequate wages	Not material
S1-11 Social protection	Not material
S1-12 Persons with disabilities	Not material
S1-13 Training and skills development metrics	83
S1-14 Health and safety metrics	84
S1-15 Work-life balance metrics	Not material
S1-16 Remuneration metrics	84
S1-17 Incidents, complaints and impacts	84
S2 Workers in the value chain	Page
SBM-2 Interests and views of stakeholders	57
SBM-3 Material impacts, risks and opportunities	85
S2-1 Policies related to value chain workers	50–51, 85–87
S2-2 Processes for engaging with value chain workers	86
S2-3 Remediate negative impacts and channels to raise concerns	86, 93
S2-4 Actions on material impacts related to workers in the value chain	87–88
S2-5 Targets related to managing impacts, risks and opportunities	88

S4 Consumers and end-users	Page
SBM-2 Interests and views of stakeholders	56
SBM-3 Material impacts, risks and opportunities	89
S4-1 Policies related to consumers and end-users	89
S4-2 Processes for engaging with consumers and end-users	89
S4-3 Remediate negative impacts and channels to raise concerns	89
S4-4 Actions on material impacts and opportunities	89–90
S4-5 Targets related to managing impacts, risks and opportunities	91
G1 Business conduct	Page
GOV-1 Governance roles	92
G1-1 Business conduct policies and corporate culture	92
G1-2 Management of relationships with suppliers	93
G1-3 Prevention and detection of corruption and bribery	92–93
G1-4 Confirmed incidents of corruption or bribery	94
G1-5 Political influence and lobbying activities	Not material
G1-6 Payment practices	Not material

1) Essity has chosen to adjust headers throughout the report to better summarize the content of the respective sections.

List of data points that derive from other EU legislation (IRO-2)

Disclosure requirements	Data point	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU Climate Law reference	Section	Page
ESRS 2 GOV-1	21 (d)	●		●		CGR	103
ESRS 2 GOV-1	21 (e)			●		CGR	103
ESRS 2 GOV-4	30	●				SUS	52
ESRS 2 SBM-1	40 (d) i	●	●	●		N/A	N/A
ESRS 2 SBM-1	40 (d) ii	●		●		N/A	N/A
ESRS 2 SBM-1	40 (d) iii	●		●		N/A	N/A
ESRS 2 SBM-1	40 (d) iv			●		N/A	N/A
ESRS E1-1	14				●	SUS	61
ESRS E1-1	16 (g)		●	●		SUS	61
ESRS E1-4	34	●	●	●		SUS	65–66
ESRS E1-5	38	●				SUS	67
ESRS E1-5	37	●				SUS	67
ESRS E1-5	40–43	●				SUS	66
ESRS E1-6	44	●	●	●		SUS	68
ESRS E1-6	53–56	●	●	●		SUS	67–68
ESRS E1-7	56				●	N/A	N/A
ESRS E1-9	66			●		N/A	N/A
ESRS E1-9	66 (a), 66 (c)		●			N/A	N/A
ESRS E1-9	67 (c)		●			N/A	N/A
ESRS E1-9	69			●		N/A	N/A
ESRS E2-4	28	●				N/A	N/A
ESRS E3-1	9	●				SUS	51, 69
ESRS E3-1	13	●				N/A	N/A
ESRS E3-1	14	●				N/A	N/A
ESRS E3-4	28 (c)	●				N/A	N/A
ESRS E3-4	29	●				SUS	70
ESRS 2- SBM 3- E4	16 (a) i	●				N/A	N/A
ESRS 2- SBM 3- E4	16 (b)	●				N/A	N/A
ESRS 2- SBM 3- E4	16 (c)	●				N/A	N/A
ESRS E4-2	24 (b)	●				SUS	71–72
ESRS E4-2	24 (c)	●				N/A	N/A
ESRS E4-2	24 (d)	●				SUS	71–72
ESRS E5-5	37 (d)	●				SUS	76
ESRS E5-5	39	●				SUS	76

Disclosure requirements	Data point	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU Climate Law reference	Section	Page
ESRS 2-SBM 3-S1	14 (f)	●				N/A	N/A
ESRS 2-SBM 3-S1	14 (g)	●				N/A	N/A
ESRS S1-1	20	●				SUS	51, 92–93
ESRS S1-1	21			●		SUS	51, 92
ESRS S1-1	22	●				SUS	51, 92
ESRS S1-1	23	●				SUS	49, 51, 79
ESRS S1-3	32 (c)	●				SUS	93
ESRS S1-14	88 (b), (c)	●		●		SUS	48, 84
ESRS S1-14	88 (e)	●				SUS	48, 84
ESRS S1-16	97 (a)	●		●		SUS	84
ESRS S1-16	97 (b)	●				FSG	143
ESRS S1-17	103 (a)	●				SUS	94
ESRS S1-17	104 (a)	●		●		SUS	94
ESRS 2- SBM 3-S2	11 (b)	●				SUS	85
ESRS S2-1	17	●				SUS	51, 85–86, 92, 93
ESRS S2-1	18	●				SUS	51, 85
ESRS S2-1	19	●		●		SUS	51, 85
ESRS S2-1	19			●		SUS	51, 85, 87
ESRS S2-4	36	●				SUS	94
ESRS S3-1	16	●				N/A	N/A
ESRS S3-1	17	●		●		N/A	N/A
ESRS S3-4	36	●				N/A	N/A
ESRS S4-1	16	●				SUS	89
ESRS S4-1	17	●		●		SUS	89
ESRS S4-4	35	●				SUS	94
ESRS G1-1	10 (b)	●				N/A	N/A
ESRS G1-1	10 (d)	●				N/A	N/A
ESRS G1-4	24 (a)	●		●		SUS	94
ESRS G1-4	24 (b)	●				SUS	94

SUS – Sustainability statements
CGR – Corporate governance report
FSG – Financial statements, Group
N/A – Not applicable for Essity

A Additional disclosures

ESRS disclosure requirements incorporated by reference

	Disclosure requirements	Section in report	Page	Description
ESRS 2 GOV-1 § 21 (b)	Information about the representation of employees in the administrative, management and supervisory bodies	Corporate Governance Report	103, 107	Board of Directors and composition of the Board of Directors Board members and deputies appointed by trade unions
ESRS 2 GOV-1 § 21 (c)	Information about the experience relevant to the sectors, products and geographic locations of the undertaking in the the administrative, management and supervisory bodies	Corporate Governance Report	103, 106–107	Board of Directors and composition of the Board of Directors Board of Directors and Auditors
ESRS 2 GOV-1 § 21 (d)	Percentage by gender and other aspects of diversity in the administrative, management and supervisory bodies	Corporate Governance Report	103	Board of Directors and composition of the Board of Directors
ESRS 2 GOV-1 § 21 (e)	The percentage of independent board members	Corporate Governance Report	103	Board of Directors and composition of the Board of Directors
ESRS 2 GOV-1 § 22 (b)	Information on how each body's or individual's responsibilities for impacts, risks and opportunities are reflected in the undertaking's terms of reference, board mandates and other related policies	Corporate Governance Report	100–101	5. Board of Directors
ESRS 2 GOV-1 § 23, (a), (b)	Description of how the administrative, management and supervisory bodies determine whether appropriate skills and expertise are available or will be developed to oversee sustainability matters	Corporate Governance Report	103	Evaluation of the Board's work
ESRS 2 GOV-3 § 29 (a)–(e)	Integration of sustainability-related performance in incentive schemes	Financial statements of the Group	142	Note C2, Company's Application of Guidelines, Variable Remuneration
ESRS 2 SBM-1 § 40 (a) ii	Description of significant markets and (or) customer groups served	Financial statements of the Group	131–132	Note B2a, Segment Reporting, Net sales – sold to
E1-ESRS 2 GOV-3 § 13	Disclosure of how climate-related considerations are factored into remuneration of members of administrative, management and supervisory bodies	Financial statements of the Group	142	Note C2, Company's Application of Guidelines, Variable Remuneration
S1-16 § 97 (a)–(b)	Annual total remuneration ratio of the highest paid individual to the median annual total remuneration for all employees and any contextual information necessary to understand how the data has been compiled	Financial statements of the Group	143	Note C2, Company's Application of Guidelines, Variable Remuneration
G1-ESRS 2 GOV-1 § 5 (b)	The expertise of the administrative, management and supervisory bodies on business conduct matters	Corporate Governance Report	103	Board of Directors and composition of the Board of Directors

EU taxonomy report

The EU Taxonomy is a central instrument of the EU's "Green Deal". The European Green Deal is a package of policy initiatives, which aims to set the EU on the path of a green transition, with the ultimate goal of reaching climate neutrality by 2050. Within this package the EU Taxonomy is designed to promote investment flows from the finance sector to businesses which contribute the most to the EU's environmental objectives. For this purpose, environmentally sustainable activities have been defined.

According to the EU Taxonomy, an economic activity is considered environmentally sustainable if:

- it substantially contributes to achieving one or more of the defined environmental objectives,
- it does not significantly harm the other environmental objectives,
- it is carried out in compliance with the minimum safeguards and
- it meets the technical screening criteria defined by the EU Commission by means of delegated acts.

Essity's economic activities can mostly be attributed to the pulp and paper industry (NACE code C17.22). The EU still has to define technical screening criteria to define environmentally sustainable economic activities for this industry and the subordinated economic activities. Consequently, Essity's turnover, capital expenditure (CapEx) and operating expenditure (OpEx) are not covered by the Taxonomy regulation for this accounting period. Nevertheless, Essity is obligated to report on its respective KPIs for turnover, CapEx and OpEx. Amounts related to CapEx and OpEx resulting from economic activities that are not core operations are considered negligible.

KPI	Total	Proportion of Taxonomy eligible activities	Taxonomy aligned activities	Proportion of Taxonomy aligned activities	Breakdown by environmental objectives of Taxonomy aligned activities						Proportion of enabling activities	Proportion of transitional activities	Not assessed activities considered non-material	Taxonomy aligned activities, year 2024	Proportion of Taxonomy aligned activities, year 2024
					Climate Change Mitigation	Climate Change Adaptation	Water	Circular Economy	Pollution	Biodiversity					
	SEKm	%	SEKm	%	%	%	%	%	%	%	%	%	%	SEKm	%
Turnover ¹⁾	138,494	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CapEx ²⁾	8,143	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OpEx ³⁾	5,517	0	0	0	0	0	0	0	0	0	0	0	0	0	0

1) For further information on turnover, please refer to the consolidated income statement on page 112 or Note B1 Net sales – Revenues from contracts with customers, on page 125 in the financial statements of the Group.

2) The key figure for capital expenditure comprises investments in intangible assets of SEK 423m, in property plant and equipment of SEK 6,670m and additions to rights-of-use assets of SEK 1,050m. Refer to Notes D1, D2 and G1 on pages 148, 150 and 167 in the financial statements of the Group.

3) Applies to costs of research and development as well as short-term leases where the underlying assets have a low value.

Corporate governance

The task of corporate governance is to ensure the company's commitments to all of its stakeholders: shareholders, customers, suppliers, creditors, society and employees. It must be structured in a way that supports the company's long-term strategy, market presence and competitiveness. Corporate governance shall be reliable, clear, simple and business-oriented. This Corporate governance report forms part of the Board of Directors' Report for Essity's 2025 Annual Report. The report has been reviewed by the company's auditors.

Corporate governance, pages 100–109

This section describes applicable rules and regulations for the Group's corporate governance and the company's management structure and organization. It presents the Board of Directors' responsibilities and its work during the year. It also contains a description of Essity's internal control with regard to financial reporting. Essity applies the Swedish Corporate Governance Code without any deviations (corporategovernanceboard.se).

Other information is available on essity.com:

- Articles of Association
- Information from the Nomination Committee ahead of the 2026 Annual General Meeting (composition, proposals and work)
- Other information ahead of the 2026 AGM (notice, remuneration report and information about routines for notifying attendance at the AGM, etc.)

Additional information about corporate governance is available on essity.com

Risks and risk management, pages 41–46

Essity's processes to identify and manage risks are part of the Group's strategy work and are pursued at a local and central level. The risk management section describes the most significant risks and measures taken to eliminate or limit these risks. Sustainability related risks are described in the sustainability statements.

Sustainability, pages 47–99

Essity's sustainability work is an integral part of the company's business model. The company's sustainability statements form part of the Board of Directors' Report. The sustainability work contributes to a sustainable and circular society, reduces risks, strengthens competitiveness, and attracts new employees and investors.

Governance at Essity

1. Shares and shareholders

Essity has engaged Euroclear Sweden AB to maintain the company's share register. On December 31, 2025, Essity had approximately 110,000 shareholders. The five largest shareholders in terms of voting rights on this date were AB Industrivärden (29.5%), AMF and AMF Fonder (6.3%), Norges Bank Investment Management (5.4%), T. Rowe Price Funds (3.2%) and BlackRock (2.2%). Essity has two listed classes of shares: Class A and Class B shares. Every Class A share represents ten votes while every Class B share represents one vote. There are no other restrictions to voting rights in respect of shares used by shareholders at the general meeting. The two share classes carry the same entitlement to the company's assets and profits. Furthermore, according to the Articles of Association, owners of Class A shares are entitled to request conversion of their Class A shares to Class B shares. The 2025 Annual General Meeting (AGM) authorized the Board of Directors, for the period until the 2026 AGM, to decide on the buyback of own Class B shares. On April 23, 2025, Essity's Board of Directors decided to exercise the authorization and launched a buyback program totaling SEK 3bn.

2. General shareholder meeting

The general shareholder meeting is Essity's highest decision-making body, which all of the company's shareholders are entitled to attend, to have a matter considered and to vote for all shares held by the shareholder. The company's Board of Directors and auditor are elected at the AGM. The AGM also resolves on the remuneration of the Board members, determines guidelines for the remuneration of senior executives and approves the Board's annual remuneration report.

3. Nomination Committee

Shareholders appoint members of the Nomination Committee at the AGM, or stipulate how the members shall be appointed. The

Nomination Committee represents the company's shareholders. A majority of the members shall be independent of the company and corporate management. The President and other members of corporate management may not be a member of the Nomination Committee. The main duty of the Nomination Committee is to prepare and present proposals for the AGM's resolutions with respect to election and remuneration matters.

4. External auditors

Essity's auditor is elected at the AGM and is responsible for reviewing the company's Annual Report and consolidated financial statements and the Board's and President's administration. The auditor conducts a limited review of the company's sustainability statements and Corporate governance report as well as the company's half-year report. The auditor submits an audit report from this review. The auditor also submits a statement concerning compliance with the company's guidelines for remuneration of senior executives. The audit is performed in accordance with the Swedish Companies Act, International Standards on Auditing (ISA) and generally accepted auditing principles in Sweden.

5. Board of Directors

The Board of Directors is elected by the shareholders at the AGM and has overall responsibility for the Company's organization and administration. This responsibility is fulfilled, inter alia, through regular monitoring of the business and by ensuring the appropriateness of the organization and the management team, and by issuing guidelines and reporting from the internal audit. The Board approves strategies and targets, and decides on major investments, acquisitions and divestments of operations, among other matters. Furthermore, the Board annually prepares a report on the remuneration that has been paid or is outstanding in accordance with the remuneration guidelines decided by the AGM. According to the Articles of Association, the Board of Directors is to consist of not less than three and not more than twelve members elected by the AGM. The Board of Directors also includes three employee representatives with deputies, who are appointed by the respective employee organizations under Swedish law.

The Board has set up committees with preparatory and advisory roles to support the Board in relation to certain issues. The

allocation of powers and tasks between the Board, its committees and the President is outlined in the working procedures of the Board of Directors and in the terms of reference issued by the Board to the President.

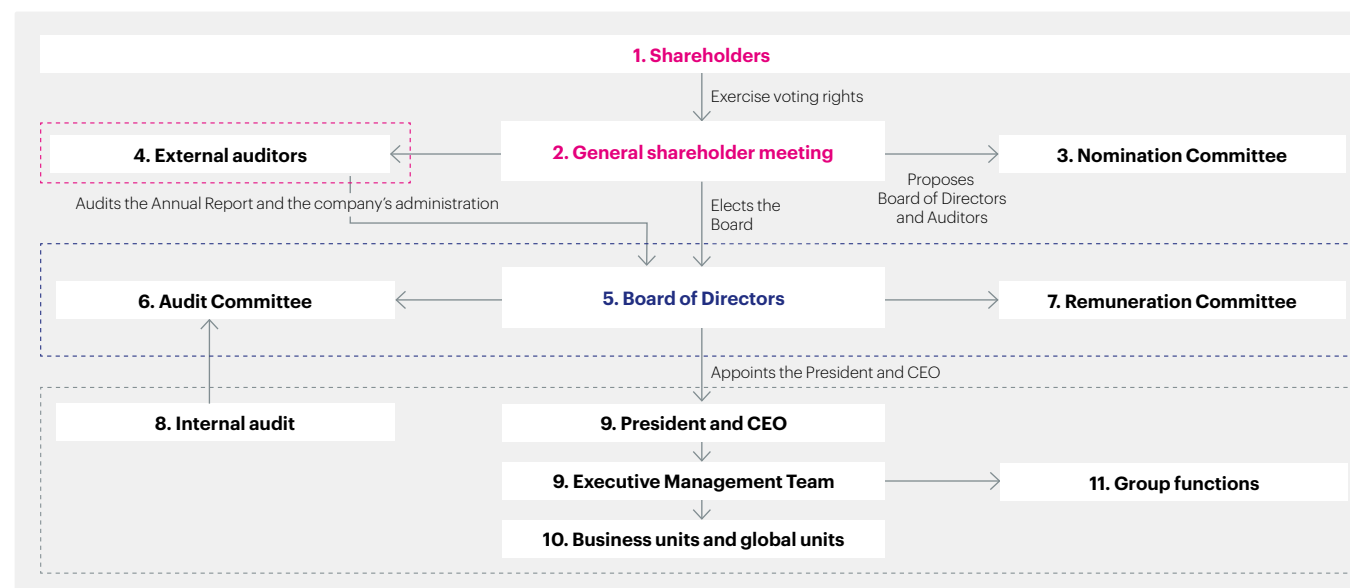
Essity's Articles of Association contain no provisions regarding appointment or dismissal of Board members or amendments to the Articles.

Chairman of the Board

The Chairman of the Board is elected by the shareholders at the AGM. The Chairman of the Board leads the work of the Board and is responsible for ensuring that it is effectively organized and that work is efficiently conducted. This includes continuous monitoring by the Chairman of the company's operations in close dialogue with the President and ensuring that other Board members receive information and decision data that will enable high-quality discussion and decisions by the Board. The Chairman leads the assessment of the Board's and the President's work. The Chairman also represents the company in ownership matters.

6. Audit Committee

The role of the Audit Committee is to monitor the company's financial reporting and provide recommendations and proposals to ensure the reliability of reporting. The Audit Committee also oversees sustainability reporting. With regard to reporting, the Committee oversees the effectiveness of the company's internal control, internal audit and risk management. The Audit Committee keeps itself continuously informed about the audit of the Annual Report and consolidated financial statements and about the conclusions of the quality control by the Swedish Inspectorate of Auditors concerning the company's external auditor. The Committee receives and addresses the supplementary report to the audit report concerning the conducted audit that the auditor submits in accordance with the EU Audit Regulation. The Audit Committee informs the Board of its observations and the results of the audit. The Audit Committee also examines and monitors the impartiality and independence of the auditor. In this respect, particular attention is paid to whether the auditor is providing the company with services other than auditing services. The Committee also assesses the work of the auditor and provides proposals to the company's Nomination Committee concerning the appointment of auditor for the following mandate period. Members of the Audit Committee are not employed by the



company and at least one member has accounting or auditing expertise.

7. Remuneration Committee

The Remuneration Committee prepares the Board's decisions on issues relating to remuneration principles, remuneration and other terms and conditions of employment for the President and is authorized to make decisions in these matters for the company's other senior executives. The Committee monitors and assesses programs for variable remuneration, the application of the AGM's resolution on guidelines for remuneration of senior executives and evaluates the applicable remuneration structure and remuneration levels in the Group. The Remuneration Committee also prepares the annual remuneration report.

8. Internal audit

The internal audit assists the Group in improving and protecting the organization's value by providing risk-based, independent and objective assurance and consultancy services. The internal audit also reports to the Audit Committee and to the Board in relation to internal audit issues. The audit field encompasses both financial and operational aspects across all of Essity. The internal audit also provides investigations and consultancy services in connection with internal control matters and risk management.

9. President and Executive Management Team¹⁾

Essity's President and CEO is responsible for the day-to-day administration of the Group and follows the Board's guidelines and instructions. The President is supported by the Executive Management Team, see pages 108–109, the work of which is led by the President. In 2025, the Executive Management Team comprised the President, Group Function Senior Vice Presidents, Business Unit Presidents and the Presidents of the global units. Of the members of the Executive Management Team, four are women and the ages of the members range between 42 and 65. The Executive Management Team holds regular meetings during the year to discuss and coordinate matters such as the business areas' economic development and budgets, important projects, strategy issues, sustainability issues and corporate culture. The Executive Management Team also has an advisory role for the President.

The working procedures for the Board of Directors and terms of reference issued by the Board of Directors to the President detail, for example, the division of work between the Board and

¹⁾ In October 2025, Essity decided on a new organizational structure that will apply from January 1, 2026. The new organization comprises four business areas: Health & Medical, Personal Care, Consumer Tissue and Professional Hygiene, and seven central functions: Corporate Communications, Digital Transformation & Business Enablement, Finance, Human Resources, Legal Affairs & Compliance, Strategy, Business Development & Sustainability and Supply Chain Enablement.

President. In consultation with the Chairman and Secretary of the Board, the President prepares documentation and decision data for the Board's work.

10. Business units and global units¹⁾

In 2025, Essity had four business units:

- Consumer Goods Americas
- Consumer Goods EMEA
- Health & Medical
- Professional Hygiene

As well as three global units:

- Global Marketing & Innovation
- Global Supply Chain
- Global Digital & Business Services

Essity's business units and global units adhere to the principle of distinct decentralization of responsibility and authority. The business units and the global units have a delegated responsibility for managing and developing their respective operations through established objectives and strategies, a process that is also centrally coordinated. The business units are responsible for their operating results, capital and cash flow. The business and earnings position is followed up by the entire Executive Management Team on a monthly basis. Each quarter, business review meetings are conducted during which the management of each business unit personally meets with the President and the CFO. These meetings function as a complement to the daily monitoring of the operations. Through working procedures and terms of reference, a number of issues of material significance are placed under the control of the President and the company's Board of Directors.

11. Group functions

In 2025, Essity had five Group functions:

- Communications
- Finance
- Human Resources
- Legal Affairs & Compliance
- Strategy, Business Development & Sustainability

These have a Group-wide responsibility for matters within their respective fields of responsibility, and coordinate with the corresponding functions in the respective business unit or global unit.

Activities during the year

Annual General Meeting

Essity held its AGM in Stockholm on Thursday, March 27, 2025.

The AGM elected the company's Board of Directors. Furthermore, the Board was authorized, for the period until the 2026 AGM, to decide on the buyback of own Class B shares. The Meeting also approved the Board's remuneration report for 2024. The minutes from the 2025 AGM are available on essity.com.

Nomination Committee

The Nomination Committee of Essity is tasked with making proposals to the AGM in respect of the election of the Chairman of the Meeting, Board of Directors, Chairman of the Board and auditor, remuneration of each Board Member (divided between the Chairman of the Board and other Board Members), remuneration of the auditor and, where applicable, proposals for amendments to the instruction for the Nomination Committee. At the 2020 AGM, the following instructions to the Nomination Committee were adopted to apply until further notice:

"The Nomination Committee is to comprise representatives of the four largest shareholders, who express a wish to take part in the Nomination Committee, in terms of voting rights as per the shareholders' register maintained by the company on the final banking day of August, as well as the Chairman of the Board, who also convenes the first meeting of the Nomination Committee.

The member representing the largest shareholder in terms of votes is to be appointed as Chairman of the Nomination Committee. The Chairman of the Board shall not be Chairman of the Nomination Committee. If necessary, due to subsequent ownership changes, the Nomination Committee is entitled to call on one or two additional members from among the next largest shareholders in terms of voting rights. The total number of members shall be not more than seven. In the event that a member steps down from the Nomination Committee before the task is completed and the Nomination Committee decides it would be beneficial for a replacement to be appointed, such a replacement is to be appointed by the same shareholder or, if this shareholder is no longer among the largest shareholders in terms of voting rights, by the next largest shareholder in terms of voting rights. Changes to the composition of the Nomination Committee are to be disclosed immediately.

The composition of the Nomination Committee is to be announced by Essity no later than six months prior to the AGM.

Rules and regulations

Certain internal rules and regulations

- Articles of Association
- Working procedures of the Board of Directors, including instructions for the Board's committees
- Terms of reference issued by the Board to the President
- Code of Conduct
- Policy documents and instructions (in areas such as finance, HR, sustainability, internal control, communication, pension and risk management as well as for specific issues, such as the processing of personal data, insider issues, conflicts of interest, competition law, corruption and diversity)

Certain external rules and regulations

- The Swedish Companies Act
- The Swedish Annual Accounts Act
- International Financial Reporting Standards (IFRS)
- European Sustainability Reporting Standards (ESRS)
- EU Market Abuse Regulation (MAR)
- Nasdaq Stockholm's rulebook for issuers
- Swedish Corporate Governance Code

Compliance with stock market regulations

Essity complies with rules that apply in Sweden for listed companies and was not sanctioned by Finansinspektionen, the stock exchange's disciplinary committee or any other authority or self-regulating body for violations of the rules concerning the stock market. Essity has not made any deviations from the Swedish Corporate Governance Code.

Nomination Committee for the 2026 AGM

Member	Representative of	Votes as of August 31, 2025 (%)
Helena Stjernholm, Chairman	AB Industrivärden	29.3
Anders Hansson	AMF and AMF Funds	6.2
Celia Grip	Swedbank Robur Funds	2.3
Anders Jonsson	Livförsäkringsbolaget Skandia	2.0
Jan Gurander	Chairman of the Board	

No remuneration is to be paid to the members of the Nomination Committee. Any expenses incurred during the work of the Nomination Committee are to be paid by Essity. The mandate period of the Nomination Committee extends until the composition of the next Nomination Committee is disclosed. The Nomination Committee is to submit proposals relating to the Chairman of the Meeting, the Board of Directors, the Chairman of the Board, Board fees for the Chairman of the Board and each of the other Board members, including remuneration for committee work, the company's auditor and auditor's fees and, to the extent deemed necessary, proposals for amendments to this instruction."

In its work, the Nomination Committee is to consider the rules that apply to the independence of Board members, as well as the requirement of diversity and breadth with the endeavor to achieve an even gender distribution and that the selection shall be based on expertise and experience relevant to Essity.

All shareholders have had an opportunity to submit proposals to the Nomination Committee. The Nomination Committee's proposal for the 2026 AGM is presented in the notice convening the AGM available on Essity's website [essity.com](https://www.essity.com). The Nomination Committee was convened on four occasions prior to the 2026 AGM. The Chairman of the Board presented the Board evaluation and provided the Nomination Committee with information regarding Board and committee work during the year. When preparing proposals for the Board for the 2026 AGM, particular attention has been paid to the issues of diversity and an even gender distribution, and the Nomination Committee thus applied rule 4.1 of the Swedish Corporate Governance Code as its Diversity Policy. When preparing its proposal for the election of auditors, the Nomination Committee also gave consideration to the recommendation of the Audit Committee.

Board of Directors and composition of the Board of Directors

The 2025 AGM elected ten Board members comprising Maria Carell, Annemarie Gardshol, Magnus Groth, Jan Gurander, Alexander Lacik, Torbjörn Lööf, Katarina Martinson, Bert Nordberg, Barbara Milian Thoralfsson and Karl Åberg. Jan Gurander was elected as the Chairman of the Board. Prior to the AGM, Ewa Björling had informed the Nomination Committee that she declined re-election. On May 31, 2025, Magnus Groth resigned as President of Essity and in conjunction with this also stepped down from the Board. Accordingly, the Board of Directors has consisted of nine members elected by the AGM since June 1, 2025.

Of the nine members elected by the AGM, seven (78%) are independent. The independence of each Board member is presented in the table on page 104. Essity complies with the requirements of the Swedish Corporate Governance Code that stipulate that not more than one member elected by the AGM shall be a member of corporate management, that the majority of the members elected by the AGM shall be independent of the company and company management, and that not fewer than two of these shall also be independent of the company's major shareholders. Four of the AGM-elected Board members are women, corresponding to approximately 44% of the total number of AGM-elected Board members and the ages of members range between 44 and 69. The employees have appointed Susanna Lind, Sofia Lafqvist and Örjan Svensson as representatives to the Board for the period until and including the 2026 AGM, and their deputies Niklas Engdahl, Martin Ericsson and Andreas Larsson.

All of the AGM-elected Board members have experience and a good understanding of the requirements incumbent upon a listed company. The AGM-elected Board members have broad professional experience from major international companies, different industries, cultural and geographic areas, and wide-reaching expertise and experience of relevance to Essity's areas of business and products. Accordingly, the Board has – with reference to the company's business, stage of development and general situation –

a suitable composition, and the expertise and know-how required to monitor sustainability reporting and financial reporting. The Board also utilizes the internal expertise of subject matter experts in relation to various issues as necessary.

Board activities

The Board was convened 12 times during the year. The Board has fixed working procedures that describe in detail which ordinary agenda items are to be addressed at the various Board meetings of the year. Recurring agenda items are finances, the market situation, sustainability, investments and adoption of the financial reports. The Board also establishes and evaluates the company's overall targets and strategy and decides on significant internal rules. Another key task is to continuously monitor the internal control of the compliance of the company and its employees with relevant internal and external rules, and that the company has well-functioning procedures for market disclosures. On a regular basis throughout the year, the Board has also dealt with reports from the Audit and Remuneration Committees and reports on strategy, market, internal audit, internal control and financial operations. The company's auditor regularly presents a report on its audit work and these issues are discussed by the Board. The Business Unit Presidents present their respective operations and current issues affecting them.

In 2025, in addition to customary Board work, the Board of Directors maintained a strong focus on digitalization, strategy, CEO recruitment, organizational issues, efficiency programs, operational issues, sustainability, investments, M&A issues and buyback programs, and closely monitored developments in view of the global geopolitical situation and its impact on various aspects of the business.

The CEO is evaluated annually by the Board in the absence of the CEO and management.

Evaluation of the Board's work

The work of the Board, like that of the President and the Chairman, is evaluated annually using a systematic and structured process. The purpose of this work is to obtain a sound basis for the Board's own development work and to provide the Nomination Committee with decision data for its nomination work. External expertise was used in the preparation of material and the evaluation took the form of an anonymous questionnaire and interviews as well as group and individual discussions. The evaluation covers

areas such as the Board's methods of work, effectiveness, expertise, competency and the year's work. The Board was provided with feedback after the results were compiled. The Nomination Committee was informed of the results of the evaluation.

Audit Committee

The Audit Committee comprises Barbara Milian Thoralfsson (Chairman), Jan Gurander, Katarina Martinson and Karl Åberg. In 2025, the Audit Committee held eight meetings. In addition, members have also held meetings with internal audit, the auditors, the General Counsel and the CFO. In its monitoring of the financial reporting, the Committee dealt with relevant accounting issues, internal auditors' reviews, auditing work, risk management, a review of various valuation matters, such as testing of impairment requirements for goodwill, and the preconditions for the year's pension liability calculations. In addition, the Committee addressed issues relating to sustainability reporting. The Audit Committee also prepared a recommendation to be used by the Nomination Committee when deciding on its proposal to the AGM regarding the election of auditors.

Remuneration Committee

The Remuneration Committee comprises Jan Gurander (Chairman), Torbjörn Lööf, Bert Nordberg and Barbara Milian Thoralfsson. The Remuneration Committee held 13 meetings in 2025. Activities mainly concerned CEO recruitment, remuneration and other employment terms and conditions for senior executives, and current remuneration structures and remuneration levels in the Group. In addition, the Committee prepared the

Board's remuneration report relating to remuneration of senior executives.

Internal audit

The basis of the work of the internal audit is a risk analysis based on external and internal information carried out in close dialogue with management teams at Essity. The risk evaluation forms the basis of an audit plan, which is presented to the Audit Committee together with the risk analysis. In 2025, 113 audit projects were performed and reported at meetings with the Audit Committee.

Work in 2025 involved follow-up of the units' progress with process-based control, efficiency in internal governance and control, major investments, information security, sustainability and compliance with Essity's policies.

External auditor

The 2025 AGM appointed the accounting firm of Ernst & Young AB as the company's auditor for a mandate period of one year. The accounting firm notified the company that Erik Sandström, Authorized Public Accountant, would be the auditor in charge. Erik Sandström is also the auditor of and has major assignments for Atlas Copco, Epiroc and Ratos. He owns no shares in the company.

In accordance with its formal work plan, the Board met with the auditor at three scheduled Board meetings in 2025. The auditor also attended each meeting of the Audit Committee. At these meetings, the auditor presented and received opinions on the focus and scope of the planned audit and delivered verbal audit and review reports. Furthermore, at the Board's third scheduled autumn meeting, the auditor delivered an in-depth

verbal report on the audit for the year. The working procedures specify a number of mandatory issues that must be addressed. These include matters of importance that have been a cause of discussion or concern during the audit, business routines and transactions where differences of opinion may exist regarding the choice of accounting methods. The auditor shall also disclose consultancy work conducted for Essity as well as other dependencies in relation to the company and its management. On each occasion, Board members have had an opportunity to ask the auditors questions. Certain parts of the discussion on the accounts take place without representatives of corporate management being present.

Remuneration; Management and Board of Directors Guidelines

The 2024 AGM adopted new guidelines for remuneration of senior executives that are based on a total remuneration package comprising fixed salary, variable compensation and other benefits, and pension, see Note C2 on pages 141–143.

Remuneration to the President and other senior executives

Remuneration to the President and other senior executives is presented in a separate remuneration report, which is available on essity.com. Furthermore, remuneration of the President and other senior executives is described in Note C2 on pages 141–143.

Remuneration to the Board

The total remuneration to the AGM-elected Board members amounted to SEK 12,705,000 in accordance with the AGM's resolution. See Note C3 on page 144 for further information.

Internal control and financial reporting

The Board's responsibility for internal governance and control is regulated in the Swedish Companies Act, the Annual Accounts Act and the Swedish Corporate Governance Code. The Annual Accounts Act requires that the company, each year, describes its system for internal control and risk management with respect to financial reporting. The purpose of these requirements is to create an internal framework for governance and control to reduce the risk of error in the financial reporting. Essity's processes for internal control over financial reporting is based on the model and

Board of Directors	Elected	Dependence	Committees		Attendance ¹⁾		Remuneration Committee (13)
			Audit Committee	Remuneration Committee	Board of Directors (12)	Audit Committee (8)	
Ewa Björling (until March 27, 2025)	2016		x		2/2	2/2	
Maria Carell	2023				12/12		
Annemarie Gardshol	2016				12/12		
Magnus Groth (until May 31, 2025)	2016	■			4/4	4/4	2/2
Jan Gurander	2023		x	Chairman	12/12	8/8	13/13
Alexander Lacik (from March 27, 2025)	2025				9/10		
Torbjörn Lööf	2021			x	11/12		8/8
Katarina Martinson (from March 27, 2025)	2025	■	x		10/10	6/6	
Bert Nordberg	2016			x	11/12		12/13
Barbara Milian Thoralfsson	2016		Chairman	x	12/12	8/8	13/13
Karl Åberg	2024	■	x		12/12	8/8	

■ = Dependent in relation to the company's major shareholder, AB Industrivärden. ■ = President of Essity, dependent in relation to the company and corporate management.

1) Board meetings January 1–December 31, 2025.

principles developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Control environment

A good control environment requires clarity in relation to decision-making paths, powers and accountability, in addition to a corporate culture characterized by strong values and awareness among employees of their role in maintaining good internal control. The Board of Directors has the overall responsibility for ensuring effective internal control and has, inter alia, adopted Group-wide internal rules for the purpose of establishing a foundation for a good corporate culture and to assure the quality of the financial reporting. In this context, Essity's Code of Conduct is an important steering document in issues concerning ethics, morality and regulatory compliance, and employees regularly receive information and training regarding the Code. Other significant steering documents for the control environment include the Finance Policy, Internal Control Policy, Communications Policy and Information Security Policy. Essity's Financial Reporting Manual is particularly important for the Group's financial reporting procedures as it contains a number of specific instructions and guidelines that are specially designed to ensure the quality of the financial reporting. Important steering documents are published in a separate database that also contains a process for annual updates to the documents.

Risk assessment

Risks relate to material errors in the financial reporting that may arise, such as incomplete disclosures, valuation issues, the reporting process and correctness. Risks also include loss of assets, unduly favoring a third party and misappropriation.

Risks related to the financial reporting are evaluated and monitored by the Board via the Audit Committee, where an annual risk assessment is conducted. The risks that are identified and may result in material errors also form the basis for internal control activities that proactively manage these risks. Clear guidelines for accountability and the division of work also form part of the risk prevention efforts. Furthermore, measures are continuously taken to improve business processes and thus reduce risks.

Control activities

Significant instructions and guidelines related to financial reporting are prepared and updated regularly by the Group

Function Finance and are easily accessible on the Group's intranet. The Group Function Finance is responsible for ensuring compliance with instructions and guidelines. Process managers at various levels within Essity are responsible for carrying out the necessary control measures with respect to financial reporting. An important role is played by the business unit's controller organizations, which are responsible for ensuring that financial reporting from each unit is correct and complete, and is conducted within the specified time. In addition, each business unit has a Finance Manager with responsibility for the individual business unit's financial reporting. The company's control activities are supported by the budgets that each business unit prepares and updates during the year through continuous forecasts. Essity has a standardized system of control measures involving processes that are significant to the company's financial reporting. These measures include company-wide controls related to the Code of Conduct, process controls and IT controls. Self-assessments are carried out based on a selection of internal key controls for the respective operations in order to assess the effectiveness of the internal control and governance.

Information and communication

Financial reporting to the Board

The Board's working procedures stipulate which reports and information of a financial nature are to be submitted to the Board at each scheduled meeting. The President, together with the Chairman, ensures that the Board receives the reports required to enable the Board to continuously assess the company's and Group's financial position. Detailed instructions specifically outline the types of reports that the Board is to receive at each meeting.

Internal reporting

Ahead of each interim report, the company's finance department prepares detailed instructions regarding deadlines, changes to accounting principles and other circumstances of significance for reporting to ensure the quality of the financial statements. Furthermore, the company has a process and technical system support to limit the risk of price-sensitive information being leaked in conjunction with the submission of financial information ahead of the issue of interim reports.

Accounting and reporting for the majority of units is carried out by Essity's Shared Service Center, which ensures efficient and uniform reporting.

External financial reporting

The quality of external financial reporting is ensured via a number of actions and procedures. The President is responsible for ensuring that all information communicated, such as press releases with financial content, presentation material for meetings with the media, owners and financial institutions, is correct and of a high quality. The responsibilities of the company's auditors include reviewing accounting issues that are critical for the financial reporting and reporting their observations to the Audit Committee and the Board of Directors. In addition to the audit of the annual accounts, a review of the half-year report and of the company's administration and internal control is carried out.

Monitoring activities

Essity's Board of Directors, through the Audit Committee, as well as the corporate management continuously assesses the effectiveness of the processes applied by the company with respect to the internal control of the financial reporting. Of particular importance to this assessment are the reports submitted by the internal audit and feedback from the company's external auditor.

The company has a structured process within the scope of its day-to-day operations for monitoring significant observations from internal control or internal audit. Such observations and the status of measures taken to address these are regularly reported to corporate management and to the Audit Committee.

The results of the self-assessment in control activities are compiled in a list of activities that require action. The internal control and governance department lead these monitoring activities. To ensure the quality of the self-assessment, internal audit conducts its own testing of the control activities. The most significant shortcomings identified in the self-assessment, and from the internal audit tests, are compiled by the internal control and governance department and reported to the units, management and the Audit Committee.

The external auditor also carries out testing of internal control and governance within the scope of its audit. The results are shared with corporate management, the internal control and governance department and the Audit Committee.

Contact details to the Nomination Committee and the Board of Directors can be found on page 191.

Board of Directors and Auditors

Elected by the Annual General Meeting



Jan Gurander (1961)

MSc Econ

Chairman of the Board since 2024.

Member of the Board of Daimler Truck, Germany.

Former member of the Board of Skanska AB. Former deputy CEO and CFO of AB Volvo. Previous senior positions in Volvo Cars, MAN, Scania, Investor and Swedbank Robur.

Elected: 2023

Independent of the company, corporate management and Essity's major shareholders.

Own shareholdings and those of related persons, Class B shares: 15,000



Maria Carell (1973)

MSc Econ

Member of the Board in RG Holdco, USA.

Former President and CEO of RG Holdco, USA, and senior positions in, among other companies, Exeltis, Meda, Q-MED, Actavis, Novartis and Jansen-Cilag.

Elected: 2023

Independent of the company, corporate management and Essity's major shareholders.

Own shareholdings and those of related persons, Class B shares: 1,500¹⁾

1) Acquired on January 22, 2026.



Annemarie Gardshol (1967)

MSc Eng

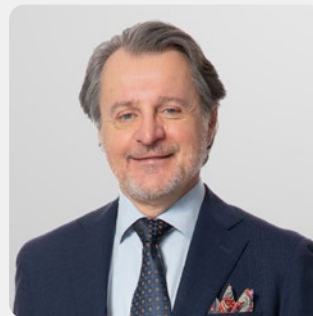
Member of the Board of Svenska Cellulosa Aktiebolaget SCA. President and CEO of PostNord AB.

Former member of the Boards of Etac AB, Bygghemma AB, Ortivus AB and Semcon AB. Former President of PostNord Sverige, Postnord Strålfors Group AB and various management positions in Gambro AB and McKinsey & Company.

Elected: 2016

Independent of the company, corporate management and Essity's major shareholders.

Own shareholdings and those of related persons, Class B shares: 8,100



Alexander Lacik (1965)

BSc in Business administration & economics

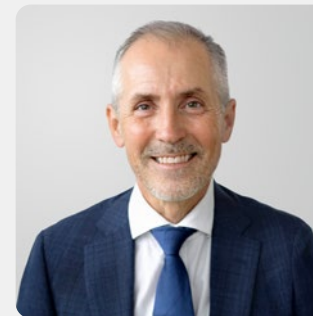
President and CEO of Pandora A/S, Denmark.

Previous senior positions in Procter & Gamble and Reckitt Benckiser. Former member of the Board of Swedish Match.

Elected: 2025

Independent of the company, corporate management and Essity's major shareholders.

Own shareholdings and those of related persons, Class B shares: 6,000



Torbjörn Lööf (1965)

Technician

Chairman of the Board of AB Electrolux and Husqvarna AB.

Member of the Board of Inter IKEA Holding B.V. and AB Blåkläder.

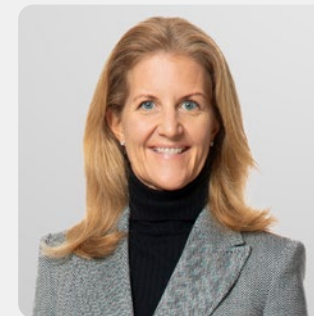
Former President of Inter IKEA Group 2016–2020, Inter IKEA Systems 2013–2016 and IKEA of Sweden 2007–2013.

Previously held various senior positions within IKEA. Former Chairman of the Board of IKEA Group companies, member of the Board of Inter IKEA Group and Mercer International Inc.

Elected: 2021

Independent of the company, corporate management and Essity's major shareholders.

Own shareholdings and those of related persons, Class B shares: 8,500



Katarina Martinson (1981)

MSc Econ

Chairman of the Board of Indutrade.

Member of the Board of LE Lundbergföretagen, Husqvarna AB and AB Industrivärden.

Previously Handelsbanken Capital Markets, Strategas Research Partners LLC, New York and ISI International Strategy & Investment Group, New York.

Elected: 2025

Independent of the company and corporate management.

Own shareholdings and those of related persons, Class B shares: 625,000

Information regarding own shareholdings and those of related persons pertains to the situation on December 31, 2025.

Board of Directors and Auditors, cont.



Bert Nordberg (1956)

Engineer

Deputy Chairman of the Board of SAAB Aktiebolag and Chairman of the Board of Axis Communications AB.

Previously held various management positions in Digital Equipment Corp. and Ericsson, 2009–2012 President of Sony Mobile Communications AB. Former Chairman of the Boards of Sony Mobile Communications, Vestas Wind Systems A/S and TDC Group A/S and member of the Boards of Svenska Cellulosa Aktiebolaget SCA, BlackBerry Ltd, Skistar AB and AB Electrolux.

Elected: 2016

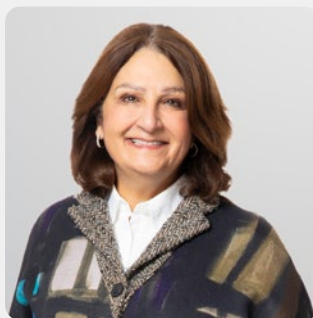
Independent of the company, corporate management and Essity's major shareholders.

Own shareholdings and those of related persons, Class B shares: 36,800

Auditors

Ernst & Young AB

Senior Auditor: **Erik Sandström**, Authorized Public Accountant. Own shareholdings and those of related persons: 0



Barbara Milian Thoralfsson (1959)

MBA, BA

Member of the Board of Halma plc, Hilti AG and Svenska Cellulosa Aktiebolaget SCA.

Former President of NetCom ASA 2001–2005 and President of Midelfart & Co AS 1995–2000. Former Chairman of the Board of Exclusive Networks SA and member of the Boards of Cable & Wireless Plc, AB Electrolux, G4S Plc, Orkla ASA, Tandberg ASA and Telenor ASA.

Elected: 2016

Independent of the company, corporate management and Essity's major shareholders.

Own shareholdings and those of related persons, Class B shares: 3,000

Secretary to the Board

Mikael Schmidt (1960)

Master of Laws
Chief Group Function Legal Affairs & Compliance, General Counsel.
Employed since: 1992
Own shareholdings and those of related persons: Class B shares: 41,200



Karl Åberg (1979)

MSc Econ

Deputy CEO, head of investments and of the finance function at AB Industrivärden.

Member of the Board of Ericsson and Alleima.

Previously partner at Zeres Capital and CapMan, and various roles in Handelsbanken Capital Markets.

Elected: 2024

Independent of the company and corporate management.

Own shareholdings and those of related persons, Class B shares: 1,500



Sofia Lafqvist (1978)

Research Engineer at Essity Hygiene and Health AB, Gothenburg.

Member of the Council for Negotiation and Cooperation (PTK).

Appointed: 2024

Own shareholdings and those of related persons: 0



Susanna Lind (1966)

Operator at Essity Hygiene and Health AB, Falkenberg.

Member of the Swedish Trade Union Confederation (LO).

Appointed: 2019

Own shareholdings and those of related persons, Class B shares: 120



Örjan Svensson (1963)

Senior Industrial Safety Representative at Essity Hygiene and Health AB, Edet Bruk, Lilla Edet.

Member of the Swedish Trade Union Confederation (LO).

Former member of the Board of Svenska Cellulosa Aktiebolaget SCA 2005–2017.

Appointed: 2017

Own shareholdings and those of related persons, Class B shares: 112

Deputies

Niklas Engdahl (1980)

Employed at Essity Hygiene and Health AB, Lilla Edet.

Member of the Council for Negotiation and Cooperation (PTK).

Appointed: 2017

Own shareholdings and those of related persons: 0

Martin Ericsson (1968)

Employed at Essity Hygiene and Health AB, Falkenberg.

Member of the Council for Negotiation and Cooperation (PTK).

Appointed: 2017

Own shareholdings and those of related persons, Class A shares: 200
Class B shares: 200

Andreas Larsson (1989)

Employed at Essity Hygiene and Health AB, Gothenburg.

Member of the Council for Negotiation and Cooperation (PTK).

Appointed: 2018

Own shareholdings and those of related persons, Class B shares: 2,120

Information regarding own shareholdings and those of related persons pertains to the situation on December 31, 2025.

Executive Management Team



Ulrika Kolsrud (1970)
President and CEO
MSc Eng
Employed since: 1995
Previous experience: Other senior positions at Essity including President of Health & Medical
Own shareholdings and those of related persons, Class B shares: 20,758



Anand Chandarana (1983)
President, Health & Medical
BSc. (Hons)
Employed since: 2020
Own shareholdings and those of related persons, Class B shares: 2,580



Fredrik Rystedt (1963)
CFO and Executive Vice President, Head of Group Function Finance
MSc Econ
Employed since: 2014
Own shareholdings and those of related persons, Class B shares: 50,500



Pablo Fuentes (1973)
President, Professional Hygiene
MSc, MBA
Employed since: 2006
Own shareholdings and those of related persons, Class B shares: 33,525



Jessica Alm (1977)
Chief Communication Officer Group Function Communications
MSc. in Geological and Earth Sciences/ Geosciences and Journalism
Employed since: 2023
Own shareholdings and those of related persons, Class B shares: 729



Andres Gomez (1977)
President, Consumer Goods Americas
MBA and MSc Eng
Employed since: 2021
Own shareholdings and those of related persons, Class B shares: 9,867

Information regarding own shareholdings and those of related persons pertains to the situation on December 31, 2025.

As of January 1, 2026, the Executive Management Team consists of Ulrika Kolsrud, Jessica Alm, Anand Chandarana, Pablo Fuentes, Carl-Magnus Månsson, Fredrik Rystedt, Mikael Schmidt, Ilham Smaali, Anna Sävinger Åslund, Sahil Tesfu, Tuomas Yrjölä and Volker Zöller.

Executive Management Team, cont.



Carl-Magnus Månsson (1966)

Chief Digital & Information Officer Global Digital & Business Services

Studies in Applied Physics

Employed since: 2023

Own shareholdings and those of related persons, Class B shares: 1,607



Sahil Tesfu (1982)

Chief Strategy Officer Group Function Strategy, Business Development & Sustainability

MBA Business Administration

Employed since: 2021

Own shareholdings and those of related persons, Class B shares: 7,010



Mikael Schmidt (1960)

Chief Group Function Legal Affairs & Compliance, General Counsel and Secretary to the Board

Master of Laws

Employed since: 1992

Own shareholdings and those of related persons, Class B shares: 41,200



Tuomas Yrjölä (1978)

President Global Marketing and Innovation¹⁾

MSc Econ

Employed since: 2014

Own shareholdings and those of related persons, Class B shares: 19,827

1) As of January 1, 2026, President of Personal Care.



Anna Sävinger Åslund (1969)

Chief HR Officer Group Function Human Resources

BSc Human Resources

Employed since: 2001

Own shareholdings and those of related persons, Class B shares: 14,945



Volker Zöller (1967)

President, Consumer Goods EMEA²⁾

BSc BA

Employed since: 1994

Own shareholdings and those of related persons, Class B shares: 25,031

2) As of January 1, 2026: President of Consumer Tissue.

Information regarding own shareholdings and those of related persons pertains to the situation on December 31, 2025.

As of January 1, 2026, the Executive Management Team consists of Ulrika Kolsrud, Jessica Alm, Anand Chandarana, Pablo Fuentes, Carl-Magnus Månsson, Fredrik Rystedt, Mikael Schmidt, Ilham Smaali, Anna Sävinger Åslund, Sahil Tesfu, Tuomas Yrjölä and Volker Zöller.

Financial statements including notes

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Amounts that are reconcilable to the balance sheet, equity, income statement, statement of comprehensive income, cash flow statement and the operating cash flow statement are marked with the following symbols:

BS	Balance sheet
EQ	Equity
IS	Income statement
CI	Statement of comprehensive income
CF	Cash flow statement
OCF	Operating cash flow statement

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Consolidated income statement

SEKm	Note	2025	2024	2023
Net sales	B1, B2	138,494	145,546	147,147
Cost of goods sold	B3	-92,351	-97,929	-102,627
Items affecting comparability (IAC) – cost of goods sold	B2, B3	-21	-483	-1,349
Gross profit		46,122	47,134	43,171
Gross profit excl. IAC		46,143	47,617	44,520
Sales, general and administration	B3	-26,571	-27,351	-25,661
Items affecting comparability (IAC) – sales, general and administration	B2, B3	-48	-386	-942
Share of results of associates and joint ventures ¹⁾	B3	-	78	39
Operating profit before amortization of acquisition-related intangible assets (EBITA)		19,503	19,475	16,607
Operating profit before amortization of acquisition-related intangible assets (EBITA), excl. IAC		19,572	20,344	18,898
Amortization of acquisition-related intangible assets	B3	-972	-1,110	-1,109
Items affecting comparability (IAC) – acquisition-related intangible assets	B2, B3	-	-70	-350
Operating profit		18,531	18,295	15,148
Operating profit excl. IAC		18,600	19,234	17,789
Share of results of associates and joint ventures ¹⁾	B3	14	-	-
Financial income	E7	257	593	412
Financial expenses	E7	-1,641	-2,524	-2,768
Profit before tax		17,161	16,364	12,792
Profit before tax excl. IAC		17,230	17,303	15,433
Income taxes	B5	-4,443	-4,331	-3,275
Profit for the period, continuing operations		12,718	12,033	9,517
Profit for the period excl. IAC, continuing operations		12,776	12,778	11,634
Profit for the period, discontinued operations	G4	-	9,015	279
Profit for the period, total operations		12,718	21,048	9,796
Earnings attributable to:				
Owners of the Parent company				
Profit for the period, continuing operations		12,656	11,969	9,440
Profit for the period, discontinued operations	G4	-	8,919	114
Profit for the period, total operations		12,656	20,888	9,554
Non-controlling interests				
Profit for the period, continuing operations		62	64	77
Profit for the period, discontinued operations	G4	-	96	165
Profit for the period, total operations		62	160	242
Earnings per share – owners of the Parent company				
Earnings per share before and after dilution effects, continuing operations, SEK		18.37	17.09	13.44
Earnings per share before and after dilution effects, discontinued operations, SEK		-	12.74	0.16
Earnings per share before and after dilution effects, total operations, SEK		18.37	29.83	13.60
Average number of shares before and after dilution, million		689.0	700.3	702.3

1) Until 2024, the share of results of associates and joint ventures was recognized in operating profit. From 2025 onwards, these results are recognized below operating profit.

Consolidated statement of comprehensive income

SEKm	2025	2024	2023
Profit for the period, continuing operations	12,718	12,033	9,517
Profit for the period, discontinued operations 	-	9,015	279
Profit for the period, total operations 	12,718	21,048	9,796
Other comprehensive income for the period			
Items that will not be reclassified to the income statement			
Actuarial gains/losses on defined benefit pension plans	2,420	92	1,334
Fair value through other comprehensive income	4	4	5
Income tax attributable to components in other comprehensive income	-371	-36	-161
Total, continuing operations	2,053	60	1,178
Total, discontinued operations	-	-	-
Total operations	2,053	60	1,178
Items that have been or may be reclassified subsequently to the income statement			
Cash flow hedges:			
Result from remeasurement of derivatives recognized in equity	-774	-3	-4,360
Transferred to profit or loss for the period	203	1,740	1,681
Translation differences in foreign operations	-9,999	4,623	-270
Gains/losses from hedges of net investments in foreign operations	1,784	-1,488	572
Income tax attributable to components in other comprehensive income	-243	-146	612
Total, continuing operations	-9,029	4,726	-1,765
Total, discontinued operations	-	-557	-932
Total operations	-9,029	4,169	-2,697
Other comprehensive income for the period, net of tax	-6,976	4,229	-1,519
Of which, continuing operations	-6,976	4,786	-587
Of which, discontinued operations	-	-557	-932
Total comprehensive income for the period	5,742	25,277	8,277
Of which, continuing operations	5,742	16,819	8,930
Of which, discontinued operations	-	8,458	-653
Total comprehensive income attributable to:			
Owners of the Parent company	5,734	24,719	8,617
Non-controlling interests	8	558	-340

Consolidated balance sheet ^{BS}

SEKm	Note	2025	2024	2023
ASSETS				
Non-current assets				
Goodwill	D1	36,861	41,137	39,337
Intangible assets	D1	18,273	20,734	21,345
Property, plant and equipment	D2	46,308	48,304	44,909
Right-of-use assets	G1	3,752	4,088	3,934
Investments in associates and joint ventures	F2	307	351	294
Shares and participations		8	8	6
Surplus in funded pension plans	C4	4,340	2,475	3,072
Non-current financial assets	E2	142	128	117
Deferred tax assets	B5	2,122	2,326	2,343
Other non-current assets		725	824	745
Total non-current assets		112,838	120,375	116,102
Current assets				
Inventories	D3	18,153	18,914	17,546
Trade receivables	E3	21,332	23,538	21,920
Current tax assets	B5	1,626	1,673	1,289
Other current receivables	D4	3,414	4,480	3,391
Current financial assets	E2	1,266	5,342	5,259
Cash and cash equivalents	E2	8,487	10,962	5,159
Total current assets		54,278	64,909	54,564
Total assets, continuing operations		167,116	185,284	170,666
Assets held for sale	G4	–	–	32,327
Total assets, total operations		167,116	185,284	202,993

SEKm	Note	2025	2024	2023
EQUITY AND LIABILITIES				
Equity ^{Eq}				
Owners of the Parent company				
Share capital		2,350	2,350	2,350
Reserves	E8	4,257	13,224	9,421
Retained earnings including profit/loss for the year		79,018	72,740	59,075
Equity attributable to owners of the Parent company		85,625	88,314	70,846
Non-controlling interests		415	427	8,559
Total equity		86,040	88,741	79,405
Non-current liabilities				
Non-current financial liabilities	E4	31,386	40,674	45,336
Provisions for pensions	C4	2,146	2,578	2,587
Deferred tax liabilities	B5	6,272	6,978	6,935
Other non-current provisions	D6	384	507	466
Other non-current liabilities	D5	92	516	1,073
Total non-current liabilities		40,280	51,253	56,397
Current liabilities				
Current financial liabilities	E4	7,246	6,424	15,648
Trade payables	D7	14,437	17,098	15,119
Current tax liabilities	B5	1,847	1,442	2,165
Current provisions	D6	1,200	1,377	1,408
Other current liabilities	D5	16,066	18,949	19,143
Total current liabilities		40,796	45,290	53,483
Total liabilities, continuing operations		81,076	96,543	109,880
Liabilities directly attributable to assets held for sale	G4	–	–	13,708
Total equity and liabilities, total operations		167,116	185,284	202,993

Contingent liabilities and pledged assets, see Note G2 on page 168.

Consolidated statement of change in equity

SEKm	Share capital	TE8:2 Reserves	Retained earnings	Equity attributable to owners of the Parent company	Non-controlling interests	Total equity
Value, January 1, 2025	2,350	13,224	72,740	88,314	427	88,741
Profit for the period IS			12,656	12,656	62	12,718
Other comprehensive income for the period						
Items that will not be reclassified to the income statement						
Actuarial gains/losses on defined benefit pension plans ¹⁾			2,421	2,421	-1	2,420
Fair value through other comprehensive income		4		4		4
Income tax attributable to components in other comprehensive income TE8:3		-1	-370	-371	-	-371
Other comprehensive income that will not be reclassified to the income statement		3	2,051	2,054	-1	2,053
Items that have been or may be reclassified subsequently to the income statement						
Cash flow hedges:						
Result from remeasurement of derivatives recognized in equity		-774		-774		-774
Transferred to profit or loss for the period		203		203		203
Translation differences in foreign operations		-9,946		-9,946	-53	-9,999
Gains/losses from hedges of net investments in foreign operations		1,784		1,784		1,784
Income tax attributable to components in other comprehensive income TE8:3		-243		-243		-243
Other comprehensive income that has been or may be reclassified subsequently to the income statement		-8,976		-8,976	-53	-9,029
Other comprehensive income for the period, net of tax		-8,973	2,051	-6,922	-54	-6,976
Total comprehensive income for the period CI		-8,973	14,707	5,734	8	5,742
Transactions with owners						
Acquisition of non-controlling interests						
Divestment of non-controlling interests						
Transferred to cost of hedged investments		6		6		6
Revaluation effect upon acquisition of non-controlling interests			442	442		442
Dividend, SEK 8.25 per share ²⁾ CF OCF TE8:1			-5,711	-5,711	-20	-5,731
Cancellation of own shares ³⁾	-31		31	-		-
Bonus issue ³⁾	31		-31	-		-
Buyback of own shares			-3,160	-3,160		-3,160
Value, December 31 BS	2,350	4,257	79,018	85,625	415	86,040

1) Including payroll tax.

2) Dividend of SEK 8.25 per share pertains to owners of the Parent company. For the 2025 fiscal year, the Board of Directors has decided to propose a dividend of SEK 8.75 per share to the Annual General Meeting.

3) A decision was taken at the Annual General Meeting on March 27, 2025 to cancel own shares, which was carried out in the second quarter. The cancellation of 9,288,000 Class B shares reduced the share capital by SEK 31m, which was subsequently restored via a bonus issue of the corresponding amount. Accordingly, the quotient value per share increased from SEK 3.35 to SEK 3.39.

SEKm	Share capital	TE8:1 Reserves	Retained earnings	Equity attributable to owners of the Parent company	Non-controlling interests	Total equity
Value, January 1, 2024	2,350	9,421	59,075	70,846	8,559	79,405
Profit for the period IS			20,888	20,888	160	21,048
Other comprehensive income for the period						
Items that will not be reclassified to the income statement						
Actuarial gains/losses on defined benefit pension plans ¹⁾			92	92	0	92
Fair value through other comprehensive income		4		4		4
Income tax attributable to components in other comprehensive income TE8:2		-3	-33	-36	0	-36
Other comprehensive income that will not be reclassified to the income statement		1	59	60	0	60
Items that have been or may be reclassified subsequently to the income statement						
Cash flow hedges:						
Result from remeasurement of derivatives recognized in equity		-3		-3		-3
Transferred to profit or loss for the period		1,740		1,740		1,740
Translation differences in foreign operations		3,790		3,790	398	4,188
Gains/losses from hedges of net investments in foreign operations		-1,641		-1,641		-1,641
Income tax attributable to components in other comprehensive income TE8:2		-115		-115		-115
Other comprehensive income that has been or may be reclassified subsequently to the income statement		3,771		3,771	398	4,169
Other comprehensive income for the period, net of tax		3,772	59	3,831	398	4,229
Total comprehensive income for the period CI		3,772	20,947	24,719	558	25,277
Transactions with owners						
Acquisition of non-controlling interests						
Divestment of non-controlling interests						
Transferred to cost of hedged investments		31		31		31
Revaluation effect upon acquisition of non-controlling interests			393	393		393
Dividend, SEK 7.75 per share ²⁾ CF OCF			-5,443	-5,443	-23	-5,466
Buyback of own shares			-2,224	-2,224		-2,224
Value, December 31 BS	2,350	13,224	72,740	88,314	427	88,741

1) Including payroll tax.

2) Dividend of SEK 7.75 per share pertains to owners of the Parent company.

Consolidated statement of change in equity, cont. **EQ**

SEKm	Share capital	TE8:1 Reserves	Retained earnings	Equity attribut- able to owners of the Parent company	Non- controlling interests	Total equity
Value, January 1, 2023	2,350	11,477	53,519	67,346	9,218	76,564
Profit for the period IS			9,554	9,554	242	9,796
Other comprehensive income for the period						
Items that will not be reclassified to the income statement						
Actuarial gains/losses on defined benefit pension plans ¹⁾			1,333	1,333	1	1,334
Fair value through other comprehensive income		5		5		5
Income tax attributable to components in other comprehensive income TE8:2		1	-162	-161	-	-161
Other comprehensive income that will not be reclassified to the income statement		6	1,171	1,177	1	1,178
Items that have been or may be reclassified subsequently to the income statement						
Cash flow hedges:						
Result from remeasurement of derivatives recognized in equity		-4,360		-4,360		-4,360
Transferred to profit or loss for the period		1,681		1,681		1,681
Translation differences in foreign operations		-737		-737	-583	-1,320
Gains/losses from hedges of net investments in foreign operations		720		720		720
Income tax attributable to components in other comprehensive income TE8:2		582		582		582
Other comprehensive income that has been or may be reclassified subsequently to the income statement		-2,114		-2,114	-583	-2,697
Other comprehensive income for the period, net of tax		-2,108	1,171	-937	-582	-1,519
Total comprehensive income for the period CI		-2,108	10,725	8,617	-340	8,277
Transactions with owners						
Acquisition of non-controlling interests			1	1	-0	1
Transferred to cost of hedged investments		52		52		52
Revaluation effect upon acquisition of non-controlling interests			-78	-78		-78
Dividend, SEK 7.25 per share ²⁾ CF OCF			-5,092	-5,092	-319	-5,411
Value, December 31 BS	2,350	9,421	59,075	70,846	8,559	79,405

1) Including payroll tax.

2) Dividend of SEK 7.25 per share pertains to owners of the Parent company.

Consolidated cash flow statement **CF**

SEKm	Note	2025	2024	2023
Operating activities				
Operating profit IS		18,531	18,295	15,148
Adjustments for non-cash items T:1		7,777	8,019	9,459
Capitalized expenditure to fulfill contracts with customers		-490	-467	-466
Change in provisions relating to restructuring programs, etc.		-231	-271	-203
Cash flow from changes in working capital				
Change in inventories		-916	-946	2,505
Change in operating receivables		853	-2,218	-19
Change in operating liabilities		-2,882	2,756	-1,401
Cash flow from operations		22,642	25,168	25,023
Interest paid		-2,664	-2,473	-2,421
Interest received		276	569	410
Other financial items		-82	-235	-320
Income taxes paid	B5	-4,713	-5,860	-3,615
Cash flow from operating activities, continuing operations		15,459	17,169	19,077
Cash flow from operating activities, discontinued operations		-	-368	2,491
Cash flow from operating activities, total operations		15,459	16,801	21,568
Investing activities				
Acquisitions of Group companies and other operations	F4	-	-17	-178
Divestments of Group companies and other operations	F4	5	17,980	1,234
Investments in intangible assets and property, plant and equipment T:2		-7,090	-7,396	-6,850
Paid interest capitalized in intangible assets and property, plant and equipment T:2		-13	-39	-40
Sale of property, plant and equipment		205	103	71
Purchase and sale of financial assets with short maturities		3,672	-1,137	-48
Cash flow from investing activities, continuing operations		-3,221	9,494	-5,811
Cash flow from investing activities, discontinued operations		-	-87	-1,298
Cash flow from investing activities, total operations		-3,221	9,407	-7,109

SEKm	Note	2025	2024	2023
Financing activities				
Acquisition of non-controlling interests	F4	-	-51	-
Proceeds from borrowings		999	1,397	21,163
Repayment of borrowings		-5,173	-15,004	-26,509
Payment of lease liabilities	G1	-1,090	-1,069	-998
Change in borrowings with short maturities, etc.		-250	93	-1,226
Dividend Eq		-5,711	-5,443	-5,092
Dividend to non-controlling interests		-20	-23	-2
Repurchase of own shares		-3,160	-2,224	-
Cash flow from financing activities, continuing operations		-14,405	-22,324	-12,664
Cash flow from financing activities, discontinued operations		-	-12	1,113
Cash flow from financing activities, total operations		-14,405	-22,336	-11,551
Cash flow for the period, continuing operations		-2,167	4,339	602
Cash flow for the period, discontinued operations		-	-467	2,306
Cash flow for the period, total operations		-2,167	3,872	2,908
Cash and cash equivalents, January 1		10,962	6,927	4,288
Translation differences in cash and cash equivalents		-308	163	-269
Cash and cash equivalents, total operations, December 31	E2	8,487	10,962	6,927

For information about the Group's liquidity reserve, refer to page 46.

Adjustments for non-cash items **T:1**

SEKm	2025	2024	2023
Depreciation/amortization and impairment of non-current assets	7,157	7,505	7,998
Depreciation of capitalized selling expenses	453	474	490
Gain/loss on sale of assets	-34	-30	36
Gain/loss on divestment and liquidation	4	-	524
Non-cash items relating to restructuring programs	106	185	393
Other	91	-115	18
Total	7,777	8,019	9,459

Investments in intangible assets and property, plant and equipment including paid capitalized interest **T:2**

SEKm	2025	2024	2023
Measures to raise the capacity level of operations (Strategic capital expenditures)	-2,166	-2,156	-1,563
Measures to uphold capacity level (Current capital expenditures)	-4,937	-5,279	-5,327
Total	-7,103	-7,435	-6,890

Change in liabilities attributable to financing activities

SEKm	Note	Value at January 1	Liabilities directly attributable to assets held for sale	Cash flow, net	Acquisitions/divestments	Translation differences	Actuarial gains/losses	Other changes	Value at December 31
2025									
Non-current and current financial liabilities	E4	47,098	–	–5,821	–	–2,591	–	–54 ¹⁾	38,632
Provisions for pensions including surplus in funded pension plans	C4	103	–	62	–	61	–2,420	–	–2,194
Assets for hedging financial liabilities included in cash flow from financing activities	E2	–690	–	245	–	–	–	–	–445
Total liabilities including surplus in funded pension plans attributable to financing activities		46,511	–	–5,514	–	–2,530	–2,420	–54	35,993
2024									
Non-current and current financial liabilities	E4	60,984	–	–16,509	–	1,691	–	932 ¹⁾	47,098
Provisions for pensions including surplus in funded pension plans	C4	–485	–	861	–	–181	–92	–	103
Assets for hedging financial liabilities included in cash flow from financing activities	E2	–1,755	–	1,065	–	–	–	–	–690
Total liabilities including surplus in funded pension plans attributable to financing activities		58,744	–	–14,583	–	1,510	–92	932	46,511
2023									
Non-current and current financial liabilities	E4	71,514	–4,372	–7,450	–11	179	–	1,124 ¹⁾	60,984
Provisions for pensions including surplus in funded pension plans	C4	706	–9	144	–	8	–1,334	–	–485
Assets for hedging financial liabilities included in cash flow from financing activities	E2	–1,491	–	–264	–	–	–	–	–1,755
Total liabilities including surplus in funded pension plans attributable to financing activities		70,729	–4,381	–7,570	–11	187	–1,334	1,124	58,744

1) Other changes relate to change in accrued interest SEK –1,105m (–208; 25), change in liability related to financial leases in accordance with IFRS 16 of SEK 1,050m (1,141; 1,099), of which SEK 719m (560; 608) relates to operating assets and SEK 331m (581; 491) to non-operating assets, and other items SEK 1m (–1; –).

Correlation between consolidated cash flow statement and operating cash flow statement, supplementary disclosure

SEKm	2025	2024	2023
Cash flow from operating activities, continuing operations			
Cash flow from operating activities	15,459	17,169	19,077
Adjustments			
Investments in non-current assets, net	–6,898	–7,332	–6,819
Accrued interest, etc.	1,087	208	–25
Investments in operating assets through leases	–719	–560	–608
Other	–1	–	–
Cash flow from current operations according to consolidated operating cash flow statement	8,928	9,485	11,625
Cash flow from investing activities, continuing operations			
Cash flow from investing activities	–3,221	9,494	–5,811
Adjustments			
Investments in non-current assets, net	6,898	7,332	6,819
Purchase and sale of financial assets with short maturities	–3,672	1,137	48
Acquisition of non-controlling interests	–	–51	–
Net debt in acquired and divested companies	–	5,928	11
Cash flow from acquisitions and divestments according to consolidated operating cash flow statement	5	23,840	1,067

SEKm	2025	2024	2023
Cash flow for the period, continuing operations			
Cash flow for the period	–2,167	4,339	602
Adjustments			
Proceeds from borrowings	–999	–1,397	–21,163
Repayment of borrowings	5,173	15,004	26,509
Payment of lease liabilities	1,090	1,069	998
Change in borrowings with short maturities, etc.	250	–93	1,226
Purchase and sale of financial assets with short maturities	–3,672	1,137	48
Net debt in acquired and divested operations	–	5,928	11
Investments in operating assets through leases	–719	–560	–608
Accrued interest, etc.	1,087	208	–25
Other	–1	–	–
Net cash flow according to consolidated operating cash flow statement	42	25,635	7,598

Consolidated operating cash flow statement, supplementary disclosure **OCF**

SEKm	Note	2025	2024	2023
Net sales IS		138,494	145,546	147,147
Operating expenses		-112,772	-119,107	-122,162
Operating surplus		25,722	26,439	24,985
Adjustment for non-cash items		579	559	584
Operating cash surplus		26,301	26,998	25,569
Change in				
Inventories		-916	-946	2,505
Operating receivables		853	-2,218	-19
Operating liabilities		-2,882	2,756	-1,401
Change in working capital		-2,945	-408	1,085
Investments in non-current assets, net		-6,898	-7,332	-6,819
Restructuring costs, etc.		-741	-1,456	-1,542
Investments in operating assets through leases		-719	-560	-608
Operating cash flow		14,998	17,242	17,685
Financial items	E7	-1,384	-1,931	-2,356
Income taxes paid	B5	-4,713	-5,860	-3,615
Other		27	34	-89
Cash flow from current operations		8,928	9,485	11,625
Acquisitions of Group companies and other operations	F4	-	-68	-182
Divestments of Group companies and other operations	F4	5	23,908	1,249
Cash flow from acquisitions and divestments		5	23,840	1,067
Cash flow before transactions with shareholders		8,933	33,325	12,692
Dividend EQ		-5,711	-5,443	-5,092
Dividend to non-controlling interests		-20	-23	-2
Repurchase of own shares		-3,160	-2,224	-
Net cash flow, continuing operations		42	25,635	7,598
Net cash flow, discontinued operations		-	-467	866
Net cash flow, total operations		42	25,168	8,464
Net debt				
SEKm		2025	2024	2023
Net debt, January 1		-30,769	-53,703	-62,869
Net cash flow		42	25,168	8,464
Remeasurements to equity		2,423	96	1,339
Investments in non-operating assets through leases		-331	-581	-491
Translation differences		2,092	-1,749	-146
Net debt, total operations, December 31		-26,543	-30,769	-53,703

A. Accounting principles, basis of preparation and use of alternative performance measures

A1. General accounting principles, new accounting rules and basis for preparation

Reading instructions

General accounting principles **AP** and new accounting rules are presented below. Other accounting principles considered material by Essity are presented in conjunction with the respective note.

Key assessments and assumptions **KAA** are presented under the respective note, see use of assessments below.

Amounts that are reconcilable to the balance sheet, equity, income statement, statement of comprehensive income, cash flow statement and the operating cash flow statement are marked with the following symbols:

BS Balance sheet **EQ** Equity **IS** Income statement **CI** Statement of comprehensive income
CF Cash flow statement **OCF** Operating cash flow statement **Txx** Reference to table in note

Company information

Essity Aktiebolag (publ), corporate identity number 556325-5511, is a public limited liability company whose shares are listed and traded on Nasdaq Stockholm (for more information, see The Essity share on page 8). The registered office of the company is Stockholm, Sweden, with the postal address PO Box 200, SE-101 23 Stockholm, Sweden. The Group mainly conducts operations in the fields of hygiene and health.

Basis for preparation

Essity's financial statements are prepared in accordance with the Annual Accounts Act, IFRS® accounting standards as adopted within the EU, and the Swedish Corporate Reporting Board, Recommendation RFR 1, Supplementary Accounting Rules for Groups. The accounts for both the Group and the Parent company relate to the fiscal year that ended on December 31, 2025.

The content of the Annual Report was finalized on February 19 and signed by all members of the Board of Directors and the President on February 19, 2026. The financial statements are subject to approval by the Annual General Meeting of shareholders on March 26, 2026.

New or amended accounting standards 2025

On January 1, 2025, the International Accounting Standards Board (IASB) published amendments to IAS 21, The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability, that entered into force. Essity applies this amendment, which has not had any material impact on the Group's financial statements. For further comment, refer to the section Translation of foreign currency, Lack of Exchangeability on page 120.

New or amended accounting standards after 2025

The following new and amended accounting standards have not yet come into effect and have not been applied in advance in the preparation of the Group's and the Parent company's financial statements. The Group intends to comply with these new and amended standards when they come into force. Most of these new standards and amendments to standards published by the IASB are not expected to have any material impact on the Group's or the Parent company's financial statements.

As of January 1, 2026, the following amendments to standards will enter into force.

IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures have been amended with regard to classification and measurement of some specific financial instruments and disclosures. A number of other standards have been amended as part of the IASB's annual improvement process and include clarifications, simplifications, corrections and consistency improvements.

On April 9, 2024, a new standard IFRS 18 Presentation and Disclosures in Financial Statements was published and will be effective from January 1, 2027 if adopted by the EU. Essity is of the opinion that this standard will impact Essity's financial statements and is currently analyzing the details in the standard and its consequences. Among other aspects, Essity has identified certain income and expense items in financial net that may need to be recognized in Operating profit or in Profit before financial expenses and tax. Essity is monitoring the discussion that is currently taking place regarding the classification of foreign exchange differences on intra-group loans. The main change in the cash flow statement is that interest income received will be recognized in Investing activities and interest expenses paid in Financing activities; both of these items are currently recognized in Cash flow from operating activities.

A new standard, IFRS 19 Subsidiaries without Public Accountability, was published on May 23, 2025, with certain amendments published on September 29, 2025. The standard will come into force on January 1, 2027 if adopted by the EU and introduces relaxed disclosure requirements in annual financial statements for companies that apply IFRS in their

local financial statements and that are part of a group whose parent company applies IFRS in its consolidated financial statements.

Use of assessments and assumptions **KAA**

The preparation of financial statements in accordance with IFRS accounting standards and generally accepted Swedish accounting principles requires assessments and assumptions to be made that affect recognized assets, liabilities, income and expenses as well as other information disclosed.

These assumptions and estimates are often based on historical experience, but also on other factors, including expectations of future events. Actual results may differ from these assumptions and assessments. Where appropriate, climate-related issues are considered. This assessment includes a wide range of possible impacts due to both physical and transition risks. Essity is working to achieve net zero operations by 2050, with a target to reduce emissions by 35% across the value chain by 2030 – from its own operations and purchased goods and services to transportation and product and production waste. This ambition prioritizes the areas with the greatest impact, particularly tissue production, which accounts for more than 80% of Essity's emissions from manufacturing, making it the main focus of efforts to phase out fossil fuels. Each site is analyzed separately to introduce tailored solutions, including enhancing energy efficiency, transitioning to lower-emission renewable energy sources, and exploring new technologies to further reduce emissions. Even though Essity believes that its business model and products will remain profitable after the transition to a low-carbon economy, climate-related issues increase the uncertainty in estimates and assumptions underlying several items in the financial statements. Items where climate-related matters mainly increase uncertainty in assumptions and estimates are deemed to relate to the useful lives of machinery and equipment and impairment testing of goodwill. No material financial effects related to the transition to a low-carbon economy were recognized in the financial statements at December 31, 2025.

Below are the areas where Essity believes that the judgements made and assumptions applied have the most significant effect on the amounts reported in the financial statements:

- Determination of transaction price in accounting of revenues, B1 Net sales – Revenues from contracts with customers, page 125
- Taxes, B5 Income taxes, page 138
- Pensions, C4 Remuneration after completion of employment, page 144
- Goodwill, D1 Intangible assets, page 147
- Provisions, D6 Other provisions, page 151
- Provision for doubtful receivables, E3 Trade receivables, page 154
- Leases, G1 Leases, page 167

Essity's assessments and assumptions are presented in the respective notes.

Principles for consolidation

The Group's consolidated financial statements include the Parent company and its Group companies, which comprise subsidiaries, joint ventures, associates and joint operations. Group companies are consolidated from the date the Group exercises control or influence over the company according to the definitions and accounting principles provided in Notes F1 Group companies on page 162, F2 Investments in associates and joint ventures on page 163 and F3 Joint operations on page 165. Divested Group companies are included in the consolidated accounts until the date the Group ceases to control or exercise influence over the companies. For additional information about accounting principles regarding acquisitions of Group companies and respective non-controlling interests, see Note F4 Acquisitions and divestments of Group companies and other operations on page 165. Intra-Group transactions have been eliminated.

Translation of foreign currency

Functional currency and translation of foreign Group companies to the presentation currency

The functional currency of each Essity Group company is determined on the basis of the primary economic environment in which the respective company is active which, with a few exceptions, is the country in which the individual company operates. Essity's Parent company has Swedish kronor as its functional currency. The consolidated financial statements of Group companies are translated to the Group's presentation currency, which is also Swedish kronor. Assets and liabilities are translated at the closing rate, while income and expenses are translated at the average rate for the respective period. Translation differences during the period on the Group's net assets are recognized in other comprehensive income in the translation reserve as a component of equity. Exchange rate effects arising from financial

A1. General accounting principles, new accounting rules and basis for preparation, cont.

instruments used to hedge foreign Group companies’ net assets are recognized in the same manner in other comprehensive income in the translation reserve as a component of equity. On divestment, the accumulated translation differences on the foreign Group company and accumulated exchange rate effects on the financial instrument used to currency hedge the net assets in the company are recognized as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising in connection with the acquisition of a foreign Group company are translated from their functional currency to the presentation currency in the same way as the net assets in the company are translated.

Transactions and balance sheet items in foreign currency

Transactions in foreign currency are translated to a functional currency using the rate prevailing on the transaction date. At the balance sheet date, monetary assets and liabilities in foreign currency are translated at the closing rate and any exchange rate effects are recognized in profit or loss. In cases where the exchange rate effect is related to the operations, the effect is recognized net in operating profit. Exchange rate effects pertaining to borrowing and financial investments are recognized as other financial items.

If hedge accounting has been applied, for example, for cash flow hedges or hedging of net investments, the exchange rate effect is recognized in equity under other comprehensive income.

If a financial instrument has been classified as financial assets measured at fair value through comprehensive income, the portion of the value change pertaining to currency is recognized in profit or loss, any other unrealized changes are recognized in equity under other comprehensive income.

Lack of exchangeability

Essity has operations in Bolivia that purchase products in USD for sale in the local market in local currency. Due to the poor availability of USD in the country and currency regulations, only insignificant amounts of USD can be secured at official exchange rates through a market or currency exchange function providing enforceable rights and obligations. Accordingly, an estimated spot rate is used in conjunction with translation from USD to the functional currency of the subsidiary. An exchange rate is used based on published parallel market data that better reflects the actual exchange rate under prevailing economic conditions when measuring assets and liabilities in foreign currencies at the balance sheet date and when translating the income statement and balance sheet in local currency into Swedish kronor in the consolidated financial statements.

Government grants

Government grants are measured at fair value when there is reasonable assurance that the grants will be received and Essity will comply with the conditions attached to them. Government grants related to acquisition of assets are recognized in the balance sheet by the grant reducing the carrying amount of the asset. Government grants received as compensation for costs are accrued and recognized in profit or loss during the same period as the costs incurred. If the government grant or assistance is neither related to the acquisition of assets nor to compensation for costs, the grant is recognized as other income.

Principles for consolidation of Group companies in hyperinflationary economies

Essity conducts operations through wholly owned Group companies in Argentina and Turkey, defined as hyperinflationary economies (accumulated inflation rate of about 100% or more over a three-year period) according to the International Monetary Fund (IMF). For these Group companies, income statements, cash flow statements and non-monetary items in balance sheets are adjusted in local currency to the price level applying at the end of the period in the consolidated financial statements using the consumer price index. Gains or losses on monetary net assets are recognized in the income statement in financial items. Income statements and cash flow statements are translated into Swedish kronor at the closing rate on consolidation. The effect from the date hyperinflationary accounting is applied is recognized in the translation reserve in equity. The relevant consumer price index used to make adjustments for inflation is sourced from Trading Economics.

Reporting of discontinued operations

On March 21, 2024, Essity completed the sale of its 51.59% shareholding in the Asian hygiene company Vinda International Holdings Limited (Vinda). For additional information on the divestment, see Note G4 Assets held for sale and discontinued operations on page 169 and Note F4 Acquisitions and divestments of Group companies and other operations on page 165. As of the fourth quarter of 2023, Essity classifies the financial reporting of Vinda as discontinued operations, meaning that assets and liabilities related to Vinda are presented on separate lines in the balance sheet and that the profit or loss after tax for the period from discontinued operations is reported on a separate line in the income statement. The income statement and cash flow statement are adjusted for comparative periods as though the discontinued operation had already been classified as discontinued operations at the beginning of the comparative periods.

A2. Use of alternative performance measures

Guidelines concerning alternative performance measures for companies with securities listed on a regulated market in the EU have been issued by the ESMA (European Securities and Markets Authority). These guidelines are to be applied to alternative performance measures not supported under IFRS accounting standards.

The Annual Report refers to a number of performance measures not defined in IFRS accounting standards. These performance measures are used to assist investors and company management to analyze the company’s operations and objectives. These non-IFRS measures may differ from similar terms used by other companies. Descriptions of the various measures used as a complement to the financial information required according to IFRS accounting standards are presented below. The tables that present return, cash flow and performance measures refer to continuing operations. For capital measures, it is indicated in the tables whether the figures relate to continuing operations or total operations.

Calculation of performance measures not included in IFRS framework

Return measures		Return is a financial term that describes how much the value of an asset changes from an earlier point in time		
Non-IFRS performance measure	Description	Reason for use of the measure		
Return on capital employed, ROCE	Return on capital employed is calculated as 12-months rolling Operating profit before amortization of acquisition-related intangible assets (EBITA) as a percentage of Average capital employed (see page 121). The corresponding key figure for a single quarter is calculated as EBITA for the quarter multiplied by four as a percentage of Average capital employed.	A central ratio for measuring return on capital tied up in operations.		
Return on capital employed, ROCE excl. IAC	Return on capital employed excl. IAC is calculated as 12-months rolling Operating profit before amortization of acquisition-related intangible assets (EBITA), excl. IAC, as a percentage of Average capital employed (see page 121). The corresponding key figure for a single quarter is calculated as EBITA excl. IAC for the quarter, multiplied by four as a percentage of Average capital employed.	A central ratio for measuring return on capital tied up in operations, excluding Items affecting comparability (IAC).		
Return on equity, ROE	For the Group, Return on equity is calculated as a percentage by dividing Profit for the period with the average Equity during the five most recent quarters. The corresponding key figure for a single quarter is calculated as profit for the quarter multiplied by four as a percentage of average Equity for the two most recent quarters.	Shows, from a shareholder perspective, the return that is generated on the owners’ capital that is invested in the company.		
Return on equity, ROE excl. IAC	For the Group, Return on equity excl. IAC is calculated as a percentage by dividing Profit for the period, excl. IAC with the average Equity during the five most recent quarters. The corresponding key figure for a single quarter is calculated as Profit for the period excl. IAC for the quarter multiplied by four as a percentage of average Equity for the two most recent quarters.	Shows, from a shareholder perspective, the return excluding Items affecting comparability (IAC) that is generated on the owners’ capital that is invested in the company.		
SEKm		2025	2024	2023
RETURN ON CAPITAL EMPLOYED, ROCE ¹⁾				
EBITA	19,503	19,475	16,607	
Items affecting comparability (IAC)	69	869	2,291	
EBITA excl. IAC	19,572	20,344	18,898	
Average capital employed	113,649	115,346	115,105	
Return on capital employed, ROCE %	17.2	16.9	14.4	
Return on capital employed, ROCE excl. IAC %	17.2	17.6	16.4	

1) Continuing operations.

A2. Use of alternative performance measures, cont.

SEKm	2025	2024	2023
RETURN ON EQUITY, ROE¹⁾			
Profit for the period	12,718	21,048	9,796
Items affecting comparability (IAC), net after tax	58	745	2,117
Other earnings attributable to divestment of Vinda	-	-8,798	46
Profit for the period excl. IAC	12,776	12,995	11,959
Average equity	83,935	83,604	78,169
Return on equity, ROE %	15.2	25.2	12.5
Return on equity, ROE excl. IAC %	15.2	15.5	15.3

1) Total operations.

Capital measures	Shows how capital is utilized and the company's financial strength	
Non-IFRS performance measure	Description	Reason for use of the measure
Equity	The equity reported in the consolidated balance sheet consists of taxed equity increased by the equity portion of the Group's untaxed reserves and non-controlling interests. The deferred tax liability in untaxed reserves has been calculated on the basis of the corporate tax rate decided to apply when the reserves are expected to be realized.	Equity is the difference between the Group's assets and liabilities, which corresponds to the Group's equity contributed by owners and the Group's accumulated results including the share attributable to non-controlling interests.
Equity per share	Equity in relation to the average number of shares outstanding excluding shares owned by Essity Aktiebolag (publ).	A measure of the amount of Equity per outstanding share which is used for measuring the share against the share price.
Equity/assets ratio	Equity expressed as a percentage of total assets.	A traditional measure for showing financial risk, expressing the percentage of total assets that is financed by the owners.
Capital employed	The Group's and business areas' Capital employed is calculated as the balance sheet's total assets, excluding assets held for sale, interest-bearing assets and pension assets, less total liabilities, excluding liabilities directly attributable to assets held for sale, interest-bearing liabilities and pension liabilities.	This measure shows the amount of total capital that is used in the operations and is thus one of the components for measuring the return from operations.
Average capital employed	Average capital employed, on a yearly basis, is calculated, as an average of the five most recent quarters' closing balance. For a quarter, an average of two most recent quarters is used.	A financial measure used for calculating Return on capital employed, ROCE and Return on capital employed, ROCE excl. IAC.

SEKm	2025	2024	2023
CAPITAL EMPLOYED			
Total assets	167,116	185,284	202,993
Assets held for sale	-	-	-32,327
Financial assets	-14,235	-18,907	-13,607
Non-current, non-interest-bearing liabilities	-6,748	-8,001	-8,474
Current, non-interest-bearing liabilities	-33,550	-38,866	-37,835
Capital employed	112,583	119,510	110,750

Capital measures, cont.	Shows how capital is utilized and the company's financial strength	
Non-IFRS performance measure	Description	Reason for use of the measure
Capital turnover	Net sales for the year divided by average capital employed.	Shows in a clear manner how effectively capital is employed. Together with sales growth and the operating margin, the capital turnover ratio is a key measure for monitoring value creation.
Working capital	The Group's and business areas' working capital is calculated as current operating receivables less current operating liabilities.	This measure shows the amount of working capital tied up in the operations and can be put in relation to net sales to understand how effectively used the tied-up working capital is.

SEKm	2025	2024	2023
WORKING CAPITAL			
Inventories	18,153	18,914	17,546
Trade receivables	21,332	23,538	21,920
Other current receivables	3,414	4,480	3,391
Trade payables	-14,437	-17,098	-15,119
Other current liabilities	-16,066	-18,949	-19,143
Other	-159	-139	176
Working capital, total operations	12,237	10,746	8,771

A2. Use of alternative performance measures, cont.

Capital measures, cont.	Shows how capital is utilized and the company's financial strength	
Non-IFRS performance measure	Description	Reason for use of the measure
Net debt	The sum of consolidated interest-bearing liabilities, including pension liabilities and accrued interest less pension assets, cash and cash equivalents and interest-bearing current and non-current receivables.	Net debt is the most relevant measure for showing the company's total debt financing.

SEKm	2025	2024	2023
NET DEBT			
Surplus in funded pension plans	4,340	2,475	3,072
Non-current financial assets	142	128	117
Current financial assets	1,266	5,342	5,259
Cash and cash equivalents	8,487	10,962	5,159
Financial assets	14,235	18,907	13,607
Non-current financial liabilities	31,386	40,674	45,336
Provisions for pensions	2,146	2,578	2,587
Current financial liabilities	7,246	6,424	15,648
Financial liabilities	40,778	49,676	63,571
Net debt, continuing operations	26,543	30,769	49,964
Net debt, discontinued operations	-	-	3,739
Net debt, total operations	26,543	30,769	53,703

Capital measures, cont.	Shows how capital is utilized and the company's financial strength	
Non-IFRS performance measure	Description	Reason for use of the measure
Debt/equity ratio	Debt/equity ratio is expressed as Net debt in relation to Equity.	Shows financial risk and is the most useful measure for management to monitor the level of the company's indebtedness.
Debt payment capacity, %	Debt payment capacity is expressed as 12-months rolling Cash earnings (see page 124) in relation to closing Net debt.	A financial measure that shows the company's capacity to repay its debt.
Debt payment capacity excl. IAC %	Debt payment capacity excl. IAC is expressed as 12-months rolling Cash earnings excl. IAC (see page 124) in relation to closing Net debt.	A financial measure that shows the company's capacity to repay its debt, adjusted for the impact of Items affecting comparability (IAC).
Net debt/EBITDA	Calculated as the closing balance of Net debt in relation to 12-months rolling EBITDA.	A financial measure that shows the company's capacity to repay its debt.
Net debt/EBITDA excl. IAC	Calculated as the closing balance of Net debt in relation to 12-months rolling EBITDA, excl. IAC.	A financial measure that shows the company's capacity to repay its debt, adjusted for the impact of Items affecting comparability (IAC).
Interest coverage ratio	Calculated on a net basis, according to which operating profit is divided by financial items.	Helps to show the company's capacity to pay its interest expenses.

Performance measures	Various types of performance measures and margin measures expressed as a percentage of sales	
Non-IFRS performance measure	Description	Reason for use of the measure
Organic sales growth	Underlying change in sales growth compared with the previous period attributable to changed volume, price or product mix and excluding changes attributable to exchange rate effects, acquisitions and divestments.	This measure is of major importance for management in its monitoring of underlying organic sales growth driven by changes in volume, price or product mix for comparable units between different periods.

SEKm	2025	2024	2023
SALES GROWTH			
Organic sales growth	1,382	319	7,608
Acquisitions	-	-	1,248
Divestments	-28	-1,325	-1,692
Exchange rate effects ¹⁾	-8,406	-595	8,664
Recognized change	-7,052	-1,601	15,828
ORGANIC SALES GROWTH			
Previous period sales	145,546	147,147	131,320
Organic sales growth	1,382	319	7,608
Total organic sales for the period	146,928	147,466	138,928
Organic sales growth %	0.9	0.2	5.8

1) Consists solely of currency translation effects.

Performance measures, cont.	Various types of performance measures and margin measures expressed as a percentage of sales	
Non-IFRS performance measure	Description	Reason for use of the measure
Gross profit excl. IAC	Net sales minus cost of goods sold excluding Items affecting comparability (IAC).	Gross profit shows the company's earnings before the effects of sales, general and administration. Gross profit excl. IAC excludes Items affecting comparability (IAC).
Operating profit before depreciation/amortization on property, plant and equipment and intangible assets (EBITDA)	Calculated as Operating profit excluding depreciation, amortization and impairment of property, plant and equipment and intangible assets.	This measure is a complement to Operating profit, as it shows the cash earnings from operations.
Operating profit before depreciation/amortization of property, plant and equipment and intangible assets (EBITDA) excl. IAC	Calculated as Operating profit before depreciation, amortization and impairment of property, plant and equipment and intangible assets excluding Items affecting comparability (IAC).	This measure is a complement to operating profit, as it shows the cash earnings from operations adjusted for the impact of Items affecting comparability (IAC).
Operating profit before amortization of acquisition-related intangible assets (EBITA)	Calculated as operating profit after depreciation, amortization and impairment of property, plant and equipment and intangible assets but before amortization and impairment of acquisition-related intangible assets.	The measure is a good complement to enable earnings comparisons with other companies, regardless of whether business activities are based on acquisitions or organic growth.
Operating profit before amortization of acquisition-related intangible assets (EBITA) excl. IAC	Calculated as operating profit after depreciation, amortization and impairment of property, plant and equipment and intangible assets but before amortization and impairment of acquisition-related intangible assets, excluding Items affecting comparability (IAC).	The measure is a good complement to enable earnings comparisons with other companies, regardless of whether business activities are based on acquisitions or organic growth, and is also adjusted for the impact of Items affecting comparability (IAC).

A2. Use of alternative performance measures, cont.

SEKm	2025	2024	2023
Operating profit before depreciation/amortization on property, plant and equipment and intangible assets (EBITDA)			
Operating profit	18,531	18,295	15,148
Amortization of acquisition-related intangible assets	972	1,110	1,109
Depreciation/amortization	4,994	5,028	5,000
Depreciation right-of-use assets	1,111	1,089	1,061
Impairment	45	56	65
Items affecting comparability (IAC) – net of impairment	35	152	413
Items affecting comparability (IAC) – impairment of acquisition-related intangible assets	–	70	350
EBITDA	25,688	25,800	23,146
Items affecting comparability (IAC) excluding depreciation/amortization and impairment	34	717	1,878
Operating profit before depreciation/amortization on property, plant and equipment and intangible assets (EBITDA) excl. IAC	25,722	26,517	25,024
SEKm	2025	2024	2023
Operating profit before amortization of acquisition-related intangible assets (EBITA) excl. IAC			
Operating profit	18,531	18,295	15,148
Amortization of acquisition-related intangible assets	972	1,110	1,109
Items affecting comparability (IAC) – impairment of acquisition-related intangible assets	–	70	350
Operating profit before amortization of acquisition-related intangible assets (EBITA)	19,503	19,475	16,607
EBITA margin %	14.1	13.4	11.3
Items affecting comparability (IAC) – cost of goods sold	21	483	1,349
Items affecting comparability (IAC) – sales, general and administration	48	386	942
Operating profit before amortization of acquisition-related intangible assets (EBITA) excl. IAC	19,572	20,344	18,898
EBITA margin excl. IAC %	14.1	14.0	12.8

Performance measures, cont.	Various types of performance measures and margin measures expressed as a percentage of sales	
Non-IFRS performance measure	Description	Reason for use of the measure
Items affecting comparability (IAC)	Under Items affecting comparability (IAC), Essity includes costs in connection with acquisitions, restructuring, impairment and other specific events that are relevant when comparing earnings for one period with those of another. The item is specified in Note B3 Operating expenses on page 137.	Separate reporting of Items affecting comparability between periods provides a better understanding of the company's underlying operating activities.
Restructuring costs	Costs for impairment together with headcount reductions and other expenses in connection with restructuring.	This measure shows the specific costs that have arisen in connection with restructuring of a specific operation, which contributes to a better understanding of the underlying cost level in the continuing operations.
Gross margin excl. IAC	Refers to Gross profit excl. IAC as a percentage of net sales.	Gross margin excl. IAC is cleared of Items affecting comparability (IAC) and is thus a better measure than gross margin for showing the company's margins before the effect of costs such as sales, general and administration.
EBITA margin	Operating profit before amortization of acquisition-related intangible assets (EBITA) as a percentage of net sales.	EBITA margin is a good complement to enable Operating margin comparisons with other companies, regardless of whether business activities are based on acquisitions or organic growth.

Performance measures, cont.	Various types of performance measures and margin measures expressed as a percentage of sales		
Non-IFRS performance measure	Description	Reason for use of the measure	
EBITA margin excl. IAC	Operating profit before amortization of acquisition-related intangible assets (EBITA) excl. IAC as a percentage of net sales.	EBITA margin excl. IAC is a good complement to enable operating margin comparisons excluding Items affecting comparability (IAC) with other companies, regardless of whether business activities are based on acquisitions or organic growth.	
Operating margin	Operating profit as a percentage of net sales.	The Operating margin is a key measure together with Organic sales growth and Capital turnover ratio for monitoring value creation.	
Operating margin excl. IAC	Operating profit excl. IAC, as a percentage of net sales.	This measure is a complement to Operating margin, as it shows the Operating margin excluding the effects from Items affecting comparability (IAC).	
Operating profit excl. IAC	Calculated as Operating profit before financial items and tax, excluding Items affecting comparability (IAC).	Operating profit excl. IAC is a key measurement for control of the units and provides a better understanding of earnings performance of the operations than operating profit.	
SEKm	2025	2024	2023
OPERATING PROFIT EXCL. IAC			
Operating profit	18,531	18,295	15,148
Items affecting comparability (IAC)	69	939	2,641
Operating profit excl. IAC	18,600	19,234	17,789
Operating margin excl. IAC %	13.4	13.2	12.1

Performance measures, cont.	Various types of performance measures and margin measures expressed as a percentage of sales		
Non-IFRS performance measure	Description	Reason for use of the measure	
Financial net margin	Net financial items divided by net sales.	This measure shows the relationship between net financial items and net sales.	
Profit before tax excl. IAC	Profit before tax excl. IAC is calculated as profit before tax excluding Items affecting comparability (IAC).	This is a useful measure for showing total profit for the company including financing costs, but not affected by taxes and Items affecting comparability (IAC).	
Taxes excl. IAC	Tax expenses for the period excluding tax expenses relating to Items affecting comparability (IAC).	A useful measure to show the total tax expense for the period, adjusted for taxes related to Items affecting comparability (IAC).	
SEKm	2025	2024	2023
TAXES EXCL. IAC			
Taxes	–4,443	–4,331	–3,275
Taxes relating to Items affecting comparability (IAC)	–11	–194	–524
Taxes excl. IAC	–4,454	–4,525	–3,799

A2. Use of alternative performance measures, cont.

Performance measures, cont.	Various types of performance measures and margin measures expressed as a percentage of sales	
Non-IFRS performance measure	Description	Reason for use of the measure
Profit for the period excl. IAC	Profit for the period excluding Items affecting comparability (IAC) and tax relating to Items affecting comparability (IAC).	Shows the period's total underlying earnings capacity excluding Items affecting comparability (IAC).
Net margin	Profit for the period as a percentage of net sales for the year.	The net margin shows the remaining share of net sales after all of the company's costs, including income tax, have been deducted.
Earnings per share excl. IAC	Profit for the period excl. IAC attributable to owners of the Parent company, excluding amortization of acquisition-related intangible assets after tax divided by the average number of outstanding shares, excluding shares owned by Essity Aktiebolag (publ).	Earnings per share excl. IAC is a good measure of the company's profitability and is used to determine the value of a company's outstanding shares. The measure is a good complement to enable comparison of earnings per share with other companies, regardless of whether business activities are based on acquisitions or organic growth.

Cash flow measures	Various performance measures and costs that have impacted the company's cash flow	
Non-IFRS performance measure	Description	Reason for use of the measure
Cash earnings	Cash earnings consist of the net of Operating profit before depreciation and amortization of property, plant and equipment and intangible assets (EBITDA), less financial income and expenses and income taxes.	A financial measure used when calculating the company's Debt payment capacity, see page 122.
Cash earnings excl. IAC	Cash earnings excl. IAC consists of the net of Operating profit before depreciation and amortization of property, plant and equipment and intangible assets (EBITDA) excl. IAC, less financial income and expenses and income taxes.	A financial measure used when calculating the company's Debt payment capacity excl. IAC, see page 122.
Operating cash surplus	Calculated as Operating profit with a reversal of depreciation, amortization and impairment of property, plant and equipment and intangible assets. Share of profits of associates and joint ventures, Items affecting comparability and capital gains/losses are excluded.	This measure shows the cash flow generated by profit and is part of the follow-up of the cash flow.
Investments in non-current assets, net	Comprise investments in non-current assets, net, to maintain competitiveness, such as efficiency and replacement measures or investments of an environmental nature and strategic capital expenditures in sites.	Shows the size of the capital expenditures required to maintain existing manufacturing capacity and investments in expansion and other growth measures.

Cash flow measures, cont.	Various performance measures and costs that have impacted the company's cash flow	
Non-IFRS performance measure	Description	Reason for use of the measure
Investments in operating assets through leases	Additional right-of-use assets directly attributable to operating activities. Mainly leases for distribution centers.	Investments in operating assets through leases is part of the follow-up of the cash flow that the units control.
Operating cash flow	Consists of the sum of Operating cash surplus and change in Working capital, with deductions for net investments in non-current assets and restructuring costs and investments in operating assets through leases.	This is an important control measure of operating activities that the units control.
Investments in non-operating assets through leases	Additional right-of-use assets that are not directly attributable to operating activities, mainly leases for offices.	Investments through leases in non-operating assets that the units do not control. These are recognized in the operating cash flow statement as an explanatory item in changes to net debt.

SEKm	2025	2024	2023
CASH EARNINGS			
EBITDA	25,688	25,800	23,146
Financial income and expenses, net	-1,384	-1,931	-2,356
Income taxes paid	-4,713	-5,860	-3,615
Cash earnings	19,591	18,009	17,175
Items affecting comparability (IAC) excluding depreciation/amortization and impairment	34	717	1,878
Cash earnings excl. IAC	19,625	18,726	19,053

SEKm	2025	2024	2023
OPERATING CASH SURPLUS AND OPERATING CASH FLOW			
Operating profit	18,531	18,295	15,148
Depreciation/amortization and impairment	7,157	7,505	7,998
Items affecting comparability (IAC) excluding depreciation/amortization and impairment	34	717	1,878
Share of profits of associates and joint ventures	-	-78	-39
Adjustment for non-cash items	579	559	584
Operating cash surplus	26,301	26,998	25,569
Change in working capital	-2,945	-408	1,085
Investments in non-current assets, net	-6,898	-7,332	-6,819
Restructuring costs, etc.	-741	-1,456	-1,542
Investments in operating assets through leases	-719	-560	-608
Operating cash flow	14,998	17,242	17,685

B. Sales and earnings

B1. Net sales – Revenues from contracts with customers

Accounting principles **AP**

Revenue recognition

Essity primarily generates revenues from the sale of finished products to, for example, the retail sector, industries and the healthcare sector. Revenue from sales of services occurs to a certain extent but only accounts for a small portion of the Group's sales. Essity's operations and sales are divided into various segments that sell different products in several regions. The product portfolio is diversified but the principles for revenue recognition are the same for all segments. For a description of the products, see the section on Essity's three business areas, Health & Medical, Consumer Goods and Professional Hygiene on pages 28–34. Essity's contracts with customers primarily comprise framework agreements without established minimum volumes, which means that a binding contract does not arise until the customer places an order.

Performance obligations and timing of revenue recognition

Essity's performance obligations in the contracts consists of providing the goods specified in the contracts. The performance obligations are satisfied and the revenue recognized when control of the products is passed to the customer. The timing of when control is passed to the customer is determined by the terms of delivery applied in the contract. For most supply contracts, control is passed when the goods have been delivered to the customer's warehouse and the customer thereby can control the use and receive the benefits of the goods. Invoicing is normally done in connection with, or directly after, delivery and recognized at a specific point in time, no revenue is recognized over time. Essity has chosen to apply the practical expedient in IFRS 15 not to disclose the remaining performance obligations that have a term of less than one year.

Determination of transaction price

Essity's contracts with customers have essentially similar characteristics although specific terms may differ. The transaction price primarily comprises the agreed price for the products less any discounts, which means payments from customers include both fixed and variable amounts.

Typically, discounts are provided as credit after the end of the discount period relative to the value of the purchased goods. Discounts may also be provided for defined marketing activities performed by the customer during the period, or when Essity takes part in targeted campaigns with discount vouchers where Essity compensates customers for loss of income as consumers redeem discount vouchers. In a few markets, conditions are in place whereby Essity is subject to penalties if the terms of delivery are not met, in terms of date and volume. Essity's customers are normally not entitled to return products. Deliveries of faulty products are credited. A refund liability is recognized in the balance sheet under Other liabilities that includes the estimated discounts for each customer. The final discounts are determined at the end of the discount period and refund liability is reduced when the discount is credited to the customer.

Trade receivables

Once the goods and services have been delivered and control has been passed to the customer, a trade receivable is recognized since this is the point in time when the consideration becomes unconditional, only the passage of time is required for payment to be made.

Contract liabilities

Contract liabilities relate to bonuses and discounts to customers.

Assets that have arisen from expenses to fulfill contracts with customers

In the Professional Hygiene business area, Essity supplies dispensers to customers to fulfill contracts for delivery of the business area's other products, refer to page 33. Expenses for these dispensers are recognized as contract assets under Other non-current assets since Essity expects to receive indirect remuneration for these expenses through the sale of the business area's other products. The dispensers are depreciated over three years according to the average term of the contract with customers. Recognition takes place in accordance with the rules in IFRS 15 since the expense is directly linked to securing contracts with customers. The rules on Property, Plant and Equipment in IAS 16

and IAS 2 Inventories are not deemed to be applicable since there are no economic benefits associated with the dispenser after it has been delivered to the customer.

Key assessments and assumptions **KAA**

Key assessments and assumptions are required to estimate the outcome of variable remuneration. The assessment uses the expected value method, which means revenue is recognized when it is highly probable that a significant reversal will not occur. The estimate of variable remuneration is made at the beginning of the contract and is evaluated for each reporting period.

The tables below show consolidated net sales broken down by operating segment: Health & Medical, Consumer Goods and Professional Hygiene. Sold products are distributed to consumers in Health & Medical through the healthcare sector and e-commerce, in Consumer Goods through the retail trade and e-commerce and in Professional Hygiene through business-to-business.

Net sales in geographic markets reflects the perspective – sold to, which is based on sales to the countries where Essity has its customers, known as its "footprint." See pages 129–132 for further information.

SEKm	Health & Medical (Healthcare sector)	Consumer Goods (Retail trade)	Professional Hygiene (Business to Business)	Other operations	Total Group
2025					
Revenue from contracts with customers					
Sale of finished products	27,451	75,081	35,881	27	138,440
Sale of services	17	14	23	–	54
Total revenues from contracts with customers IS	27,468	75,095	35,904	27	138,494
Geographical markets					
Europe	18,207	49,965	16,462	32	84,666
North America	4,785	2,915	14,696	–1	22,395
Latin America	1,441	19,533	3,178	–2	24,150
Asia	1,516	480	187	–2	2,181
Other	1,519	2,202	1,381	–	5,102
Total revenues from contracts with customers IS	27,468	75,095	35,904	27	138,494
Product category					
Incontinence Products	15,858	11,537			27,395
Baby Care		6,554			6,554
Feminine Care		13,057			13,057
Medical Solutions	11,610				11,610
Consumer Tissue		43,537			43,537
Professional Hygiene			35,904		35,904
Other		410		27	437
Total revenues from contracts with customers IS	27,468	75,095	35,904	27	138,494

B1. Net sales – Revenues from contracts with customers, cont.

SEKm	Health & Medical (Healthcare sector)	Consumer Goods (Retail trade)	Professional Hygiene (Business to Business)	Other operations	Total Group
2024					
Revenue from contracts with customers					
Sale of finished products	28,593	78,872	38,029	-12	145,482
Sale of services	6	20	38	-	64
Total revenues from contracts with customers IS	28,599	78,892	38,067	-12	145,546
Geographical markets					
Europe	18,627	52,159	16,828	-12	87,601
North America	5,079	3,218	16,282	-	24,579
Latin America	1,609	20,638	3,284	-	25,531
Asia	1,756	503	194	-	2,454
Other	1,528	2,374	1,479	-	5,381
Total revenues from contracts with customers IS	28,599	78,892	38,067	-12	145,546
Product category					
Incontinence Products	16,611	11,561			28,172
Baby Care		7,114			7,114
Feminine Care		13,873			13,873
Medical Solutions	11,988				11,988
Consumer Tissue		45,886			45,886
Professional Hygiene			38,067		38,067
Other		458		-12	446
Total revenues from contracts with customers IS	28,599	78,892	38,067	-12	145,546

SEKm	Health & Medical (Healthcare sector)	Consumer Goods (Retail trade)	Professional Hygiene (Business to Business)	Other operations	Total Group
2023					
Revenue from contracts with customers					
Sale of finished products	27,718	79,895	39,442	25	147,080
Sale of services	11	17	39	-	67
Total revenues from contracts with customers IS	27,729	79,912	39,481	25	147,147
Geographical markets					
Europe	17,981	53,258	17,538	25	88,802
North America	5,132	3,279	17,147	-	25,558
Latin America	1,465	20,562	3,171	-	25,198
Asia	1,641	472	199	-	2,312
Other	1,510	2,341	1,426	-	5,277
Total revenues from contracts with customers IS	27,729	79,912	39,481	25	147,147
Product category					
Incontinence Products	16,070	10,754			26,824
Baby Care		7,164			7,164
Feminine Care		13,584			13,584
Medical Solutions	11,659				11,659
Consumer Tissue		47,940			47,940
Professional Hygiene			39,481		39,481
Other		470		25	495
Total revenues from contracts with customers IS	27,729	79,912	39,481	25	147,147

Trade receivables and contractual liabilities

SEKm	Note	2025	2024	2023
Trade receivables TE3:1	E3	21,332	23,538	21,920
Contractual liabilities – advance payments from customers	D5	6,862	7,874	7,782

Trade receivables decreased by SEK 2,206m in 2025 to SEK 21,332m mainly due to the appreciation of the Swedish krona, which strengthened compared to virtually all major currencies. The value of trade receivables in foreign currency is therefore lower when translated into SEK compared with the preceding year. A lower proportion of overdue trade receivables compared with the previous year and lower sales in the final two months of 2025 compared with the corresponding period in the preceding year also reduced the value of trade receivables slightly compared with the previous year.

Assets that have arisen from expenses to fulfill contracts with customers

SEKm	2025	2024	2023
Value, January 1 TE3:2	695	650	691
Costs for the year	490	467	466
Depreciation	-428	-487	-467
Impairment	-3	-	-
Translation differences	-116	65	-40
Value, December 31	638	695	650

B2. Segment reporting

Accounting principles AP

Operating segments are recognized in a manner that complies with the internal reporting according to IFRS accounting standards submitted to the chief operating decision maker. At Essity, this function is defined as the company's President who is responsible for allocating resources, assessing the result of the operating segments and manages the day-to-day administration of the Group in accordance with the Board's guidelines and terms of reference. As support, the chief operating decision maker has one Executive Vice President and the Executive Management Team. Essity's three business areas, Health & Medical, Consumer Goods and Professional Hygiene comprise the operating segments. For management purposes, the Group is organized into business areas based on the company's customer and sales channels which lead to an expansion of the offerings to new and adjacent categories as well as extended service content on the basis of customer and consumer needs.

Essity's offering in Health & Medical comprises the categories Incontinence Products, Health Care and Medical Solutions. The offering includes incontinence products, wound care, compression therapy, orthopedics, skincare products and digital products with sensor technology under brands such as TENA, Leukoplast, Cutimed, JOBST, Actimove and Delta-Cast. Distribution channels are pharmacies, medical device stores, hospitals, distributors and care institutions and e-commerce.

Essity's offering in Consumer Goods includes the categories Incontinence Products Retail, Baby Care, Feminine Care and Consumer Tissue. The offering includes incontinence products, pads, diapers, wet wipes, skin cream, intimate soaps, leakproof apparel, menstrual cups, toilet paper, household towels, handkerchiefs, facial tissues and napkins. The products are sold under brands such as the global leader TENA and other strong brands including Libero, Libresse, Nosotras, Saba, TOM Organic, Lotus, Regio and Tempo. Distribution channels for the products are the retail trade and e-commerce.

Essity's offering in Professional Hygiene comprises complete hygiene solutions, including toilet paper, paper hand towels, napkins, hand soap, hand lotion, hand sanitizers, dispensers, cleaning and wiping products as well as service and maintenance under the globally leading Tork brand. Essity also offers digital products, such as Internet of Things sensor technology that enables data-driven cleaning. Customers consist of companies and office buildings, universities, healthcare facilities, industries, restaurants, hotels, stadiums and other public venues. Distribution channels for the products consist of distributors and e-commerce.

Other operations comprise Group-wide functions.

Essity's business is an integrated operation in the form of a matrix organization with four business units (Health & Medical, Consumer Goods EMEA, Consumer Goods Americas and Professional Hygiene), the independent unit Essity Australasia and three global units (Global Supply Chain, Global Digital and Business Services and Global Marketing & Innovation). The business units have limited responsibility to impact operational costs, since the global units are responsible for production, planning, technology development, sourcing and product development.

B2. Segment reporting, cont.

The tables below show parts of the consolidated balance sheet and income statement broken down by the operating segments Health & Medical, Consumer Goods and Professional Hygiene.

SEKm	Health & Medical	Consumer Goods	Professional Hygiene	Other operations	Total Group
2025					
Net sales IS	27,468	75,095	35,904	27	138,494
Cost of goods sold IS	-15,368	-52,636	-24,298	-49	-92,351
Sales, general and administration IS	-7,154	-12,854	-5,242	-1,321	-26,571
Operating profit/loss before amortization of acquisition-related intangible assets (EBITA) excl. IAC	4,946	9,605	6,364	-1,343	19,572
Amortization of acquisition-related intangible assets IS	-731	-221	-21	1	-972
Operating profit/loss excl. IAC	4,215	9,384	6,343	-1,342	18,600
Items affecting comparability (IAC) TB2:1	-12	3	-16	-44	-69
Operating profit/loss IS	4,203	9,387	6,327	-1,386	18,531
Share of results of associates and joint ventures IS					14
Financial income IS					257
Financial expenses IS					-1,641
Tax expense for the period IS					-4,443
Profit for the period, continuing operations IS					12,718
OTHER DISCLOSURES					
Capital employed	31,577	53,043	25,176	2,787	112,583
Investments in associates and joint ventures BS	19	341	-54	1	307
Net investments/acquisitions	-930	-4,063	-2,064	-560	-7,617
Depreciation/amortization	-1,699	-3,100	-1,755	-523	-7,077
Expenses, in addition to depreciation/amortization, not matched by payments	11	103	482	-17	579
NET SALES BY REGION					
Europe	66	66	45		61
North America	17	4	41		16
Latin America	5	26	9		17
Asia	6	1	1		2
Other	6	3	4		4
Total %	100	100	100		100
Mature markets	81	67	83		74
Emerging markets	19	33	17		26
Total %	100	100	100		100

SEKm	Health & Medical	Consumer Goods	Professional Hygiene	Other operations	Total Group
2024					
Net sales IS	28,599	78,892	38,067	-12	145,546
Cost of goods sold IS	-15,761	-56,144	-26,010	-14	-97,929
Sales, general and administration IS	-7,329	-13,324	-5,221	-1,477	-27,351
Share of results of associates and joint ventures IS	-	85	-7	-	78
Operating profit/loss before amortization of acquisition-related intangible assets (EBITA) excl. IAC	5,509	9,509	6,829	-1,503	20,344
Amortization of acquisition-related intangible assets IS	-841	-247	-22	-	-1,110
Operating profit/loss excl. IAC	4,668	9,262	6,807	-1,503	19,234
Items affecting comparability (IAC) TB2:1	-136	-461	-156	-186	-939
Operating profit/loss IS	4,532	8,801	6,651	-1,689	18,295
Financial income IS					593
Financial expenses IS					-2,524
Tax expense for the period IS					-4,331
Profit for the period, continuing operations IS					12,033
OTHER DISCLOSURES					
Capital employed	34,566	55,293	25,998	3,653	119,510
Investments in associates and joint ventures BS	7	371	-28	1	351
Net investments/acquisitions	-967	-4,326	-2,024	-643	-7,960
Depreciation/amortization	-1,786	-3,149	-1,807	-484	-7,226
Expenses, in addition to depreciation/amortization, not matched by payments	19	28	512	-	559
NET SALES BY REGION					
Europe	65	66	44		60
North America	18	4	43		17
Latin America	6	26	8		17
Asia	6	1	1		2
Other	5	3	4		4
Total %	100	100	100		100
Mature markets	80	67	84		74
Emerging markets	20	33	16		26
Total %	100	100	100		100

B2. Segment reporting, cont.

SEKm	Health & Medical	Consumer Goods	Professional Hygiene	Other operations	Total Group
2023					
Net sales IS	27,729	79,912	39,481	25	147,147
Cost of goods sold IS	-16,548	-57,918	-28,104	-57	-102,627
Sales, general and administration IS	-7,144	-12,231	-5,094	-1,192	-25,661
Share of results of associates and joint ventures IS	-	34	5	-	39
Operating profit/loss before amortization of acquisition-related intangible assets (EBITA) excl. IAC	4,037	9,797	6,288	-1,224	18,898
Amortization of acquisition-related intangible assets IS	-839	-248	-22	-	-1,109
Operating profit/loss excl. IAC	3,198	9,549	6,266	-1,224	17,789
Items affecting comparability (IAC) TB2:1	-286	-828	-1,487	-40	-2,641
Operating profit/loss IS	2,912	8,721	4,779	-1,264	15,148
Financial income IS					412
Financial expenses IS					-2,768
Tax expense for the period IS					-3,275
Profit for the period, continuing operations IS					9,517
OTHER DISCLOSURES					
Capital employed	32,762	52,009	24,021	1,958	110,750
Investments in associates and joint ventures BS	5	303	-15	1	294
Net investments/acquisitions	-1,205	-3,698	-1,886	-820	-7,609
Depreciation/amortization	-1,798	-3,221	-1,888	-263	-7,170
Expenses, in addition to depreciation/amortization, not matched by payments	4	59	519	2	584
NET SALES BY REGION					
Europe	65	67	44		60
North America	19	4	43		17
Latin America	5	26	8		17
Asia	6	1	1		2
Other	5	2	4		4
Total %	100	100	100		100
Mature markets	81	67	85		74
Emerging markets	19	33	15		26
Total %	100	100	100		100

Items affecting comparability (IAC) allocated by operating segment **TB2:1**

SEKm	Health & Medical	Consumer Goods	Professional Hygiene	Other	Total
2025					
Items affecting comparability (IAC) – cost of goods sold	-1	-15	-5	-	-21
Items affecting comparability (IAC) – sales, general and administration	-11	18	-11	-44	-48
Items affecting comparability (IAC) – acquisition-related intangible assets	-	-	-	-	-
Total	-12	3	-16	-44	-69
2024					
Items affecting comparability (IAC) – cost of goods sold	-98	-257	-128	-	-483
Items affecting comparability (IAC) – sales, general and administration	13	-185	-28	-186	-386
Items affecting comparability (IAC) – acquisition-related intangible assets	-51	-19	-	-	-70
Total	-136	-461	-156	-186	-939
2023					
Items affecting comparability (IAC) – cost of goods sold	-102	-241	-1,003	-3	-1,349
Items affecting comparability (IAC) – sales, general and administration	-184	-587	-134	-37	-942
Items affecting comparability (IAC) – acquisition-related intangible assets	-	-	-350	-	-350
Total	-286	-828	-1,487	-40	-2,641

Internal sales: No internal sales are carried out between the segments. Production in shared facilities is allocated among the segments already at the operational reporting stage.

Customers: Essity had no customers in 2025, 2024 or 2023 from which it generated income that accounted for more than 10% of the company's net sales. Essity's ten largest customers account for 24.9% (24.3; 25.8) of the company's sales.

B2a. Segment reporting, cont.

Group by country continuing operations TB2:2	Net sales – sold to ¹⁾						Net sales – sold by ¹⁾					
	2025		2024		2023		2025		2024		2023	
	SEKm	%	SEKm	%	SEKm	%	SEKm	%	SEKm	%	SEKm	%
Sweden	3,694	2.7	3,599	2.5	3,647	2.5	3,874	2.8	4,132	2.8	4,251	2.9
EU excluding Sweden												
Germany	17,131	12.4	17,831	12.3	18,276	12.4	18,591	13.4	19,248	13.3	19,303	13.1
France	10,264	7.4	11,111	7.6	12,334	8.4	11,965	8.6	12,333	8.5	12,553	8.5
Spain	9,194	6.7	8,934	6.1	8,027	5.5	7,887	5.7	8,076	5.5	8,185	5.6
Netherlands	4,863	3.5	5,192	3.6	5,165	3.5	5,026	3.6	5,397	3.7	5,295	3.6
Italy	4,393	3.2	4,717	3.2	4,651	3.2	4,704	3.4	4,860	3.3	4,804	3.3
Austria	2,842	2.1	3,014	2.1	2,952	2.0	3,095	2.2	3,342	2.3	3,327	2.3
Finland	2,127	1.5	2,161	1.5	2,180	1.5	2,122	1.5	2,155	1.5	2,149	1.4
Belgium	2,063	1.5	2,038	1.4	2,054	1.4	2,124	1.5	2,198	1.5	2,214	1.3
Denmark	1,928	1.4	1,972	1.4	1,937	1.3	1,875	1.4	1,930	1.3	1,923	1.4
Poland	1,741	1.3	1,859	1.3	1,646	1.1	1,860	1.3	2,021	1.4	1,739	1.2
Hungary	1,520	1.1	1,565	1.1	1,580	1.1	1,653	1.2	1,680	1.2	1,664	1.1
Czech Republic	1,150	0.8	1,131	0.8	1,135	0.8	1,114	0.8	1,094	0.8	1,122	0.8
Ireland	776	0.6	746	0.5	763	0.5	740	0.5	679	0.5	692	0.5
Portugal	745	0.6	634	0.4	623	0.4	422	0.3	434	0.3	432	0.3
Romania	723	0.5	726	0.5	697	0.5	629	0.5	629	0.4	606	0.4
Croatia	590	0.4	581	0.4	549	0.4	–	–	–	–	–	–
Slovakia	554	0.4	524	0.4	472	0.3	865	0.6	830	0.6	784	0.5
Greece	456	0.3	480	0.3	477	0.3	333	0.2	340	0.2	361	0.2
Lithuania	454	0.3	446	0.3	424	0.3	454	0.3	447	0.3	424	0.3
Latvia	275	0.2	284	0.2	250	0.2	271	0.2	279	0.2	245	0.2
Estonia	227	0.2	242	0.2	235	0.2	227	0.2	242	0.2	235	0.2
Rest of EU excluding Sweden	595	0.4	658	0.5	600	0.4	–	–	–	–	–	–
Total EU excluding Sweden	64,611	46.8	66,846	46.1	67,027	45.7	65,957	47.4	68,214	47.0	68,057	46.2
Rest of Europe												
UK	10,780	7.8	11,520	7.9	11,495	7.8	10,813	7.8	11,562	7.9	11,640	7.9
Switzerland	2,068	1.5	2,227	1.5	2,153	1.5	1,987	1.4	2,104	1.4	2,054	1.4
Norway	1,992	1.5	1,919	1.3	1,844	1.3	2,007	1.4	1,933	1.3	1,856	1.3
Ukraine	573	0.4	583	0.4	591	0.4	505	0.4	519	0.4	534	0.4
Turkey	264	0.2	276	0.2	256	0.2	252	0.2	256	0.2	241	0.2
Russia	–	–	–	–	1,166	0.8	–	–	–	–	1,237	0.8
Rest of Europe, excluding EU	684	0.5	631	0.4	624	0.4	–	–	–	–	–	–
Total Rest of Europe	16,361	11.9	17,156	11.7	18,129	12.4	15,564	11.2	16,374	11.2	17,562	12.0
TOTAL EUROPE	84,666	61.4	87,601	60.3	88,803	60.6	85,395	61.4	88,720	61.0	89,870	61.1

1) Net sales have been recognized from two perspectives. The first column "Net sales – sold to" is based on sales to the countries where Essity has its customers, or Essity's "footprint". The second column "Net sales – sold by" takes the perspective of IFRS 8, meaning revenue from external customers where the company is domiciled.

B2a. Segment reporting, cont.

Group by country continuing operations TB2:2	Net sales – sold to ¹⁾						Net sales – sold by ¹⁾					
	2025		2024		2023		2025		2024		2023	
	SEKm	%	SEKm	%	SEKm	%	SEKm	%	SEKm	%	SEKm	%
North America												
USA	18,886	13.6	20,892	14.4	21,805	14.8	18,912	13.7	20,855	14.3	21,842	14.8
Canada	3,502	2.5	3,679	2.5	3,746	2.5	3,528	2.6	3,679	2.5	3,748	2.5
Rest of North America	7	0.0	8	0.0	8	0.0	–	–	–	–	–	–
TOTAL NORTH AMERICA	22,395	16.1	24,579	16.9	25,559	17.3	22,440	16.3	24,534	16.8	25,590	17.3
Latin America												
Mexico	10,669	7.7	11,493	7.8	11,090	7.5	11,722	8.5	12,542	8.6	12,060	8.2
Colombia	4,899	3.5	4,989	3.3	4,742	3.2	5,177	3.7	5,245	3.6	4,897	3.3
Ecuador	1,542	1.1	1,591	1.1	1,796	1.2	1,511	1.1	1,555	1.1	1,766	1.2
Brazil	1,389	1.0	1,457	1.0	1,404	1.0	1,389	1.0	1,457	1.0	1,404	0.9
Chile	1,173	0.8	1,212	0.8	1,408	1.0	1,203	0.9	1,233	0.8	1,426	1.0
Peru	790	0.6	755	0.5	740	0.5	771	0.6	743	0.5	722	0.5
Costa Rica	784	0.6	829	0.6	800	0.5	802	0.6	945	0.6	980	0.7
Argentina	548	0.4	813	0.6	845	0.6	555	0.4	843	0.6	856	0.6
Dominican Republic	478	0.3	536	0.4	571	0.4	456	0.3	513	0.4	556	0.4
Nicaragua	312	0.2	316	0.2	296	0.2	–	–	–	–	–	–
Guatemala	298	0.2	290	0.2	275	0.2	–	–	–	–	–	–
Puerto Rico	249	0.2	253	0.2	297	0.2	213	0.2	214	0.1	234	0.2
Panama	162	0.1	181	0.1	179	0.1	–	–	–	–	–	–
Rest of Latin America	857	0.6	816	0.6	754	0.5	294	0.2	268	0.2	231	0.2
TOTAL LATIN AMERICA	24,150	17.3	25,531	17.4	25,197	17.1	24,093	17.5	25,558	17.5	25,132	17.2
Asia												
Japan	462	0.3	495	0.3	572	0.4	380	0.3	427	0.3	538	0.4
India	257	0.2	292	0.2	272	0.2	253	0.2	287	0.2	274	0.2
Indonesia	239	0.2	299	0.2	277	0.2	236	0.2	295	0.2	277	0.2
China	183	0.1	153	0.1	32	0.0	–	–	–	–	–	–
South Korea	49	0.0	66	0.0	54	0.0	–	–	–	–	–	–
Malaysia	13	0.0	5	0.0	3	0.0	–	–	–	–	–	–
Singapore	6	0.0	9	0.0	2	0.0	–	–	–	–	–	–
Rest of Asia	972	0.7	1,135	0.8	1,101	0.7	798	0.6	497	0.3	358	0.2
TOTAL ASIA	2,181	1.5	2,454	1.6	2,313	1.5	1,667	1.3	1,506	1.0	1,447	1.0
Rest of the world												
Australia	3,054	2.2	3,171	2.2	3,044	2.1	3,051	2.2	3,177	2.3	3,061	2.1
New Zealand	1,136	0.8	1,301	0.9	1,378	0.9	1,124	0.8	1,291	0.9	1,368	0.9
South Africa	355	0.3	372	0.3	337	0.2	519	0.4	542	0.4	469	0.3
Other rest of the world	557	0.4	537	0.4	516	0.3	205	0.1	218	0.1	210	0.1
TOTAL REST OF THE WORLD	5,102	3.7	5,381	3.8	5,275	3.5	4,899	3.5	5,228	3.7	5,108	3.4
Total Group	138,494	100.0	145,546	100.0	147,147	100.0	138,494	100.0	145,546	100.0	147,147	100.0

1) Net sales have been recognized from two perspectives. The first column "Net sales – sold to" is based on sales to the countries where Essity has its customers, or Essity's "footprint". The second column "Net sales – sold by" takes the perspective of IFRS 8, meaning revenue from external customers where the company is domiciled.

B2a. Segment reporting, cont.

Group by country total operations TB2:2	Net sales – sold to ¹⁾						Net sales – sold by ¹⁾					
	2025		2024		2023		2025		2024		2023	
	SEKm	%	SEKm	%	SEKm	%	SEKm	%	SEKm	%	SEKm	%
Sweden	3,694	2.7	3,599	2.4	3,626	2.1	3,874	2.8	4,132	2.8	4,251	2.4
EU excluding Sweden												
Germany	17,131	12.4	17,831	11.9	18,278	10.5	18,591	13.4	19,248	12.8	19,303	11.1
France	10,264	7.4	11,111	7.4	12,335	7.1	11,965	8.6	12,333	8.2	12,553	7.2
Spain	9,194	6.7	8,934	6.0	8,027	4.6	7,887	5.7	8,076	5.4	8,185	4.7
Netherlands	4,863	3.5	5,192	3.5	5,165	3.0	5,026	3.6	5,397	3.6	5,295	3.0
Italy	4,393	3.2	4,717	3.1	4,651	2.7	4,704	3.4	4,860	3.2	4,804	2.8
Austria	2,842	2.1	3,014	2.0	2,952	1.7	3,095	2.2	3,342	2.2	3,327	1.9
Finland	2,127	1.5	2,161	1.4	2,180	1.3	2,122	1.5	2,155	1.5	2,149	1.2
Belgium	2,063	1.5	2,038	1.4	2,054	1.2	2,124	1.5	2,198	1.3	2,214	1.3
Denmark	1,928	1.4	1,972	1.3	1,937	1.1	1,875	1.4	1,930	1.4	1,923	1.1
Poland	1,741	1.3	1,859	1.2	1,646	0.9	1,860	1.3	2,021	1.3	1,739	1.0
Hungary	1,520	1.1	1,565	1.0	1,580	0.9	1,653	1.2	1,680	1.1	1,664	1.0
Czech Republic	1,150	0.8	1,131	0.8	1,135	0.7	1,114	0.8	1,094	0.7	1,122	0.6
Ireland	776	0.6	746	0.5	763	0.4	740	0.5	679	0.5	692	0.4
Portugal	745	0.6	634	0.4	623	0.4	422	0.3	434	0.3	432	0.3
Romania	723	0.5	726	0.4	697	0.4	629	0.5	629	0.4	606	0.4
Croatia	590	0.4	581	0.4	549	0.3	–	–	–	–	–	–
Slovakia	554	0.4	524	0.3	472	0.3	865	0.6	830	0.6	784	0.5
Greece	456	0.3	480	0.3	477	0.3	333	0.2	340	0.2	361	0.2
Lithuania	454	0.3	446	0.3	424	0.2	454	0.3	447	0.3	424	0.2
Latvia	275	0.2	284	0.2	250	0.1	271	0.2	279	0.2	245	0.1
Estonia	227	0.2	242	0.2	235	0.1	227	0.2	242	0.2	235	0.1
Rest of EU excluding Sweden	595	0.4	658	0.4	601	0.3	–	–	–	–	–	–
Total EU excluding Sweden	64,611	46.8	66,846	44.4	67,031	38.5	65,957	47.4	68,214	45.4	68,057	39.1
Rest of Europe												
UK	10,780	7.8	11,520	7.7	11,496	6.6	10,813	7.8	11,562	7.7	11,640	6.7
Switzerland	2,068	1.5	2,227	1.5	2,153	1.2	1,987	1.4	2,104	1.4	2,054	1.2
Norway	1,992	1.5	1,919	1.3	1,844	1.1	2,007	1.4	1,933	1.3	1,856	1.1
Ukraine	573	0.4	583	0.4	591	0.3	505	0.4	519	0.3	534	0.3
Turkey	264	0.2	276	0.2	256	0.1	252	0.2	256	0.2	241	0.1
Russia	–	–	–	–	1,167	0.7	–	–	–	–	1,237	0.7
Rest of Europe, excluding EU	684	0.5	631	0.4	624	0.4	–	–	–	–	–	–
Total Rest of Europe	16,361	11.9	17,156	11.5	18,131	10.4	15,564	11.2	16,374	10.9	17,562	10.1
TOTAL EUROPE	84,666	61.4	87,601	58.3	88,788	51.0	85,395	61.4	88,720	59.1	89,870	51.6

1) Net sales have been recognized from two perspectives. The first column "Net sales – sold to" is based on sales to the countries where Essity has its customers, or Essity's "footprint". The second column "Net sales – sold by" takes the perspective of IFRS 8, meaning revenue from external customers where the company is domiciled.

B2a. Segment reporting, cont.

Group by country total operations TB2:2	Net sales – sold to ¹⁾						Net sales – sold by ¹⁾					
	2025		2024		2023		2025		2024		2023	
	SEKm	%	SEKm	%	SEKm	%	SEKm	%	SEKm	%	SEKm	%
North America												
USA	18,886	13.6	20,896	13.9	21,816	12.5	18,912	13.7	20,855	13.9	21,842	12.6
Canada	3,502	2.5	3,682	2.5	3,754	2.2	3,528	2.6	3,679	2.5	3,748	2.2
Rest of North America	7	0.0	8	0.0	8	0.0	–	–	–	–	–	–
TOTAL NORTH AMERICA	22,395	16.1	24,586	16.4	25,578	14.7	22,440	16.3	24,534	16.4	25,590	14.8
Latin America												
Mexico	10,669	7.7	11,496	7.7	11,090	6.4	11,722	8.5	12,542	8.4	12,060	6.9
Colombia	4,899	3.5	4,990	3.3	4,742	2.7	5,177	3.7	5,245	3.5	4,897	2.8
Ecuador	1,542	1.1	1,591	1.1	1,796	1.0	1,511	1.1	1,555	1.0	1,766	1.0
Brazil	1,389	1.0	1,457	1.0	1,404	0.8	1,389	1.0	1,457	1.0	1,404	0.8
Chile	1,173	0.8	1,212	0.8	1,409	0.8	1,203	0.9	1,233	0.8	1,426	0.8
Peru	790	0.6	755	0.4	741	0.4	771	0.6	743	0.5	722	0.4
Costa Rica	784	0.6	829	0.6	800	0.5	802	0.6	945	0.6	980	0.6
Argentina	548	0.4	813	0.5	845	0.5	555	0.4	843	0.6	886	0.5
Dominican Republic	478	0.3	536	0.4	571	0.3	456	0.3	513	0.3	556	0.3
Nicaragua	312	0.2	316	0.2	296	0.2	–	–	–	–	–	–
Guatemala	298	0.2	290	0.2	275	0.2	–	–	–	–	–	–
Puerto Rico	249	0.2	253	0.2	297	0.2	213	0.2	214	0.1	234	0.1
Panama	162	0.1	183	0.1	183	0.1	–	–	–	–	–	–
Rest of Latin America	857	0.6	816	0.5	755	0.4	294	0.2	268	0.2	231	0.1
TOTAL LATIN AMERICA	24,150	17.3	25,537	17.0	25,204	14.5	24,093	17.5	25,558	17.0	25,132	14.3
Asia												
Japan	462	0.3	569	0.4	805	0.5	380	0.3	427	0.3	538	0.3
India	257	0.2	292	0.2	273	0.2	253	0.2	287	0.2	274	0.2
Indonesia	239	0.2	300	0.2	289	0.2	236	0.2	297	0.2	289	0.2
China	183	0.1	3,847	2.6	22,805	13.1	–	–	3,818	2.5	23,154	13.3
South Korea	49	0.0	123	0.1	320	0.2	–	–	59	0.0	276	0.2
Malaysia	13	0.0	454	0.3	2,272	1.3	–	–	472	0.3	2,487	1.4
Singapore	6	0.0	94	0.1	414	0.2	–	–	76	0.1	350	0.2
Rest of Asia	972	0.7	1,269	0.8	1,824	1.0	798	0.6	603	0.4	850	0.5
TOTAL ASIA	2,181	1.5	6,948	4.7	29,002	16.7	1,667	1.3	6,039	4.0	28,218	16.3
Rest of the world												
Australia	3,054	2.2	3,179	2.1	3,067	1.8	3,051	2.2	3,177	2.1	3,061	1.8
New Zealand	1,136	0.8	1,306	0.9	1,380	0.8	1,124	0.8	1,291	0.9	1,368	0.8
South Africa	355	0.3	374	0.2	368	0.2	519	0.4	542	0.4	469	0.3
Other Rest of the world	557	0.4	548	0.4	530	0.3	205	0.1	218	0.1	209	0.1
TOTAL REST OF THE WORLD	5,102	3.7	5,407	3.6	5,345	3.1	4,899	3.5	5,228	3.5	5,107	3.0
Total Group	138,494	100.0	150,079	100.0	173,917	100.0	138,494	100.0	150,079	100.0	173,917	100.0

1) Net sales have been recognized from two perspectives. The first column "Net sales – sold to" is based on sales to the countries where Essity has its customers, or Essity's "footprint". The second column "Net sales – sold by" takes the perspective of IFRS 8, meaning revenue from external customers where the company is domiciled.

B2b. Segment reporting, cont.

Group by country continuing operations TB2:2	Average number of employees ¹⁾									Non-current assets ²⁾		
	2025	Of whom men, %	Of whom women, %	2024	Of whom men, %	Of whom women, %	2023	Of whom men, %	Of whom women, %	2025 SEKm	2024 SEKm	2023 SEKm
Sweden	2,156	52	48	2,079	52	48	2,027	52	48	5,540	5,588	5,279
EU excluding Sweden												
Germany	4,522	74	26	4,456	75	25	4,423	74	26	26,693	28,568	27,462
France	2,394	66	34	2,355	66	34	2,327	66	34	9,205	9,711	9,172
Spain	1,429	71	29	1,269	72	28	1,203	73	27	3,913	3,859	3,522
Netherlands	1,267	83	17	1,232	83	17	1,222	83	17	3,238	3,238	3,256
Slovakia	989	70	30	964	68	32	956	64	36	740	702	585
Italy	959	72	28	931	73	27	924	74	26	4,010	3,852	3,594
Poland	862	71	29	832	72	28	815	72	28	2,313	2,449	1,967
Austria	523	83	17	509	84	16	502	83	17	973	974	914
Belgium	418	82	18	441	81	19	461	82	18	668	711	693
Portugal	360	44	56	300	45	55	193	45	55	215	240	228
Finland	283	70	30	282	69	31	281	69	31	1,005	1,063	997
Denmark	115	42	58	113	41	59	115	40	60	25	29	30
Hungary	114	38	62	109	38	62	108	39	61	18	19	10
Czech Republic	58	56	44	57	55	45	58	52	48	8	9	10
Greece	44	59	41	45	60	40	45	58	42	18	15	13
Rest of EU excluding Sweden	113	44	56	110	43	57	110	41	59	61	65	64
Total EU excluding Sweden	14,450	71	29	14,005	72	28	13,743	72	28	53,103	55,504	52,517
Rest of Europe												
UK	1,520	75	25	1,534	76	24	1,553	76	24	5,909	6,647	6,226
Norway	78	46	54	74	47	53	80	47	53	15	18	5
Ukraine	64	38	62	62	39	61	62	40	60	12	14	10
Turkey	49	49	51	52	60	40	85	71	29	24	23	12
Russia	–	–	–	–	–	–	785	63	37	–	–	–
Rest of Europe, excluding EU	37	32	68	35	29	71	39	36	64	61	66	64
Total Rest of Europe	1,748	71	29	1,757	72	28	2,604	69	31	6,021	6,768	6,317
TOTAL EUROPE	18,354	69	31	17,841	70	30	18,374	69	31	64,664	67,860	64,113

1) Within the framework of Essity's employee data there are four ways to stipulate gender identity: woman, man, non-binary and gender-not-declared. The percentage of employees in the latter two response alternatives constitute a non-material share, which is why these groups are not reported separately. The average number of employees is calculated as an average over five quarters.

2) Information about non-current assets by country refers to intangible assets and property, plant and equipment according to Notes D1 and D2 and right-of-use assets according to Note G1.

B2b. Segment reporting, cont.

Group by country continuing operations TB2:2	Average number of employees ¹⁾									Non-current assets ²⁾		
	2025	Of whom men, %	Of whom women, %	2024	Of whom men, %	Of whom women, %	2023	Of whom men, %	Of whom women, %	2025 SEKm	2024 SEKm	2023 SEKm
North America												
USA	2,998	70	30	3,053	70	30	3,250	71	29	17,355	21,118	19,760
Canada	629	38	62	593	39	61	404	50	50	4,525	4,975	4,904
TOTAL NORTH AMERICA	3,627	64	36	3,646	65	35	3,654	69	31	21,880	26,093	24,664
Latin America												
Mexico	4,077	63	37	3,939	63	37	3,830	64	36	6,361	6,577	6,881
Colombia	3,567	69	31	3,426	68	32	3,386	69	31	2,370	2,395	2,461
Ecuador	889	71	29	928	70	30	959	71	29	626	748	674
Brazil	502	53	47	493	55	45	494	55	45	523	539	620
Chile	450	63	37	434	67	33	462	71	29	499	547	565
Argentina	301	63	37	321	63	37	312	62	38	184	206	11
Dominican Republic	236	69	31	247	68	32	260	67	33	209	257	247
Peru	141	45	55	136	46	54	136	46	54	385	424	388
Costa Rica	105	50	50	101	51	49	98	54	46	17	22	16
Rest of Latin America	73	53	47	67	51	49	60	42	58	20	29	2
TOTAL LATIN AMERICA	10,341	65	35	10,092	65	35	9,997	66	34	11,194	11,744	11,865
Asia												
India	325	89	11	313	90	10	316	91	9	106	90	65
Pakistan	192	75	25	201	76	24	218	76	24	15	9	4
Indonesia	145	63	37	144	65	35	146	64	36	294	386	384
Japan	82	44	56	92	44	56	108	46	54	31	40	48
Singapore	3	33	67	4	48	52	3	40	60	–	–	–
China	2	50	50	2	50	50	2	50	50	–	–	109
Malaysia	–	–	–	–	–	–	–	–	–	–	–	–
Rest of Asia	104	48	52	88	43	57	81	40	60	182	202	161
TOTAL ASIA	853	72	28	844	72	28	874	72	28	628	727	771
Rest of the world												
Australia	430	52	48	426	51	49	416	51	49	4,501	5,087	5,332
South Africa	369	38	62	373	38	62	365	41	59	553	608	582
New Zealand	295	76	24	292	77	23	317	73	27	1,726	2,096	2,153
Fiji	92	76	24	89	78	22	86	77	23	47	48	45
Other Rest of the world	1	100	–	1	100	–	1	100	–	1	–	–
TOTAL REST OF THE WORLD	1,187	55	45	1,181	55	45	1,185	55	45	6,828	7,839	8,112
Total Group	34,362	67	33	33,604	67	33	34,084	68	32	105,194	114,263	109,525

1) Within the framework of Essity's employee data there are four ways to stipulate gender identity: woman, man, non-binary and gender-not-declared. The percentage of employees in the latter two response alternatives constitute a non-material share, which is why these groups are not reported separately. The average number of employees is calculated as an average over five quarters.

2) Information about non-current assets by country refers to intangible assets and property, plant and equipment according to Notes D1 and D2 and right-of-use assets according to Note G1.

B2b. Segment reporting, cont.

Group by country total operations TB2:2	Average number of employees ¹⁾								
	2025	Of whom men, %	Of whom women, %	2024	Of whom men, %	Of whom women, %	2023	Of whom men, %	Of whom women, %
Sweden	2,156	52	48	2,079	52	48	2,027	52	48
EU excluding Sweden									
Germany	4,522	74	26	4,456	75	25	4,423	74	26
France	2,394	66	34	2,355	66	34	2,327	66	34
Spain	1,429	71	29	1,269	72	28	1,203	73	27
Netherlands	1,267	83	17	1,232	83	17	1,222	83	17
Slovakia	989	70	30	964	68	32	956	64	36
Italy	959	72	28	931	73	27	924	74	26
Poland	862	71	29	832	72	28	815	72	28
Austria	523	83	17	509	84	16	502	83	17
Belgium	418	82	18	441	81	19	461	82	18
Portugal	360	44	56	300	45	55	193	45	55
Finland	283	70	30	282	69	31	281	69	31
Denmark	115	42	58	113	41	59	115	40	60
Hungary	114	38	62	109	38	62	108	39	61
Czech Republic	58	56	44	57	55	45	58	52	48
Greece	44	59	41	45	60	40	45	58	42
Rest of EU excluding Sweden	113	44	56	110	43	57	110	41	59
Total EU excluding Sweden	14,450	71	29	14,005	72	28	13,743	72	28
Rest of Europe									
UK	1,520	75	25	1,534	76	24	1,553	76	24
Norway	78	46	54	74	47	53	80	47	53
Ukraine	64	38	62	62	39	61	62	40	60
Turkey	49	49	51	52	60	40	85	71	29
Russia	–	–	–	–	–	–	785	63	37
Rest of Europe, excluding EU	37	32	68	35	29	71	39	36	64
Total Rest of Europe	1,748	71	29	1,757	72	28	2,604	69	31
TOTAL EUROPE	18,354	69	31	17,841	70	30	18,374	69	31

1) Within the framework of Essity's employee data there are four ways to stipulate gender identity: woman, man, non-binary and gender-not-declared. The percentage of employees in the latter two response alternatives constitute a non-material share, which is why these groups are not reported separately. The average number of employees is calculated as an average over five quarters.

B2b. Segment reporting, cont.

Group by country total operations TB2:2	Average number of employees ¹⁾								
	2025	Of whom men, %	Of whom women, %	2024	Of whom men, %	Of whom women, %	2023	Of whom men, %	Of whom women, %
North America									
USA	2,998	70	30	3,053	70	30	3,250	71	29
Canada	629	38	62	593	39	61	404	50	50
TOTAL NORTH AMERICA	3,627	64	36	3,646	65	35	3,654	69	31
Latin America									
Mexico	4,077	63	37	3,939	63	37	3,830	64	36
Colombia	3,567	69	31	3,426	68	32	3,386	69	31
Ecuador	889	71	29	928	70	30	959	71	29
Brazil	502	53	47	493	55	45	494	55	45
Chile	450	63	37	434	67	33	462	71	29
Argentina	301	63	37	321	63	37	312	62	38
Dominican Republic	236	69	31	247	68	32	260	67	33
Peru	141	45	55	136	46	54	136	46	54
Costa Rica	105	50	50	101	51	49	98	54	46
Rest of Latin America	73	53	47	67	51	49	60	42	58
TOTAL LATIN AMERICA	10,341	65	35	10,092	65	35	9,997	66	34
Asia									
India	325	89	11	313	90	10	316	91	9
Pakistan	192	75	25	201	76	24	218	76	24
Indonesia	145	63	37	146	64	36	155	65	35
Japan	82	44	56	92	44	56	108	46	54
Singapore	3	33	67	12	34	66	41	31	69
China	2	50	50	1,945	59	41	10,094	59	41
Malaysia	-	-	-	271	46	54	1,394	47	53
Rest of Asia	104	48	52	145	48	52	361	53	47
TOTAL ASIA	853	72	28	3,125	61	39	12,687	58	42
Rest of the world									
Australia	430	52	48	426	51	49	419	51	49
South Africa	369	38	62	373	38	62	365	41	59
New Zealand	295	76	24	292	77	23	317	73	27
Fiji	92	76	24	89	78	22	86	77	23
Other Rest of the world	1	100	-	1	100	-	1	100	-
TOTAL REST OF THE WORLD	1,187	55	45	1,181	55	45	1,188	55	45
Total Group	34,362	67	33	35,885	67	33	45,900	65	35

1) Within the framework of Essity's employee data there are four ways to stipulate gender identity: woman, man, non-binary and gender-not-declared. The percentage of employees in the latter two response alternatives constitute a non-material share, which is why these groups are not reported separately. The average number of employees is calculated as an average over five quarters.

B3. Operating expenses

Accounting principles **AP**

Cost of goods sold includes the costs of production, purchase and distribution of goods sold, i.e. mainly the costs of raw materials, consumables, energy, repairs and maintenance, depreciation, amortization and impairment, storage, transport and production and distribution personnel.

Sales, general and administration mainly includes costs for marketing, research and development, depreciation and amortization, and personnel costs within research and development, sales and administration.

Items affecting comparability include costs in connection with acquisitions, restructuring, impairment and other specific events that are relevant when comparing earnings for one period with those of another.

Operating expenses by function and type of cost

Operating expenses by function

SEKm	2025	2024	2023
Cost of goods sold IS	-92,351	-97,929	-102,627
Sales, general and administration IS	-26,571	-27,351	-25,661
Share of results of associates and joint ventures ¹⁾ IS	-	78	39
Amortization of acquisition-related intangible assets IS	-972	-1,110	-1,109
Items affecting comparability IS TB3:1	-69	-939	-2,641
Total	-119,963	-127,251	-131,999

1) Until 2024, the share of results of associates and joint ventures was recognized in operating profit. From 2025 onwards, these results are recognized below operating profit.

Refer also to the Description of costs section on page 187.

Operating expenses by type of cost

SEKm	Note	2025	2024	2023
Other income ¹⁾ TB3:2		1,521	1,824	1,753
Change in inventory of finished products and products in progress ¹⁾		-2,743	-1,890	-2,634
Raw materials and consumables		-41,507	-46,087	-49,270
Personnel costs ¹⁾	C1	-28,397	-28,684	-28,257
Other operating expenses ¹⁾ TB3:3		-41,676	-44,987	-45,108
Amortization of intangible assets	D1	-1,359	-1,464	-1,436
Depreciation of property, plant and equipment	D2, G1	-5,718	-5,763	-5,734
Impairment of intangible assets ¹⁾	D1	-	-72	-356
Impairment of property, plant and equipment ¹⁾	D2, G1	-84	-370	-590
Reversal of impairment of property, plant and equipment ¹⁾	D2, G1	4	164	118
Share in profits of associates and joint ventures ²⁾	F2	-	78	39
Gain/loss on divestment and liquidation ¹⁾³⁾	F4	-4	-	-524
Total		-119,963	-127,251	-131,999

1) Including items affecting comparability.

2) Until 2024, the share of results of associates and joint ventures was recognized in operating profit. From 2025 onwards, these results are recognized below operating profit.

3) Including reversal of realized translation differences in divested companies to profit or loss.

Items affecting comparability **TB3:1**

Distribution of items affecting comparability by type of cost

SEKm	2025	2024	2023
Other income	33	-	-
Impairment of inventory of finished products and products in progress, net	-4	-77	-167
Personnel costs	-124	-219	-582
Other operating expenses	65 ¹⁾	-421	-605
Impairment of intangible assets, net	-	-70	-350
Impairment of property, plant and equipment, net	-35	-152	-413
Gain/loss on divestment and liquidation	-4	-	-524
Total	-69	-939	-2,641

1) The amount primarily relates to the reversal of the provision for restructuring measures and the gain from the divestment of a previously impaired asset in restructuring measures.

Distribution of items affecting comparability

SEKm	2025
Costs for restructuring measures	-92
Other	23
Total	-69

Distribution of items affecting comparability, previous periods

SEKm	2024
Costs for restructuring measures	-637
Costs in conjunction with fires in Italy and the USA	-184
Impairment losses Goodwill	-70
Other	-48
Total	-939

Distribution of items affecting comparability, previous periods

SEKm	2023
Costs for restructuring measures	-1,948
Net loss, divestments in Russia and New Zealand	-524
Transaction costs related to divestments	-77
Other	-92
Total	-2,641

Other income **TB3:2**

SEKm	2025	2024	2023
Sales not included in core operations	1,521	1,824	1,753
Total	1,521	1,824	1,753

Other income includes rental income, which is recognized in the period covered by the rental contract, income from insurance compensation and similar items, which are recognized in accordance with the implied financial effect of the contract.

B3. Operating expenses, cont.

Distribution of other operating expenses **TB3:3**

SEKm	2025	2024	2023
Transport expenses	-10,621	-10,941	-11,142
Energy costs ¹⁾	-5,848	-6,895	-8,809
Marketing costs	-7,161	-7,518	-6,898
Repairs and maintenance	-4,003	-4,144	-3,943
IT, telephony and lease of premises	-1,426	-1,533	-1,327
Other operating expenses, production	-6,230	-6,945	-6,752
Other operating expenses, distribution, sales and administration	-6,353	-6,502	-5,773
Other	-34	-509	-464
Total	-41,676	-44,987	-45,108

1) After deduction for revenues from energy in the amount of SEK 221m (300; 167).

Other disclosures

Exchange rate effects had a negative impact of SEK -130m (-91; -197) on operating profit.

Other disclosures¹⁾

SEKm	2025	2024	2023
Government grants received	84	77	232
Research and development ²⁾	-1,798	-1,852	-1,704

1) These items are included in the tables above under the respective type of cost.

2) Represents Sales, general and administration in its entirety.

B4. Auditing expenses

Auditing expenses

SEKm	2025	2024	2023
Ernst & Young			
Audit assignments	-97	-103	-91
Auditing activities other than the audit assignment	-4	-4	-2
Tax consultancy services	-1	-1	-1
Other assignments	-4	-3	-4
Total Ernst & Young	-106	-111	-98
Other auditors			
Audit assignments	-1	-2	-15
Tax consultancy services	-1	-2	-3
Other assignments	0	0	-2
Total other auditors	-2	-4	-20
Total	-108	-115	-118
Of which, discontinued operations; other auditors	-	-	-16
Of which, continuing operations	-108	-115	-102

B5. Income taxes

Accounting principles **AP**

The Group's tax expense comprises current tax and deferred tax.

The recognition of tax effects is determined by the manner in which the underlying transaction is recognized. For items in profit or loss, the tax effect is recognized in profit or loss, with the same applying for transactions in other comprehensive income within equity, whereby the tax effect is subsequently recognized in other comprehensive income.

Current tax is calculated on the tax rules prevailing in the countries where the Group operates. Taxation at source on Intra-Group transactions and interest attributable to income tax are recognized as current income tax.

Deferred tax is calculated based on temporary differences between the carrying amounts and the tax base values of assets and liabilities and for tax loss carryforwards and other unutilized tax deductions where it is probable that these can be utilized against future taxable profits. Deferred taxes are measured in the balance sheet at their nominal amount and based on the tax rates enacted or substantively enacted on the balance sheet date. Essity does not recognize any deferred tax liability regarding temporary differences on undistributed earnings from shares in subsidiaries, joint ventures or associates, since Essity can control the reversal of the temporary differences and it is probable that such a reversal will not take place in the foreseeable future.

Essity has applied the mandatory exemption to recognize and disclose information on deferred tax assets and deferred tax liabilities arising from income taxes under Pillar 2.

Tax liabilities and tax assets are recognized net when Essity has a legal right to offset.

OECD Pillar 2 model rules

Essity is subject to OECD's model rules for Pillar 2. Pillar 2 applies to multinational groups with sales of more than EUR 750m and the framework aims to ensure that profits in each jurisdiction where the Group operates are taxed at a rate of at least 15%. On December 13, 2023, Sweden, the jurisdiction where the Parent company Essity Aktiebolag (publ) is located, introduced legislation on top-up tax for companies in large groups. This legislation entered into force on January 1, 2024. Under this law, the Group is obliged to pay a top-up tax on the profits of its subsidiaries that are taxed at an effective tax rate of less than 15%. Essity has performed a preliminary assessment of its potential exposure to Pillar 2 income taxes based on the temporary safe harbor rules. By applying the temporary safe harbor rules, multinational groups operating in low-risk countries can reduce the administrative burden for a transitional period of three years. The preliminary assessment is based on the latest available information on the financial position of the entities within the Group, which are consolidated financial statements up to the fourth quarter of the 2025 fiscal year. The assessment shows that four jurisdictions cannot apply the temporary safe harbor rules. For two of these jurisdictions, Switzerland and Ireland, a potential top-up tax is expected based on the full Pillar 2 rules. The top-up tax is estimated to amount to SEK 19m and SEK 2m, respectively. Income tax of SEK 21m (2024: SEK 15m) related to Pillar 2 is therefore included in the consolidated income statement for 2025.

Key assessments and assumptions **KAA**

The measurement of current and deferred tax assets and tax liabilities involves significant estimates that are subject to uncertainty. The most material uncertainties relate to assumptions about future taxable earnings, the date of the reversal of temporary differences and the utilization of loss carryforwards, tax credits and other tax benefits. Since Essity operates globally, these estimates are affected by changes in tax legislation, tax rates and economic conditions in the countries where the Group operates.

In addition, the valuation of uncertain tax positions is based on assessments of the likelihood that tax authorities or courts will accept the company's interpretation of the applicable rules. The outcome of such assessments may differ from the assumptions made on the balance sheet date.

Changes in assumptions about future taxable earnings or in the assessment of uncertain tax positions may therefore result in significant adjustments to recognized tax assets and tax liabilities in future fiscal years.

B5. Income taxes, cont.

Tax expense

Tax expense (+), tax income (-)

SEKm	2025	%	2024	%	2023	%
Current tax						
Income tax for the period ¹⁾	4,791	27.9	4,970	30.4	3,957	30.9
Adjustments for prior periods	356	2.1	-177	-1.1	117	0.9
Current tax expense TB5:1	5,147	30.0	4,793	29.3	4,074	31.8
Deferred tax						
Changes in temporary differences	-341	-2.0	-414	-2.5	-629	-4.9
Adjustments for prior periods	-12	-0.1	-65	-0.4	-187	-1.4
Revaluations	-351	-2.0	17	0.1	17	0.1
Deferred tax expense TB5:1 TB5:2 TB5:3	-704	-4.1	-462	-2.8	-799	-6.2
Tax expense IS	4,443	25.9	4,331	26.5	3,275	25.6

1) Includes top-up tax in Switzerland and Ireland related to Pillar 2 of SEK 19m and SEK 2m, respectively.

Explanation of tax expense

The difference between the recognized tax expense and expected tax expense is explained below. The expected tax expense is calculated based on profit before tax in each country multiplied by the statutory tax rate in the country.

Tax expense

SEKm	2025	%	2024	%	2023	%
Profit before tax, continuing operations IS	17,161		16,364		12,792	
Profit before tax from discontinued operations	-		245		295	
Profit before tax	17,161		16,609		13,087	
Expected tax expense	4,177	24.3	4,026	24.2	2,877	22.0
Permanent differences between accounting and taxable result						
Effects of subsidiary financing ¹⁾	31	0.2	25	0.1	33	0.2
Effects of acquisitions and divestments ²⁾	-	-	-6	0.0	162	1.2
Taxes relating to profit-taking ³⁾	32	0.2	61	0.4	63	0.5
Other permanent effects ⁴⁾	262	1.5	411	2.5	194	1.5
Taxes related to prior periods ⁵⁾	344	2.0	-169	-1.0	-55	-0.4
Changes in the value of deferred tax assets ⁶⁾	-53	-0.3	-1	0.0	5	0.0
Changes in tax rates ⁷⁾	-350	-2.0	12	0.1	12	0.1
Total effective tax expense	4,443	25.9	4,359	26.3	3,291	25.1
Tax expense, continuing operations IS	4,443	25.9	4,331	26.5	3,275	25.6
Tax expense, discontinued operations	-		28		16	

1) The effects are principally attributable to financing of the operation in Germany.

2) Effects of acquisitions and divestments in 2023 relate to the divestment of Russian operations of SEK 162m.

3) Mainly attributable to taxation at source on profit-taking to Germany from Mexico of SEK 11m and to Mexico from Costa Rica of SEK 7m. The year 2024 mainly attributable to taxation at source on profit-taking to the Netherlands from Canada of SEK 32m. The year 2023 mainly attributable to taxation at source on profit-taking to Colombia from Ecuador of SEK 46m.

4) Other permanent effects are mainly attributable to non-deductible taxation at source on royalties and services of SEK 87m, exceptional surtax on corporate income tax and CVAE in France of SEK 52m and top-up tax in Switzerland and Ireland of SEK 21m. 2024 is mainly attributable to effects of internal restructuring of SEK 324m, non-deductible taxation at source on royalties and services of SEK 99m, and top-up tax in Switzerland of SEK 15m. The year 2023 primarily comprises the effects of state taxation in the USA of SEK 118m and the permanent tax impact from internal restructuring of SEK 75m.

5) Taxes attributable to earlier periods relate mainly to increased costs for tax audits of SEK 390m. The year 2024 relates to reduced costs for tax audits of SEK -214m and impairment of tax assets in Sweden of SEK 71m. The year 2023 relates mainly to adjustment of BEAT of SEK 76m and adjustment of capitalized research and development costs and loss carryforwards of SEK -105m in the USA.

6) The change in value of deferred tax assets relates to the capitalization of previously non-capitalized loss carryforwards in Spain of SEK 28m and Chile of SEK 13m.

7) Relates to the revaluation of a deferred tax liability in Germany of SEK 330m and in the USA of SEK 20m. The preceding year was mainly attributable to the USA with SEK 20m for 2024 and SEK 9m for 2023.

Current tax liability

Current tax liability (+), current tax asset (-)

SEKm	2025	2024	2023
Value, January 1	-231	876	437
Current tax expense TB5:1	5,147	4,793	4,074
Liabilities directly attributable to assets held for sale	-	-	-24
Paid tax OCF CF TB5:1	-4,713	-5,860	-3,615
Other changes from acquisitions, divestments and reclassifications	-	-5	25
Translation differences	18	-35	-21
Value, December 31	221	-231	876
of which current tax liability BS	1,847	1,442	2,165
of which current tax asset BS	1,626	1,673	1,289

Tax by country TB5:1

Tax expense (+), tax income (-)

Tax payments made by entities in different countries (-), SEKm

Country	Current tax expense	Deferred tax expense	Total tax expense	Paid tax
Mexico	460	138	598	-447
USA	538	-51	487	-464
France	384	-5	379	-349
Sweden	698	-338	360	-337
Germany	718	-399	319	-960
Spain	320	-18	302	-285
UK	211	51	262	-183
Netherlands	231	-2	229	104
Colombia	208	-6	202	-368
Italy	142	20	162	-269
Austria	111	5	116	-13
Belgium	104	3	107	-94
Poland	62	29	91	-99
Slovakia	86	4	90	-80
Switzerland	73	0	73	-69
Norway	66	0	66	-55
Denmark	65	0	65	-62
Finland	51	5	56	-67
Ecuador	58	-2	56	-71
Peru	52	-2	50	-51
Canada	111	-62	49	-123
Czech Republic	45	0	45	-42
Hungary	35	0	35	-32
Argentina	18	4	22	-7
Dominican Republic	20	-1	19	-24
Philippines	14	2	16	-13
Other countries ¹⁾	266	-79	187	-253
Total OCF CF IS	5,147	-704	4,443	-4,713

1) Other countries comprise several countries where the tax expense and tax payments for the respective countries are of a low amount.

B5. Income taxes, cont.

Deferred tax liability **TB5:2**

Deferred tax liability (+), deferred tax asset (-)

SEKm	Value, January 1	Deferred tax expense	Other changes ²⁾	Translation differences	Value at December 31
Intangible assets	5,105	-636	1	-401	4,069
Property, plant and equipment	3,391	23	-	-313	3,101
Financial non-current assets	1,007	-159	35	-2	881
Current assets	-307	-45	-2	37	-317
Provisions	-1,179	-382	587	35	-939
Liabilities	-2,213	339	-7	135	-1,746
Tax credits and tax loss carryforwards	-1,300	9	0	95	-1,196
Other	148	147	0	2	297
Total¹⁾	4,652	-704	614	-412	4,150

1) The net closing deferred tax liability comprises **BS** deferred tax assets of SEK 2,122m (2,326; 2,343) and **BS** deferred tax liabilities of SEK 6,272m (6,978; 6,935).

2) Other changes mainly include deferred tax recognized directly in other comprehensive income within equity according to IAS 19 Employee Benefits of SEK -370m and IFRS 9 Financial Instruments of SEK -244m.

Preceding periods' deferred tax liability (+), deferred tax asset (-), SEKm **TB5:3**

YEAR	Value, January 1	Liabilities directly attributable to assets held for sale	Deferred tax expense	Other changes	Translation differences	Value at December 31
2024 BS	4,592	0	-462	159	363	4,652
2023	6,173	-136	-799	-440	-206	4,592

Tax loss carryforwards

Tax credits and tax loss carryforwards for which deferred tax assets were recognized have been reported at the tax amount on the line Tax credits and tax loss carryforwards in **TB5:2** in the amount of SEK -1,196m.

Loss carryforwards for which no deferred tax assets were recognized amounted to SEK 3,997m (4,768; 5,071) at December 31, 2025.

The change in unrecognized tax loss carryforwards for the period includes SEK -336m in exchange rate effects, SEK 0m that has expired and SEK -435m that was either utilized or capitalized. The tax value of non-capitalized tax loss carryforwards amounted to SEK 1,184m (1,345; 1,438). The useful lives of these tax loss carryforwards are distributed as follows:

Loss carryforwards for which no deferred tax assets were recognized, SEKm

Year of maturity	2025	2024	2023
Within 1 year	9	-	74
2 years	11	8	-
3 years	28	8	7
4 years	7	-	7
5 years or more	34	59	51
Indefinite useful life	3,908	4,693	4,932
Total	3,997	4,768	5,071

C. Employees

C1. Personnel costs

The tables below present the Group's personnel costs for continuing operations and the Group's personnel costs total operations. Information concerning the average number of employees by country is presented in Note B2b on page 133.

Personnel costs, continuing operations

SEKm	Note	2025	2024	2023
Salaries and remuneration		-20,511	-20,902	-20,465
of which Executive Management Team TC2:1	C2	-171 ²⁾	-191	-144
of which Board of Directors	C3	-13	-12	-12
Pension costs		-1,404	-1,475	-1,415
of which defined benefit pension costs	C4	-290	-361	-316
of which other pension costs		-1,114	-1,114	-1,099
Other social security costs		-4,152	-4,017	-4,535
Other personnel costs		-2,330	-2,290	-1,842
Total¹⁾		-28,397	-28,684	-28,257

1) Of which items affecting comparability of SEK -124m (-219; -582).

2) Excluding compensation to former CEO during notice period of SEK 18m.

Personnel costs, total operations

SEKm	Note	2025	2024	2023
Salaries and remuneration		-20,511	-21,344	-22,733
of which Executive Management Team TC2:1	C2	-171 ²⁾	-191	-144
of which Board of Directors	C3	-13	-12	-12
Pension costs		-1,404	-1,523	-1,660
of which defined benefit pension costs	C4	-290	-361	-318
of which other pension costs		-1,114	-1,162	-1,342
Other social security costs		-4,152	-4,049	-4,704
Other personnel costs		-2,330	-2,362	-2,210
Total¹⁾		-28,397	-29,278	-31,307

1) Of which items affecting comparability of SEK -124m (-219; -582).

2) Excluding compensation to former CEO during notice period of SEK 18m.

C2. Remuneration of senior executives

Accounting principles **AP**

Incentive programs

Essity has the following remuneration programs: Short Term Incentive (STI) and Long Term Incentive (LTI). Variable remuneration is capped at a specific percentage of fixed salary and is recognized as an expense and non-current provision, respectively, during the earning period in accordance with IAS 19 Employee Benefits. The programs are continuously evaluated and reported in the annual accounts. Payment is made in cash the year following the vesting period.

Description of incentive programs

The STI program consist of financial targets and non-financial targets that support the achievement of financial targets. Typically targets consist of operating cash flow, cost efficiency, EBITA margin, organic sales growth and

consolidated profit before tax, as well as innovation goals. Essity has adopted a long-term incentive program to enable the company to recruit and retain key individuals and to promote the common interest of participants and shareholders in generating long-term returns.

The LTI program consist of two goals. The first goal is based on the performance of the company's Class B share, measured as TSR (Total Shareholder Return) compared with a weighted TSR index of competing companies with operations in Essity's business areas of Consumer Goods, Health & Medical and Professional Hygiene over a three-year period, where the performance target is higher TSR for the company than the index for the benchmark group (maximum outcome requires a 5% better outcome than index for the benchmark group). The second goal is a relative goal for reduction in carbon emissions. For maximum outcome, a reduction of 7.5% on a linear basis in carbon emissions is required compared with the estimated target that applied in the year immediately preceding the start of the measurement period.

Variable remuneration under LTI is paid in cash to employees and accordingly does not have any dilutive effect. Senior executives who participate in the LTI program are required to purchase shares in Essity for the entire amount of the LTI outcome after tax and must not divest these shares for a period of three years.

Annual General Meeting guidelines for remuneration of senior executives

These guidelines shall govern remuneration to directors, the President, Executive Vice President and other members of the executive team (below referred to as "senior executives"). The guidelines do not include remuneration decided upon by the General Meeting.

Remuneration principles

Successful implementation of the company's business strategy and the fostering of the company's long-term interests, including its sustainability, require that the company is able, through competitive remuneration on market terms, to recruit, incentivize and retain skilled employees. The total remuneration package must therefore be on market terms and competitive on the executive's field of profession, and must be related to the executive's responsibilities, powers and performance. The remuneration may comprise fixed salary, short and long-term variable remuneration, other benefits and pension. The company's business strategy is described in the Annual Report.

Variable remuneration

Variable remuneration shall be based on results relative to short- and long-term targets for Essity's incentive program, which shall contribute to the fulfilment of the objectives established by the company or to the performance of the company's share. Remuneration shall be aimed at promoting the company's business strategy and long-term interests, including its sustainability. Furthermore, variable remuneration shall be paid as cash remuneration and shall not be included in the basis for pension computation. The short-term element shall not exceed 100% of annual fixed salary and the long-term element shall not exceed 100% of annual fixed salary. The maximum variable remuneration level shall be determined per individual, taking into account the total remuneration in relation to the specific role, the local market, the terms of employment or the individual performance.

Short-term performance targets shall include either organic growth, product development, earnings, cash flow, capital efficiency, return or individual targets or a combination thereof. Long-term performance targets shall include either sustainability, total shareholder return (TSR) or a combination thereof and - in order to create a long-term perspective - be combined with requirements for senior executives to use the compensation net of tax to invest in the Essity share with a minimum holding period of three years.

The company shall have the possibility to withhold payment of variable remuneration where necessary and possible according to law, provided there are special reasons for so doing and such a measure is necessary to meet the company's long-term interests, including its sustainability. Furthermore, the company shall have the possibility provided by law to demand repayment of any variable remuneration paid based on erroneous grounds.

Pension and other benefits

Pension benefits shall be defined contribution, and the annual premium shall not exceed 40% of the fixed annual salary.

Other, lesser benefits may include medical insurance, company car, fitness allowance as well as membership and service fees, training/education and other support.

C2. Remuneration of senior executives, cont.

A notice of termination period of not more than two years shall apply upon termination of the employment relationship where the termination is initiated by the company, and of not more than one year where the termination is initiated by the executive. Severance pay should not exist.

Decision-making process and reporting

Matters relating to remuneration of senior executives shall be addressed by the Board's Remuneration Committee and, with respect to the President, decided upon by the Board. The duties of the Remuneration Committee shall also include preparing board decisions regarding proposals for guidelines for remuneration of senior executives, performing oversight as well as monitoring and assessing the application thereof. When the Board or the Remuneration Committee addresses and decides on remuneration-related matters, senior executives may not be present insofar as the matter relates to them. With respect to the calculation of variable remuneration, an audit certificate must be obtained before any decision is taken regarding payment. In the preparation of the remuneration guidelines, consideration has been given to salary and employment conditions for the company's other employees, such as information regarding total remuneration, components of the remuneration as well as the increase in remuneration and the rate of increase over time, and the company's equality of opportunity policy.

The Board shall prepare a remuneration report.

Application of, and deviation from, the guidelines

The Board may decide to temporarily deviate from the guidelines, wholly or in part, if there are special reasons for so doing in an individual case and deviation is necessary to satisfy the company's long-term interests, including its sustainability. The duties of the Remuneration Committee include preparing board decisions on remuneration issues, including decisions regarding deviations from the guidelines. With respect to employment relationships governed by rules other than Swedish rules, appropriate adjustments shall take place with respect to pension benefits and other benefits to ensure compliance with such rules or local practice, whereupon the overarching purpose of these guidelines shall be attained as far as possible.

The guidelines shall not take precedence over mandatory terms or employment law legislation or collective agreements. Nor shall they apply to already executed agreements.

Description of significant changes compared to previous guidelines

The changes are only editorial and are proposed for clarification purposes. These guidelines shall apply from the Annual General Meeting 2024 until further notice.

Company's application of guidelines

The company applied the guidelines approved by the AGM in the following manner.

Fixed salary

The fixed salary is to be in proportion to the individual's position and the authority and responsibilities this entails, as well as performance. It is set individually at a level that, combined with other remuneration, is assessed as a market rate and competitive in the labor market in which the executive works.

Variable remuneration

After 31 May 2025 variable remuneration of the CEO is maximized to a total of 130% and for the Executive Vice President is maximized to a total of 100% of the fixed salary. Up until 1 June 2025, variable remuneration for both was maximized to a total of 100%. For the Business and Global Unit Presidents the maximum outcome is 100%–130% of fixed salary. The corresponding limit for other senior executives is 50%–100%. The program for variable remuneration is divided into short-term and long-term portions. The short-term portion ("Short Term Incentive", or "STI") for the CEO may after 31 May 2025 amount to a maximum of 80% and for the Executive Vice President to a maximum of 50% of fixed salary. Up until 1 June 2025, STI outcome for both was maximized to 50% of fixed salary. For the Business and Global Unit Presidents, the maximum outcome is 50%–80% of the fixed salary, while the corresponding limit for other senior executives is 50%. For one Executive in Sweden the STI program has been replaced by a fixed annual allowance. The STI targets set for the Business Unit Presidents are mainly based on organic sales growth, EBITA margin and operating cash flow for each business unit and Group-wide cash flow, return on capital and innovation targets.

The targets for the CEO and senior executives within the global units and central functions are based primarily on the group's organic sales growth, return on capital, operating cash flow, and profit. Furthermore, for certain senior executives, targets for strategic projects and innovation also apply, accounting for 10%–20% of the STI as part of variable remuneration.

The long-term portion ("Long Term Incentive", or LTI) of the program may amount to a maximum of 50% of the fixed salary. The TSR target accounts for a maximum of 80% of the LTI as part of variable pay. The sustainability target, Science Based Targets Scope 1 and 2, which aims to reduce emissions of carbon dioxide in energy utilization and purchased electricity, accounts for a maximum of 20% of the variable remuneration. The senior executive is to invest all of the variable LTI compensation, after tax withholdings, in Essity shares. The shares may then not be sold within three years from the purchase date of shares in the relevant LTI program.

Outcome, variable remuneration

For the CEO, STI resulted in 33.7% and for the previous CEO and the Executive President STI resulted in 21.1% of fixed salary for 2025. For the heads of the central functions, STI resulted in 20.8% of fixed salary. STI resulted in variable remuneration corresponding to 18.7–57.6% of fixed salary for the Business Unit and Global Unit Presidents. The outcome for all senior executives from the LTI program amounted to 50% of fixed salary. Based on 2025 salaries of 13 senior executives, the maximum outcome of variable remuneration would result in a cost for the Group, excluding social security costs, of approximately SEK 96.0m.

Other benefits

Other benefits consist of, in some cases, a company car, commuter reimbursement and health insurance.

Pension

The CEO has a defined contribution pension based on an annual payment, to be paid by the company, amounting to 35% of the employee's fixed salary, in addition to the agreed contribution for the basic pension benefits in the ITP plan (supplementary pensions for salaried employees), with retirement pension benefits limited to a maximum salary income of 7.5 income base amounts. Six other executives are covered by corresponding defined contribution pension benefits with an annual premium of approximately 30% and pension age of 65. One senior executive in Sweden has a combined defined benefit and defined contribution plan. Five senior executives that are employed in companies outside Sweden are encompassed by defined contribution pension plans on local market-based terms.

Notice period and severance pay

The agreement with the CEO stipulates a period of notice of termination of two years if such notice is given by the company. The CEO has a corresponding right with a period of termination of one year. If notice is given by the company, the CEO is not obligated to serve during the notice period. The agreement has no stipulations with regard to severance pay. Between the company and other senior executives, a period of notice of termination of one to two years normally applies, if such notice is given by the company. The executive has a corresponding right with a period of notice of termination of six months to one year. The executive is normally expected to be available to the company during the notice period. The agreements have no stipulations with regard to severance pay.

Preparation and decision process for remuneration

During the year, the Remuneration Committee submitted recommendations to the Board regarding the principles for remuneration of senior executives. The recommendations encompassed the ratio between fixed and variable remuneration and the size of any salary increases. In addition, the Remuneration Committee expressed an opinion on the criteria for assessing variable remuneration and pension terms. The Board discussed the Remuneration Committee's proposal and decided on the basis of the Committee's recommendations. The remuneration of corporate management for the fiscal year was based on the Remuneration Committee's recommendation and, with regard to the CEO, decided by the Board. The executives concerned did not participate in remuneration matters pertaining to themselves. When it was deemed appropriate, the work of the Remuneration Committee was carried out with the support of external expertise.

C2. Remuneration of senior executives, cont.

Remuneration and other benefits during the year 2025 **TC2:1**

SEK	Fixed salary	Variable remuneration ¹⁾	Other benefits	Total salaries and remuneration
President and CEO Magnus Groth (January 1–May 31, 2025)	7,583,333	5,387,596 ²⁾	78,514	13,049,443 ⁵⁾
President and CEO Ulrika Kolsrud (June 1–December 31, 2025)	9,464,052	7,809,420 ³⁾	263,288	17,536,760
Other senior executives (13 people)	70,595,593	56,779,252 ⁴⁾	13,038,484	140,413,329
Total	87,642,978	69,976,268	13,380,286	170,999,532

- 1) Variable remuneration covers the 2025 fiscal year but is paid in 2026.
- 2) Of which LTI program SEK 3,791,667.
- 3) Of which LTI program SEK 4,666,667.
- 4) Of which LTI program SEK 35,303,486.
- 5) Total Salary and total remuneration including payment for notice period until 31 May 2026 is SEK 31,437,875.

Pension costs 2025¹⁾

SEK	
President and CEO Magnus Groth (January 1–May 31, 2025) ²⁾	3,160,090 ⁵⁾
President and CEO Ulrika Kolsrud (June 1–December 31, 2025) ³⁾	3,785,687
Other senior executives (13 people) ⁴⁾	17,821,793
Total	24,767,570

- 1) The pension costs pertain to the costs that affected profit for 2025, excluding special payroll tax.
- 2) Outstanding pension obligations amount to SEK 20,360,948.
- 3) Outstanding pension obligations amount to SEK 5,995,303.
- 4) Outstanding pension obligations amount to SEK 78,386,487.
- 5) Total pension costs including pension costs for notice period until 31 May 2026 is SEK 10,744,306.

Remuneration and other benefits during the year 2024 **TC2:1**

SEK	Fixed salary	Variable remuneration ¹⁾	Other benefits	Total salaries and remuneration
President and CEO Magnus Groth	17,500,000	17,180,931 ²⁾	192,894	34,873,825
Other senior executives (12 people)	72,827,316	76,533,412 ³⁾	7,047,255	156,407,983
Total	90,327,316	93,714,343	7,240,149	191,281,808

- 1) Variable remuneration covers the 2024 fiscal year but is paid in 2025.
- 2) Of which LTI program SEK 8,750,000.
- 3) Of which LTI program SEK 36,588,842.

Pension costs 2024¹⁾

SEK	
President and CEO Magnus Groth ²⁾	7,302,869
Other senior executives (12 people) ³⁾	28,392,266
Total	35,695,135

- 1) The pension costs pertain to the costs that affected profit for 2024, excluding special payroll tax.
- 2) Outstanding pension obligations amount to SEK 22,076,312.
- 3) Outstanding pension obligations amount to SEK 90,348,333.

Remuneration and other benefits during the year 2023 **TC2:1**

SEK	Fixed salary	Variable remuneration ¹⁾	Other benefits	Total salaries and remuneration
President and CEO Magnus Groth	17,000,000	11,018,626 ²⁾	150,979	28,169,605
Other senior executives (13 people)	65,135,658	48,807,880 ³⁾	2,581,682	116,525,220
Total	82,135,658	59,826,506	2,732,661	144,694,825

- 1) Variable remuneration covers the 2023 fiscal year but is paid in 2024.
- 2) Of which LTI program SEK 0, BIP program SEK 5,108,500.
- 3) Of which LTI program SEK 0, BIP program SEK 19,573,265.

Pension costs 2023¹⁾

SEK	
President and CEO Magnus Groth ²⁾	7,095,675
Other senior executives (13 people) ³⁾	15,670,674
Total	22,766,349

- 1) The pension costs pertain to the costs that affected profit for 2023, excluding special payroll tax.
- 2) Outstanding pension obligations amount to SEK 20,659,029.
- 3) Outstanding pension obligations amount to SEK 80,762,166.

Outcome of the long-term incentive program 2025 for the President and CEO and other senior executives

SEK	Target	Target's relative weight(%)	Target outcome (%)	Remuneration
President and CEO Magnus Groth	Total Shareholder Return (TSR)	40	40	3,033,334
(January 1–May 31, 2025)	Science-based targets, Scope 1 and 2	10	10	758,333
President and CEO Ulrika Kolsrud	Total Shareholder Return (TSR)	40	40	3,733,334
(June 1–December 31, 2025)	Science-based targets, Scope 1 and 2	10	10	933,333
Other senior executives (13 people)	Total Shareholder Return (TSR)	40	40	28,242,789
	Science-based targets, Scope 1 and 2	10	10	7,060,697

Annual total remuneration ratio of the President and CEO to the median annual total remuneration for all employees (excluding the President and CEO)

SEKm	Total remuneration ¹⁾ 2025
Ulrika Kolsrud, President and CEO	42.7
Median total remuneration excluding the President and CEO ²⁾	0.56
Annual Total Remuneration Ratio	76.3

- 1) Total Remuneration was calculated as all payments (annualized) made to the employee through the payroll system including pension contributions (annualized), variable remuneration (annualized) covers the 2025 fiscal year but is paid in 2026.
- 2) The total remuneration of the median employee of all employees recorded in the HRIS system.

The table shows the annualized total remuneration for the President and CEO divided by the total remuneration of the median employee. For 2025, the median employee is selected from all employees captured in the global HR platform. In previous Annual Reports up until 2023, the total remuneration of the President and CEO was compared to the average total remuneration for employees in Essity Aktiebolag (publ) excluding senior executives. The change in the remuneration ratio was mainly due to the updated methodology used to identify the median employee.

Obligations in relation to former presidents and CEOs

For former presidents and CEOs, Essity has outstanding, non-funded obligations amounting to SEK 94m. These costs were recognized in previous years and comprise pension obligations that Essity assumed from Svenska Cellulosa Aktiebolaget in conjunction with the split of the Group.

C3. Fees to board members in the Parent company

Remuneration to non-executive Board members of Essity Aktiebolag (publ) refers to the fees approved at the AGM on March 27, 2025 for the period until the next AGM in March 2026. No remuneration is paid to the President and CEO and other employees.

SEK	Board fee			Audit Committee fee			Remuneration Committee fee			Portfolio Development Committee fee			Total		
	2025	2024	2023	2025	2024	2023	2025	2024	2023	2025	2024 ³⁾	2023	2025	2024	2023
Jan Gurander (Chairman) ¹⁾	2,880,000	2,730,000	875,000	350,000	320,000	300,000	170,000	160,000				300,000	3,400,000	3,210,000	1,475,000
Pär Boman (Chairman) ²⁾			2,625,000			300,000			155,000			300,000			3,380,000
Ewa Björling		910,000	875,000		320,000	300,000								1,230,000	1,175,000
Annemarie Gardshol	960,000	910,000	875,000										960,000	910,000	875,000
Maria Carell	960,000	910,000	875,000										960,000	910,000	875,000
Bert Nordberg	960,000	910,000	875,000				145,000	135,000	130,000			425,000	1,105,000	1,495,000	1,430,000
Barbara Milian Thoralfsson	960,000	910,000	875,000	490,000	450,000	425,000	145,000	135,000	130,000				1,595,000	1,535,000	1,430,000
Torbjörn Löf	960,000	910,000	875,000				145,000					300,000	1,105,000	1,230,000	1,175,000
Karl Åberg	960,000	910,000		350,000	320,000								1,310,000	1,230,000	
Alexander Lacik	960,000												960,000		
Katarina Martinsson	960,000			350,000									1,310,000		
Total	10,560,000	9,100,000	8,750,000	1,540,000	1,410,000	1,325,000	605,000	430,000	415,000			1,325,000	12,705,000	11,750,000	11,815,000

1) Chairman from March 21, 2024.

2) Chairman until March 21, 2024.

3) The committee ceased 2024.

C4. Remuneration after completion of employment

Accounting principles **AP**

Defined benefit pension plans

Defined benefit pension plans are characterized by the fact that payment is based on the period of employment and the employee's salary at, or just prior to, retirement. The actuarial and investment-related risks associated with defined benefit pension plans are carried by the company.

The defined benefit obligations are calculated annually by independent actuaries using the Projected Unit Credit Method. Calculations are based on actuarial assumptions. Actuarial assumptions comprise the company's best assessment of the variables that determine the final cost for providing the benefits. The obligation is measured at the present value of the anticipated future cash flows using a discount rate (see Key assessments and assumptions below). Actuarial gains and losses (remeasurements) are recognized directly in equity under other comprehensive income in the period in which they arise. The recognized cost for the defined benefit plans includes personnel costs, as well as net interest items. Net interest items comprise the discount rate calculated on the average net pension liability for the period, taking fee and remuneration payments into consideration. The difference between the calculated interest income (discount rate) on the plan assets and Essity's actual return on the plan assets is included in the remeasurement of the defined benefit net liability or net asset recognized in equity under other comprehensive income. Past service costs are recognized in profit or loss in the period in which they arise.

The liability recognized in the balance sheet for defined benefit pension plans is the present value of the obligation on the balance sheet date minus the fair value of the plan assets. Funded plans with net assets, meaning plans with assets exceeding obligations, are recognized as a financial non-current asset provided they are not limited by the "asset ceiling" under IAS 19. Other pension plans, which are not fully funded or unfunded, are recognized as Provisions for pensions.

In certain countries, pension payments are subject to taxes or fees. In such cases, these are included in the calculation of the obligation for the defined benefit pension plans. These taxes or fees are recognized as an expense in profit or loss, except in cases where they are attributable to actuarial gains or losses, in which case they are recognized directly in equity under other comprehensive income.

Defined contribution pension plans

Plans where the employer's obligation is limited to the premiums the company has undertaken to pay are classified as defined contribution plans. In these plans, it is the employee who bears the investment risk, meaning the risk that the invested assets could be insufficient to generate the anticipated compensation. The Group's payments relating to defined contribution plans are recognized as an expense during the period the employees carry out the service to which the payment relates.

Other post-retirement benefits

Some Group companies provide post-retirement healthcare benefits. The obligation and anticipated costs for these benefits have been calculated and recognized in a similar manner to the defined benefit pension plans.

Severance pay

Severance pay is recognized as a payroll expense when the Group has an obligation to compensate employees whose employment was terminated early.

Key assessments and assumptions **KAA**

The calculation of recognized expenses and provisions for defined benefit pension plans, where the size of the future compensation is unknown and payment will occur far in the future, is dependent on assumptions and assessments. Key assumptions and assessments include the discount rate, future salary increases, inflation and life expectancy. Essity determines the discount rate based primarily on AA-rated corporate bonds issued in the currency in which the payments will be made that match the duration of the obligations. If no such corporate bonds are available, government bonds or mortgage bonds are used. Inflation assumptions are based on a combination of central bank targets, implicit market expectations and long-term analyst forecasts. Assumptions regarding salary increases are based on market expectations and market research forecasts. Key actuarial assumptions are presented in **TC4:5**. The sensitivity of the recognized provision with respect to key actuarial assumptions is described in **TC4:6**.

C4. Remuneration after completion of employment, cont.

Provisions for pensions and similar obligations

SEKm	2025	2024	2023
Defined benefit obligations TC4:2	22,183	25,179	25,050
Fair value of plan assets TC4:3	-26,200	-26,767	-28,632
Effect of asset ceiling TC4:4	1,823	1,691	3,097
Provisions for pensions, net TC4:1	-2,194	103	-485

Surpluses in funded plans recognized as financial non-current assets amounted to **BS** SEK 4,340m (2,475; 3,072) on the balance sheet date and provisions for pensions totaled **BS** SEK 2,146m (2,578; 2,587). Defined benefit obligations include obligations in an amount of SEK 2,311m (2,503; 2,413) pertaining to unfunded plans.

Essity has both defined contribution and defined benefit pension plans in a number of Group companies. The most significant defined benefit pension plans in the respective countries are described below.

Provisions for pensions and similar obligations per country **TC4:1**

SEKm Country	Active	Paid-up pension policies	Pensioners	Total obligation	Plan assets, fair value	Effect of asset ceiling	Net	Duration of obligation, years
UK	–	5,013	5,966	10,979	-11,125	164	18	12
Sweden	1,348	859	1,317	3,524	-5,491	1,659	-308	15
Germany	1,684	450	1,510	3,644	-6,504	–	-2,860	12
USA	140	599	1,932	2,671	-2,693	–	-22	9
Other	1,104	4	257	1,365	-387	–	978	10
Total	4,276	6,925	10,982	22,183	-26,200	1,823	-2,194	

Costs for the period for defined benefit plans

SEKm	2025	2024	2023
Current service cost, after deduction for premiums paid by the employees	-341	-339	-296
Past service cost	30	-9	-24
Pension-tax expense	-26	-27	-26
Remeasurement, net	21	-13	4
Net interest income/expense	-27	-24	-66
Pension costs	-343	-412	-408

UK

The plan is a defined benefit plan with contributions paid by the company. The plan is based on final salary and consists of retirement pension, beneficiaries' pension and disability pension. The plan was closed to new participants in July 2007 and closed for future accrual in September 2018. The plan is managed by an independent trust and assets are held separately, according to UK law. Surpluses in the pension fund remain in the fund's assets. An asset ceiling has from 2021 been imposed on the surplus in the plan under the rules in IAS 19, since Essity is of the view that it will be unable to absorb the current surplus. The plan is obligated to meet the minimum funding level according to an agreement with the pension plan. In 2024, an insurance policy was taken out with an independent insurance company to reduce the risk of the pension obligation. The policy protects Essity from essentially all risks that may affect the size of the pension obligation.

Sweden

In Sweden, the defined benefit obligation is mainly covered by the ITP2 plan and executive pensions. The ITP2 plan (supplementary pensions for salaried employees) encompasses employees born before 1979 and is a defined benefit plan that provides retirement pension based on final salary, as a percentage of various salary intervals. The ITP2 plan is safeguarded by a fund, and the company may compensate itself using any surpluses in the plan assets. The pension plans for executives are largely retirement and beneficiaries' pension plans based on final salary and are closed to new participants. The liability largely comprises paid-up pension policies or pensions in payment. The pension plans for executives are largely unfunded and are credit-insured with PRI Pensionsgaranti.

Germany

In Germany, the defined benefit obligation comprises a number of different pension plans offering retirement pension, beneficiaries' pension and disability pension. Plans based on final salary exist but these are closed to new participants and the benefit depends on the length of service and final salary at retirement. Defined contribution plans are also offered in which the benefit depends on provisions made by the company and, in certain plans, even by the employee during the period of service, and guaranteed return on the provisions. The obligations are largely financed by two different funds and the company may, in certain instances, compensate itself using any surpluses in the plan assets.

USA

In the USA, the defined benefit obligations comprise retirement pensions in which the premiums are paid by the company and the benefit is based on a standard amount per service year. Only one plan is still open for new accrual for about 200 employees. The benefits are financed via a pension fund that is obligated to meet the minimum legislated funding level. Surpluses in the pension fund can be utilized in the form of premium discounts.

Defined benefit obligations **TC4:2**

SEKm	2025	2024	2023
Value, January 1	25,179	25,050	23,817
Less discontinued operations	–	–	-21
Current service cost	348	345	302
Interest expense	1,076	1,107	1,136
Past service cost	-30	9	24
Pension-tax expense	26	27	26
Settlements and transfers	-21	13	-2
Benefits paid	-1,289	-1,290	-1,299
Pension taxes paid	-9	5	-10
Remeasurement: financial assumptions	-782	-2,096	1,130
Remeasurement: demographic assumptions	60	-95	-50
Remeasurement: experience-based assumptions	-17	578	48
Pension taxes pertaining to remeasurement	-206	-2	-41
Translation differences	-2,152	1,528	-10
Value, December 31	22,183	25,179	25,050

Remeasurements in the defined benefit obligations comprise changes in financial assumptions, such as changes to the discount rate, any changes in demographic assumptions and experience-based deviations. Experience-based deviations include for example unexpectedly high or low employee turnover or salary increases.

C4. Remuneration after completion of employment, cont.

Plan assets TC4:3

SEKm	2025	2024	2023
Fair value, January 1	-26,767	-28,632	-26,377
Less discontinued operations	-	-	12
Interest income	-1,107	-1,190	-1,191
Contributions by plan participants	-7	-6	-6
Contributions by the employer	-279	292	-330
Benefits paid	1,282	1,283	1,290
Return in excess of recognized interest income	-1,576	3,150	-2,086
Administrative expenses for pension obligations	41	45	38
Translation differences	2,213	-1,709	18
Fair value, December 31	-26,200	-26,767	-28,632

The plan assets are distributed according to the following classes of assets:	2025	2024	2023
Shares and mutual funds	41	35	38
Interest-bearing securities	14	14	50
Properties	1	1	1
Insurance	42	47	-
Other	2	3	11
Total	100%	100%	100%

At the balance sheet date 57% (52; 99) of the plan assets were traded on active markets for which market quotations were used for the valuation. 42% of the assets consist of an insurance policy for pension obligations in the UK measured at the value of the pension obligations covered by the insurance. As in the preceding year, no financial instruments issued by Essity are included in the fair value of plan assets at December 31, 2025.

Effect of asset ceiling TC4:4

SEKm	2025	2024	2023
Value, January 1	1,691	3,097	3,266
Interest expense	58	107	121
Other changes to asset ceiling	101	-1,628	-337
Translation differences	-27	115	47
Value, December 31	1,823	1,691	3,097

The value at the end of the period pertaining to the effect of the asset ceiling relates to funds in the UK pension plan amounting to SEK 164m (297; 1,803) and funds in one Swedish foundation that can be used for possible future undertakings for early retirement for certain categories of employees amounting to SEK 1,659m (1,394; 1,294).

Principal actuarial assumptions TC4:5

	Sweden	UK	Germany	USA
2025				
Discount rate	3.80	5.60	3.96	4.93
Expected salary increase rate	3.00	N/A	3.25	N/A
Expected inflation	2.00	3.25	2.25	N/A
Life expectancy, men ¹⁾	23	22	21	20
Life expectancy, women ¹⁾	24	25	24	22
2024				
Discount rate	3.33	5.4	3.22	5.13
Expected salary increase rate	3.00	N/A	3.25	N/A
Expected inflation	2.00	3.25	2.00	N/A
Life expectancy, men ¹⁾	22	22	21	20
Life expectancy, women ¹⁾	24	25	24	21
2023				
Discount rate	3.47	4.62	3.23	4.56
Expected salary increase rate	3.25	N/A	3.50	N/A
Expected inflation	2.25	3.50	2.25	N/A
Life expectancy, men ¹⁾	22	21	21	20
Life expectancy, women ¹⁾	24	25	24	21

1) Life expectancy, expressed in years, for an individual currently aged 65.

The sensitivity of the defined benefit obligations with respect to changes in the principal actuarial assumptions is as follows:

Change of obligation, increased obligation (-) TC4:6

SEKm	
Discount rate +0.25%	617
Price inflation, including salary inflation +0.25%	-540
Life expectancy +1 year	-747

The above sensitivity analysis is calculated by changing one assumption while the others remain constant.

Multiemployer plans

Essity has obligations for disability and family pensions for salaried employees in Sweden, secured through insurance with the insurance company Alecta. The company also has employees in Finland who are covered by the country's statutory TyEL pension plan. These obligations are secured through the insurance company Varma. These benefits are reported as defined contribution plans, since there is no basis for allocating the obligations, plan assets and costs to the individual companies covered by the plan.

Budgeted contributions

The budgeted contributions for the Essity's defined benefit pension plans for 2026 are calculated at SEK 539m. Contributions for multiemployer plans for 2026 are calculated at SEK 48m.

D. Operating assets and liabilities

D1. Goodwill and intangible assets

Accounting principles **AP**

Goodwill

Goodwill arises in connection with business combinations where the consideration transferred exceeds the fair value of the acquired net assets. Goodwill is measured at cost less accumulated impairment. Goodwill is tested annually for impairment and when there is a possible impairment requirement. All goodwill is allocated to the cash-generating units that are expected to benefit from the synergies from the business combination. In connection with the sale of Group companies, the remaining carrying amount of the goodwill attributable to the divested unit is included in the capital gain or loss. Goodwill that arises in acquisitions of associates or joint ventures is included in the carrying amount of the respective associate or joint venture.

Intangible assets

Trademarks

Trademarks can only be recognized when they have been acquired through a separate transaction or through the acquisition of an entire business that includes one or several trademarks. Trademarks are measured at cost after any accumulated amortization and accumulated impairment. Trademarks that have an indefinite useful life are not amortized, but rather tested annually for impairment along with the impairment testing of goodwill. Trademarks with a limited useful life are amortized on a straight-line basis during their anticipated useful life, which varies between 3–25 years.

Licenses, patents and similar rights

Intangible assets also include patents, licenses and other similar rights. Acquired assets of this type are measured at cost and are amortized on a straight-line basis during their anticipated useful life, which varies between 3–20 years.

Customer relations

Customer relations are measured at fair value at the time of the acquisition. The value of these customer relations is amortized over their useful life, which is considered to be between 3–15 years.

Research and development

Research expenditure is recognized as an expense as incurred. Identifiable expenditure for development of new products and processes is capitalized to the extent it is expected to provide future economic benefits. In cases in which it is difficult to separate the research phase from the development phase in a project, the entire project is treated as research and expensed immediately. Development costs for packing and packaging materials are expensed directly. In general, development projects are conservatively assessed due to the difficulty in determining what will lead to commercial success. Capitalized expenditures are amortized on a straight-line basis over the estimated useful life, from the date when the asset is ready for use. The amortization period is between 5–10 years.

Impairment testing

Goodwill is tested annually for impairment and when there is an indication of an impairment need. When testing for impairment the goodwill is allocated to cash-generating units, or groups of cash-generating units, which for Essity coincide with the operating segments Health & Medical, Consumer Goods and Professional Hygiene. The test compares the carrying amounts of the cash-generating units with the recoverable amounts. The recoverable amount of each cash-generating unit is determined by discounting future cash flows in order to determine their value in use. The calculation of future cash flows is based on the strategic plans adopted by the Executive Management Team for the next three years. The carrying amount for the cash-generating unit includes goodwill, trademarks with indefinite useful lives and assets with definite useful lives, such as non-current assets, trademarks and working capital. Effects of expansion investments are excluded when calculating the value in use. The value of amortized assets is tested for impairment whenever there are indications that the carrying amount might not be recoverable. In cases in which the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount, an impairment loss is recognized on the asset down to the recoverable amount. An impairment loss recognized earlier is reversed, if the reasons for the impairment no longer exist. The carrying amount after the reversal is limited to what it would have been had no past impairment been recognized. Impairment losses on goodwill are never reversed.

Emission allowances and costs for carbon dioxide emissions

Essity participates in the European system for emission allowances.

When emission allowances relating to carbon dioxide emissions are received from an individual EU state, they are recognized as an intangible asset and as deferred income (liability). Allowances are received free of charge and recognized at market value as of the date when the allocation is received. During the period, Essity provides for carbon dioxide emissions made. At the same time the deferred income is reversed by the corresponding amount thereby resulting in no net effect in profit or loss. If the emission allowances received do not cover emissions made, Essity makes a provision for the deficit valued at the market value on the balance sheet date. Sales of surplus emission allowances are recognized as income on the delivery date.

If the market price of emission allowances on the balance sheet date is less than recognized cost, any surplus emission allowances that are not required to cover emissions made are impaired to the market price applying on the balance sheet date. In conjunction with this, the remaining part of the deferred income is recognized as income by a corresponding amount and therefore no net effect occurs in profit or loss. The emission allowances are used as payment in the settlement with the state regarding liabilities for emissions.

Key assessments and assumptions **KAA**

In connection with the annual impairment testing of goodwill, the recoverable amount is calculated. The recoverable amount for the cash-generating units is determined by calculating value in use. Calculation of the value in use is based on the strategic plans for the next three years adopted by the Executive Management Team, which in turn is based on assessments and assumptions. The most important assessments and assumptions pertain to forecasts for organic growth, the profit margin and the discount rate used. The growth assumptions are in line with historic outcome and expected global market growth. Profit margin assumptions in the strategy plans are based on current market prices and costs adjusted for anticipated price and cost changes as well as assumed productivity development for which an adjustment is made in impairment testing for the part generated from forecasted strategic investments. The discount rate used in the present value calculation of the anticipated future cash flows is the current weighted average cost of capital (WACC) established within the Group for the markets in which the cash-generating units conduct operations.

The expected sustained future cash flow for periods that are beyond the planning horizon of the strategy plan are extrapolated from the final year of the strategy plan using assumed sustained growth of 2% (2; 2).

Goodwill

SEKm	2025	2024	2023
Value, January 1	41,138	39,337	44,786
Assets held for sale	–	–	–4,361
Company acquisitions	–	–	–14
Impairment	–	–70	–356
Translation differences	–4,277	1,871	–718
Value, December 31 BS	36,861	41,138	39,337

D1. Goodwill and intangible assets, cont.

Intangible assets

SEKm	Trademarks			Technologies, Customer relations and similar rights			Capitalized development costs			Total Intangible assets		
	2025	2024	2023	2025	2024	2023	2025	2024	2023	2025	2024	2023
Accumulated costs	14,377	15,525	14,986	15,331	16,128	15,001	716	781	671	30,424	32,434	30,658
Accumulated amortization	-1,055	-1,099	-921	-10,946	-10,609	-8,850	-411	-424	-289	-12,412	-12,132	-10,060
Accumulated impairment	-128	-113	0	-80	-85	-80	-188	-199	-193	-396	-397	-273
Total	13,194	14,313	14,065	4,305	5,434	6,071	117	158	189	17,616	19,905	20,325
Value, January 1	14,313	14,065	17,157	5,434	6,071	7,236	158	189	213	19,905	20,325	24,606
Assets held for sale	-	-	-2,861	-	-	-332	-	-	-	-	-	-3,193
Investments ¹⁾	-	7	-	417	484	513	6	7	15	423	498	528
Sales and disposals	-	-	-	-1	-	-	-	-	-	-1	-	-
Reclassifications	-	-	-	13	18	20	-6	-6	-	7	12	20
Amortization ²⁾	-59	-126	-117	-1,267	-1,299	-1,282	-33	-39	-37	-1,359	-1,464	-1,436
Impairment	-	-113 ³⁾	-	-	-2	-	-	-	-	-	-115	-
Translation differences	-1,060	480	-114	-291	162	-84	-8	7	-2	-1,359	649	-200
Value, December 31	13,194	14,313	14,065	4,305	5,434	6,071	117	158	189	17,616	19,905	20,325
Emission allowances, net value TD1:1										657	829	1,019
Value, December 31 including emission allowances BS										18,273	20,734	21,344

1) In 2025, interest expenses were capitalized in Capitalized development costs in the amount of SEK 5m (6; 6). The average interest rate used was 4%.

2) Amortization of other acquisition-related intangible assets such as Trademarks, Customer relations and Technologies is recognized on separate lines in the income statement while amortization of Other intangible assets is included in Cost of goods sold and Sales, general and administration.

3) Impairment of trademarks in Essity related to Vinda is included in Profit for the period, discontinued operations, in the amount of SEK -89m after tax, see Note G4 on page 173.

Impairment testing

Annual testing for impairment of goodwill and intangible assets is carried out in the fourth quarter. The testing showed that no impairment was needed for 2025, 2024 or 2023. The WACC before tax used in the impairment testing of goodwill is presented in the table below. Sensitivity analyses show that reasonable changes to key parameters do not give rise to any impairment requirement. In addition to annual impairment testing of the cash-generating units, outlined above under the section Impairment testing, cash-generating units and individual assets are also tested when there is an indication of an impairment need.

SEKm	Goodwill			Trademarks			WACC, before tax %		
	2025	2024	2023	2025	2024	2023	2025	2024	2023
Health & Medical	16,106	17,823	16,948	7,446	8,088	7,837	12.2	12.1	12.1
Consumer Goods	13,143	14,429	14,135	5,679	6,141	6,153	12.6	11.9	12.4
Professional Hygiene	7,612	8,886	8,254	69	83	75	12.1	11.1	11.1
Total BS	36,861	41,138	39,337	13,194	14,312	14,065			

Emission allowances **TD1:1**

SEKm	2025	2024	2023
Value, January 1	829	1,019	740
Emission allowances received	463	546	837
Purchases	66	48	151
Sales	0	-84	0
Impairment	-2	-36	0
Settlement with the government	-646	-702	-695
Translation differences	-53	38	-14
Value, December 31	657	829	1,019

D2. Property, plant and equipment

Accounting principles **AP**

Property, plant and equipment

Property, plant and equipment is measured at cost less accumulated depreciation and any impairment. In cases where an investment in foreign currency has been recognized using hedge accounting, the gain/loss from the hedge is recognized as part of the acquisition cost. In major projects, costs for running-in and start-up are included in the cost for properties and production facilities. Borrowing costs are included in the cost of investments exceeding SEK 250m that take more than 12 months to complete. Expenses for repairs and maintenance are expensed directly in profit or loss.

Depreciation and impairment

Land is not subject to depreciation. Buildings, machinery and equipment are depreciated on a straight-line basis over the expected useful lives of the assets. If, at the balance sheet date, there is an indication that property, plant and equipment has declined in value, impairment testing is carried out.

Expected useful lives

Type of asset	Number of years
Buildings	15-50
Energy plants	15-30
Pulp and paper mills	10-25
Land improvements	10-20
Converting machines, other machinery	7-18
Office equipment	5-10
Vehicles	4-5
Tools	3-10
Computers	3-5

Property, plant and equipment

	Buildings			Land and land improvements			Machinery and equipment			Construction in progress		
SEKm	2025	2024	2023	2025	2024	2023	2025	2024	2023	2025	2024	2023
Accumulated costs	23,407	24,273	22,515	4,225	4,564	4,329	85,566	89,910	84,186	6,537	7,382	7,197
Accumulated depreciation	-13,107	-13,483	-12,553	-773	-809	-755	-57,218	-60,661	-57,441	-	-	-
Accumulated impairment	-330	-506	-424	-24	-41	-38	-1,936	-2,284	-2,068	-38	-41	-39
Total	9,969	10,284	9,538	3,428	3,714	3,536	26,412	26,965	24,677	6,499	7,341	7,158
Value, January 1	10,284	9,538	14,662	3,714	3,536	4,164	26,965	24,677	33,105	7,341	7,158	5,540
Assets held for sale	-	-	-4,884	-	-	-610	-	-	-7,784	-	-	-799
Investments	474	259	147	15	14	4	1,941	1,576	1,134	4,240	5,055	5,094
Sales and disposals	-47	-5	-26	-20	-1	-5	-87	-60	-65	-1	-2	-4
Company divestments	-	-	-	-	-	-	-	-	-1	-	-	-
Reclassifications	779	1,019	375	12	92	7	3,754	3,952	2,365	-4,552	-5,075	-2,767
Depreciation ¹⁾	-710	-721	-724	-37	-39	-37	-3,860	-3,914	-3,912	-	-	-
Impairment	-12	-60	-156	-	-	-15	-72	-307	-415	-	-2	-2
Reversal of impairment	-	-	22	-	-	-	3	149	57	1	15	2
Translation differences	-799	254	122	-256	112	28	-2,232	892	193	-530	192	94
Value, December 31	9,969	10,284	9,538	3,428	3,714	3,536	26,412	26,965	24,677	6,499	7,341	7,158

1) Included primarily in Cost of goods sold.

D2. Property, plant and equipment, cont.

Total property, plant and equipment

SEKm	2025	2024	2023
Accumulated costs	119,735	126,129	118,227
Accumulated depreciation	-71,098	-74,953	-70,749
Accumulated impairment	-2,328	-2,872	-2,569
Total	46,308	48,304	44,909
Value, January 1	48,304	44,909	57,471
Assets held for sale	-	-	-14,077
Investments ¹⁾	6,670	6,904	6,379
Sales and disposals	-155	-68	-100
Company divestments	-	-	-1
Reclassifications	-7	-12	-20
Depreciation ²⁾	-4,607	-4,674	-4,673
Impairment	-84	-369	-588
Reversal of impairment	4	164	81
Translation differences	-3,817	1,450	437
Value, December 31	46,308	48,304	44,909

1) Government grants received in 2025 reduced recognized investments by SEK 3m (2; 0).

2) Included primarily in Cost of goods sold.

Impairment losses for the year totaling SEK 84m are related mainly to impairment in Consumer Goods in the UK.

During the period, interest was capitalized in machinery and equipment in an amount of SEK 4m (21; -) and in construction in progress in an amount of SEK 4m (12; 34). The average interest rate used was 4% (4; 4).

Contract obligations relating to the acquisition of property, plant and equipment amounted to SEK 3,415m (3,215; 4,048) at year-end.

D3. Inventories

Accounting principles **AP**

Inventories are measured at the lower of cost and net realizable value. Cost is calculated mainly by applying the first-in, first-out (FIFO) principle or weighted average cost formula. The cost of inventories and work in progress includes raw material costs, direct labor, other direct expenses and production-related overheads, based on a normal capacity utilization.

The net realizable value is the calculated sales price received for normal business transactions less calculated sales costs.

Inventories

SEKm	2025	2024	2023
Raw materials and consumables	3,917	4,270	4,022
Spare parts and supplies	3,022	2,901	2,519
Products in progress	1,676	1,759	1,772
Finished products	9,510	9,899	9,210
Advance payments to suppliers	28	85	23
Total BS	18,153	18,914	17,546

Impairment of inventories amounted to SEK 648m (686; 1,084), of which SEK 4m (77; 167) was recognized in conjunction with restructuring as a cost affecting comparability, refer to Note B3 Operating expenses on page 137.

D4. Other current receivables

Other current receivables

SEKm	2025	2024	2023
VAT receivables	1,313	1,318	951
Prepaid expenses and accrued income	1,044	1,122	986
Suppliers with debit balance	93	91	103
Receivables for electricity and gas	220	326	282
Receivables from authorities	167	121	89
Derivatives ¹⁾	42	356	228
Other receivables	535	1,146	752
Total BS	3,414	4,480	3,391

1) For more information see Note E1 Financial instruments by category and measurement level on page 152.

D5. Other liabilities

Other liabilities

SEKm	2025	2024	2023
Other non-current liabilities			
Derivatives ¹⁾	80	9	155
Other non-current liabilities	12	507	918
Total BS	92	516	1,073
Of which items that fall due for payment later than within five years	4	15	21
Other current liabilities			
Derivatives ¹⁾	374	181	1,755
Accrued expenses and prepaid income TD5:1	12,790	15,402	14,497
VAT liabilities	1,539	1,604	1,348
Other operating liabilities	1,363	1,762	1,543
Total BS	16,066	18,949	19,143

1) For more information, refer to Note E6 Derivatives and hedge accounting on page 156.

D5. Other liabilities, cont.

Accrued expenses and prepaid income **TD5:1**

SEKm	2025	2024	2023
Bonus and discounts to customers	6,862	7,874	7,782
Accrued vacation pay liability	1,009	1,060	996
Accrued social security costs	446	531	496
Other liabilities to personnel	1,672	2,344	2,000
Other items	2,801	3,593	3,223
Total	12,790	15,402	14,497

D6. Other provisions

Accounting principles **AP**

Provisions are recognized in the consolidated balance sheet when there is a legal or informal obligation arising from past events and it is probable that payments will be required to settle the obligation. It must also be possible to reliably estimate the amount to be paid. The provision is valued at the present value of the anticipated future expenditure to settle the obligation.

A provision for restructuring measures is recognized when the Group has established a detailed plan and either implementation has begun or the main features of the measures have been communicated to the parties involved. Restructuring costs include, for example, costs for plant closures, impairment of production machinery and costs for personnel reductions. Provisions for environment contain provisions for carbon dioxide emissions as well as provisions for site restorations.

See Note D1 Goodwill and intangible assets for accounting principles on carbon dioxide emission rights and cost for carbon dioxide emissions.

Key assessments and assumptions **KAA**

The amount of the provisions made relating to legal disputes is based on the company's best assessment, which was determined in consultation with local expertise in the field.

Other provisions 2025

SEKm	Restructuring program	Environment	Legal disputes	Other	Total
Value, January 1	502	696	126	560	1,884
Provisions	222	565	65	254	1,106
Utilizations	-249	-649	-58	-206	-1,162
Reclassifications	-	-	-	-3	-3
Reversals	-82	-	-39	-32	-153
Translation differences	-32	-11	-13	-32	-88
Value, December 31	361	601	81	541	1,584
Provisions comprise:					
Current provision BS					1,200
Non-current provision BS					384

Other provisions, previous periods

SEKm	2024	2023
Value, January 1	1,874	1,708
Provisions	1,408	1,876
Utilizations	-1,332	-1,535
Reversals	-112	-141
Translation differences	46	-34
Value, December 31	1,884	1,874

Distribution of other provisions by maturity, SEKm

Year of maturity	
2026	1,200
2027	267
2028	76
2029 and later	41
Total	1,584

Of the provision for Environment, SEK 563m pertain to a liability for carbon dioxide emissions, which will be settled in 2026. The provisions recognized at the end of the period attributable to Restructuring programs relate to restructuring measures in all business areas. The provision for Legal disputes consists of several cases of minor monetary value. Other provisions mainly comprise reserves linked to the LTI programs.

D7. Contracts with Supplier Finance Arrangements

The Group has contracts with supply chain finance (SCF) in a few selected countries. Under the SCF, a bank or finance company agrees to pay amounts to a participating supplier in respect of invoices owed by the Group and the bank receives payment from the Group at a later date. The main purpose of these arrangements is to facilitate efficient payment processing and enable participating suppliers to receive payments from the bank before the invoice's maturity date. There are no guarantees or other types of security provided by the Group to the banks related to the SCF.

Carrying amount of financial liabilities 2025, SEKm

	Value at December 31	Value at January 1
Recognized in trade payables	609	581
of which suppliers have received payment from financing provider	327	383

The companies' payment terms are on average 19 days longer for suppliers participating in the SCF, compared to suppliers providing similar products and services, but not participating in the SCF.

There were no material business combinations or foreign exchange differences or other non-cash transfers relating to the carrying amount of liabilities subject to supplier finance arrangements.

E. Capital structure and financing

E1. Financial instruments by category and measurement level

Accounting principles **AP**

Financial instruments recognized in the balance sheet include cash and cash equivalents, securities, other financial receivables, trade receivables, trade payables, loans and derivatives.

Current investments and derivatives are recognized on the trade date. Financial assets and loans are recognized on the settlement date. Trade receivables and trade payables are recognized in the balance sheet once the invoice has been sent or received, respectively.

Financial assets are initially recognized at fair value, and transaction costs are included for instruments that are not measured at fair value. Financial assets are recognized in the balance sheet until the rights in the agreement have been realized or the company no longer has the rights to the asset. Financial assets measured at amortized cost are continuously reviewed according to the expected credit loss model to assess the need for credit loss provisions.

Financial liabilities are measured at amortized cost, except in cases where they are recognized at fair value using hedge accounting. Financial liabilities are derecognized from the balance sheet when Essity has met its commitments.

Essity recognizes financial instruments with a remaining maturity of less than 12 months as current assets and liabilities and those that exceed 12 months as non-current assets and liabilities.

Fair value measurement

For the financial instruments for which market quotations are available, actual prices are used for fair value measurement (Level 1). In the absence of market quotations for the instruments, Essity determines fair values with the aid of common valuation models, using quoted prices of similar assets or liabilities in active markets (Level 2).

The fair value of non-current loans measured at prevailing market interest rates is presented in Note E4 Financial liabilities on page 155. The fair value of current financial liabilities and investments is considered to correspond to the carrying amount, since a change in market interest rates does not have a significant effect on market value.

Classification and subsequent recognition

Under IFRS 9 Financial instruments, financial assets are to be classified on the basis of the company's business model and the purpose of contractual cash flows.

Amortized cost

Financial assets held to collect contractual cash flows, and whose cash flows only consist of interest and the principal amount, are to be measured at amortized cost. The main rule is that financial liabilities are measured at amortized cost with the exception of the liabilities described in the measurement categories below. Since the majority of Essity's financial assets is held to collect contractual cash flows and are held to maturity, they are recognized at amortized cost according to the effective interest method. All liabilities, excluding derivatives and the liabilities included in a hedging relationship, are measured at amortized cost.

Fair value through comprehensive income

Financial assets, which are held for the purpose of collecting contractual cash flows (only interest and principal amount) and which are to be sold before maturity, are measured at fair value through other comprehensive income with reclassification to profit or loss. Essity did not recognize any assets in this category during the year.

For financial assets comprising an equity instrument, the company can, on initial recognition, make an irrevocable choice to recognize the asset at fair value through other comprehensive income without the option of reclassification to profit or loss. Essity has an asset valued at SEK 106m recognized in this category.

Fair value through profit or loss

Financial assets that do not fulfill the requirements as stated in the categories described above are to be measured at fair value through profit or loss. Derivatives are recognized at fair value through profit or loss. During the year, Essity did not recognize any financial assets or liabilities, except for derivatives and liabilities that are part of a hedging relationship, in this category. For more information, refer to Note E6 Derivatives and hedge accounting on page 156.

Accounting for derivatives used for hedging purposes

All derivatives are initially and continuously recognized at fair value in the balance sheet. Gains and losses on remeasurement of derivatives used for hedging purposes are recognized in accordance with the accounting principles stated in Note E6 Derivatives and hedge accounting on page 156.

Financial instruments by category and measurement level

SEKm	Note	Measurement level	2025	2024	2023
Financial assets measured at fair value through profit or loss					
Derivatives – Non-current financial assets	E2	2	20	–	–
Derivatives – Current financial assets	E2	2	92	633	461
Derivatives – Other current receivables	D4	2	25	76	78
Total			137	709	539
Financial liabilities measured at fair value through profit or loss					
Non-current financial liabilities	E4	2	4,744	22,234	24,993
Current financial liabilities	E4	2	5,448	4,312	–
Derivatives – Non-current financial liabilities	E4	2	–	278	167
Derivatives – Current financial liabilities	E4	2	321	314	1,780
Derivatives – Other current liabilities	D5	2	81	83	277
Total			10,594	27,221	27,217
Loan and trade receivables measured at amortized cost					
Non-current financial assets	E2	–	16	19	19
Current financial assets	E2	–	841	4,652	3,504
Trade receivables	E3	–	21,332	23,538	21,920
Cash and cash equivalents	E2	–	8,487	10,962	5,159
Total			30,676	39,171	30,602
Financial assets measured at fair value through other comprehensive income					
Non-current financial assets	E2	1	106	109	98
Financial liabilities measured at amortized cost					
Non-current financial liabilities	E4	–	22,948	12,728	14,068
Non-current lease liabilities	E4	–	2,983	3,302	3,326
Current financial liabilities	E4	–	381	383	12,907
Current lease liabilities	E4	–	975	1,025	812
Trade payables	–	–	14,437	17,098	15,119
Total			41,724	34,536	46,232
Derivatives used for hedge accounting					
Non-current financial assets	E2	2	–	–	–
Other non-current assets	–	2	19	56	6
Other current receivables	D4	2	17	280	150
Current financial assets	E2	2	333	57	1,294
Total			369	393	1,450

E1. Financial instruments by category and measurement level, cont.

Financial instruments by category and measurement level, cont.

SEKm	Note	Measurement level	2025	2024	2023
Non-current financial liabilities	E4	2	712	2,132	2,781
Other non-current liabilities	D5	2	80	9	155
Current financial liabilities	E4	2	120	390	150
Other current liabilities	D5	2	293	98	1,478
Total			1,205	2,629	4,564

These financial instruments are measured at fair value, with the exception of loans and trade receivables and financial liabilities measured at amortized cost. According to Essity's assessment, the fair value essentially corresponds to the carrying amount, with the exception of non-current liabilities, the fair value of which is disclosed in Note E4 Financial liabilities on page 155.

Measurement levels

Level 1: Quoted prices on an active market for identical assets or liabilities, such as shares or bonds quoted on a stock exchange.

Level 2: Other observable inputs for the asset or liability than quoted prices included in Level 1, either directly (price quotations) or indirectly (obtained from price quotations), such as currency forward contracts or interest rate swaps.

Financial instruments in other notes to the balance sheet

SEKm	Note	2025		2024		2023	
		Financial instruments	Of which derivatives	Financial instruments	Of which derivatives	Financial instruments	Of which derivatives
Assets							
Financial assets, cash and cash equivalents	E2	9,895	445	16,432	690	10,535	1,755
Other non-current assets	–	19	19	56	56	6	6
Trade receivables	E3	21,332	–	23,538	–	21,920	–
Other current receivables	D4	42	42	356	356	228	228
Total		31,288	506	40,382	1,102	32,689	1,989
Liabilities							
Financial liabilities	E4	38,632	1,153	47,098	3,114	60,984	4,878
Other non-current liabilities	D5	80	80	9	9	155	155
Trade payables	–	14,437	–	17,098	–	15,119	–
Other current liabilities	D5	374	374	181	181	1,755	1,755
Total		53,523	1,607	64,386	3,304	78,013	6,788

E2. Financial assets, cash and cash equivalents

Accounting principles **AP**

Cash and cash equivalents are defined as cash and bank balances as well as current investments with a maturity of less than three months from the acquisition date. Restricted deposits are not included in cash and cash equivalents. Loan receivables are recognized at amortized cost.

Financial assets measured at amortized cost are continuously reviewed to assess the need for credit loss provisions.

For a description of the methods used by Essity to manage its liquidity risk, refer to the Risks and risk management section on page 46.

Financial assets, cash and cash equivalents

SEKm	Carrying amount		
	2025	2024	2023
Non-current financial assets			
Financial assets measured at fair value through other comprehensive income	106	109	98
Financial assets measured at amortized cost			
Loan receivables, other	16	19	19
Derivatives	20	–	–
Total BS	142	128	117
Current financial assets			
Financial assets measured at amortized cost			
Financial assets	841	2,352	3,504
Current investments	–	2,300	–
Derivatives	425	690	1,755
Total BS	1,266	5,342	5,259
Cash and cash equivalents			
Cash and bank balances	7,456	9,462	3,055
Current investments <3 months	1,031	1,500	2,104
Total BS	8,487	10,962	5,159
Total financial assets, cash and cash equivalents	9,895	16,432	10,535

Financial assets measured at fair value through comprehensive income relate to an equity instrument which was irrevocably classified without any option of reclassification due to the long-term nature of the holding. The holding relates to shares in pension assets attributable to certain pension obligations. These assets are not included in the normal pension calculations, as set out in Note C4 Remuneration after completion of employment on page 144. Changes in value excluding exchange gains and losses are recognized in equity under other comprehensive income, while exchange gains and losses are recognized in profit or loss.

Cash and cash equivalents at December 31, 2025 include SEK 1,829m (2,241; 2,790) that is not fully available for use by Essity or for which other limitations exist, primarily cash and cash equivalents in countries that are subject to exchange restrictions and other legal restrictions. Accordingly, it is not possible to immediately use these cash and cash equivalents in other areas of the Group, although it is normally possible to use them in the operations of the respective country. The cash and cash equivalents can also be used to repay local debts in these countries. Such liabilities in these countries amount to SEK 172m (223; 501).

E3. Trade receivables

Accounting principles **AP**

Trade receivables are measured at amortized cost after a provision is made for doubtful receivables. Provisions for doubtful receivables are made using the simplified impairment method in IFRS 9 Financial instruments for trade receivables, meaning the provision is measured at an amount that corresponds to the expected credit losses for the remaining terms of all outstanding trade receivables as per the balance sheet date.

An impairment of trade receivables due to a possible credit loss impacts Essity's operating profit as a selling cost in profit or loss and as a reduction of trade receivables by increasing the provision for doubtful receivables in the balance sheet. When the credit loss has been confirmed, the trade receivable is written off against the provision for doubtful receivables. A credit loss is regarded as confirmed when it has been determined that the customer is unable to fulfill the legal obligation to pay Essity, when debt-collection measures are no longer cost efficient, the customer's operations have ceased or the customer has been declared bankrupt and this process has ended. Essity's trade receivables are generally current and are not discounted.

Key assessments and assumptions **KAA**

The measurement of the provision for doubtful receivables is based on a combination of a collective and individual assessment. The collective assessment is based on the historical confirmed credit loss level in relation to net sales in the most recent five-year period, adjusted for changes in credit risk based on current and forward-looking information regarding macroeconomic factors that can impact the payment capacity of customers. These adjustments are made when necessary to take into account changed credit risk due to material changes in financial stability, GDP and employment in the countries where Essity conducts the majority of its sales. Individual assessment of the need to impair doubtful receivables is made in cases when it has been determined that the customer is experiencing financial problems, when no payment has been received for receivables that have long fallen due or because of other significant events, such as financial crises or natural disasters.

Trade receivables

SEKm	2025	2024	2023
Trade receivables, gross	21,617	23,829	22,162
Provision for doubtful receivables TE3:2	-285	-291	-242
Total BS TE3:1	21,332	23,538	21,920

Analysis of credit risk exposure in Trade receivables **TE3:1**

SEKm	2025	2024	2023
Trade receivables after provision for doubtful receivables	21,332	23,538	21,920
Whereof overdue			
< 30 days	1,882	2,506	2,054
30–90 days	603	958	459
> 90 days	638	723	600
Trade receivables, overdue	3,123	4,187	3,113

Credit risk in trade receivables and provisions for doubtful receivables

Credit risk in trade receivables is managed through credit checks of customers using credit rating companies. The credit limit is set and regularly monitored. Essity's customer structure is dispersed, with customers in many different areas of business. In 2025, Essity's ten largest customers accounted for 24.9% (24.3; 25.8) of Essity's sales. The single largest customer accounted for 4.6% (4.4; 4.4) of sales. Of the outstanding trade receivables on the balance sheet date 2025, the ten largest customers accounted for 22.5% (22.5; 21.7). Comparative figures for sales and trade receivables have been adjusted and exclude discontinued operations. During 2025, confirmed credit losses on trade receivables amounted to 0.03% (0.03; 0.02) of net sales, confirmed credit losses on trade receivables over the past five years amounted to an average of 0.02% (0.02; 0.01) of net sales. Recognized bad debt losses remain at a low level and despite increased risks arising from increased inflation and geopolitical unrest in the surrounding world, Essity's overall assessment is that the credit risk within the customer segments in the countries where Essity conducts the majority of its sales has not changed materially during 2025. No adjustment was therefore made in the collective assessment (see accounting principles, key assessments and assumptions above) regarding the expected impairment requirement for doubtful receivables in the 2025 year-end accounts. However, Essity continues to monitor development of GDP, financial stability and unemployment and will increase its provision for doubtful receivables if the situation deteriorates.

In total, the Group has collateral mainly in the form of credit insurance taken out amounting to SEK 711m (785; 1,125). Of this amount, SEK 13m (12; 25) relates to the category trade receivables overdue.

Provision for doubtful receivables **TE3:2**

SEKm	2025	2024	2023
Value, January 1	-291	-242	-326
Liabilities directly attributable to assets held for sale	-	-	63
Provision for expected credit losses	-93	-128	-33
Written off confirmed losses	37	44	26
Decrease due to divestments	-	-	23
Decrease due to reversal of provisions for expected credit losses	47	36	4
Translation differences	15	-1	1
Value, December 31	-285	-291	-242

The expense for the period for doubtful receivables amounted to SEK -46m (-92; -29).

E4. Financial liabilities

Accounting principles **AP**

The main principle for recognition of Essity's financial liabilities is that they are initially measured at fair value, net after transaction costs, and subsequently at amortized cost according to the effective interest method.

In cases where loans with fixed interest rates are hedged using derivatives, both the loan and the derivative are measured at fair value through a fair value hedge. Non-current loans that are subject to hedge accounting are discounted to the market interest rate without a credit spread. The cash flows from the interest rate derivatives are discounted to the market interest rate and the changes in value are recognized in profit or loss.

Financial liabilities SEKm	2025	2024	2023
Non-current financial liabilities			
Bond issues	21,180	28,032	32,763
Derivatives	712	2,410	2,949
Non-current lease liabilities	2,983	3,302	3,326
Other non-current loans with maturities > 1 year < 5 years	4,509	4,930	971
Other non-current loans with maturities > 5 years	2,002	2,000	5,327
Total ^{BS}	31,386	40,674	45,336
Current financial liabilities			
Amortization within one year	153	84	55
Bond issues	5,443	4,312	6,632
Derivatives	441	704	1,930
Current lease liabilities	975	1,025	812
Loans with maturities of less than one year	112	176	5,989
Accrued financial expenses	122	123	230
Total ^{BS}	7,246	6,424	15,648
Total financial liabilities	38,632	47,098	60,984
Fair value of financial liabilities excluding leases	34,053	41,862	55,984

1) Fair value of current loans is estimated to be the same as the carrying amount.

Borrowing

Essity has a Euro Medium Term Note (EMTN) program with a program size of EUR 6,000m (SEK 64,798m) for issuing bonds in the European capital market. As of December 31, 2025, a nominal EUR 2,785m (3,149; 3,952) was outstanding in public and bilateral issues with a remaining maturity of 3.4 years (3.9; 4.0).

Public bond issues

Issued	Maturity	Carrying amount, SEKm	Fair value, SEKm	Interest rate, %
Notes EUR 500m	2026	5,443	5,443	3.00
Notes EUR 500m	2027	5,394	5,341	1.63
Notes EUR 600m	2029	5,876	5,855	0.25
Notes EUR 300m	2030	2,932	2,920	0.50
Notes EUR 700m	2031	6,978	6,514	0.25
Total		26,623	26,073	

Non-current financial liabilities	Carrying amount, SEKm	Fair value, SEKm
Other non-current loans with maturities > 1 year < 5 years	4,509	4,474
Other non-current loans with maturities > 5 years	2,002	2,028
Total	6,511	6,502

Essity has a Swedish and a Belgian commercial paper program that can be utilized for current borrowing.

Commercial paper program

Program size	Issued SEKm
Commercial paper SEK 15,000m	-
Commercial paper EUR 1,200m	-
Total	-

Essity has syndicated bank facilities to limit the refinancing risk and maintain a liquidity reserve. Contracted bilateral credit facilities with banks are used to supplement these syndicated bank facilities.

Credit facilities	Nominal	Maturity	Total SEKm	Utilized SEKm	Unutilized SEKm
Syndicated credit facilities	EUR 2,000m ¹⁾	2026	21,599	-	21,599
	EUR 938m ²⁾	2027	10,125	-	10,125
	EUR 1,000m	2030	10,800	-	10,800
Total			42,524		42,524

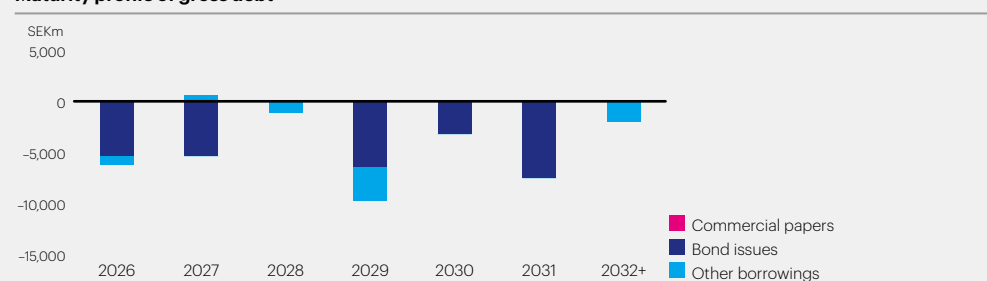
1) In January 2026, Essity canceled the credit facility that matures in 2026.

2) The syndicated credit facility maturing in 2027 was refinanced in January 2026. The new credit facility matures in 2031 and amounts to EUR 750m (SEK 8,100m).

Maturity profile of gross debt ¹⁾ , SEK m	Total	2026	2027	2028	2029	2030	2031	2032+
Commercial paper program	-	-	-	-	-	-	-	-
Bond issues	-28,079	-5,400	-5,400	0	-6,480	-3,240	-7,559	0
Other borrowings	-6,590	-664	85	-915	-3,138	20	24	-2,002
Total	-34,669	-6,064	-5,315	-915	-9,618	-3,220	-7,535	-2,002

1) Gross debt includes accrued interest in the amount of SEK 181m.

Maturity profile of gross debt¹⁾



1) Gross debt includes accrued interest in the amount of SEK 181m.

After additions for net pension provisions and lease liabilities and with deductions for cash and cash equivalents, interest-bearing receivables and equity instruments, the net debt was SEK 26,543m (30,769; 49,964). For a description of the methods used by Essity to manage its refinancing risk, refer to the Risks and risk management section on page 41.

E5. Liquidity risk

The table below shows the Group's liquidity risk regarding financial liabilities (including interest payments), net settled derivatives that constitute financial liabilities and negative cash flows from gross settled derivatives. The amounts refer to undiscounted cash flows. For a description of the methods used by Essity to manage its liquidity risk, refer to the Risks and risk management section on page 41.

Liquidity risk

SEKm	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years
2025				
Loans including interest	6,009	5,448	13,519	9,671
Net settled derivatives	121	241	221	10
Energy derivatives	307	65	2	-
Lease liabilities	1,110	1,505	834	1,016
Trade payables	14,434	3	-	-
Total	21,981	7,262	14,576	10,697
Gross settled derivatives ¹⁾	79,118	816	21	519
2024				
Loans including interest	5,017	4,730	7,276	24,399
Net settled derivatives	643	1,226	1,065	357
Energy derivatives	155	6	3	-
Lease liabilities	1,165	1,692	895	1,054
Trade payables	17,090	8	-	-
Total	24,069	7,662	9,239	25,810
Gross settled derivatives ¹⁾	109,710	1,079	579	326
2023				
Loans including interest	13,409	10,545	7,123	23,431
Net settled derivatives	928	1,565	1,386	746
Energy derivatives	1,634	155	-	-
Lease liabilities	1,019	1,508	926	1,291
Trade payables	15,119	0	-	-
Total	32,109	13,773	9,435	25,468
Gross settled derivatives ¹⁾	102,341	914	812	590

1) The gross settled derivatives have, largely, corresponding positive cash flows and therefore, in the opinion of Essity, do not constitute any real liquidity risk.

E6. Derivatives and hedge accounting

Accounting principles **AP**

Accounting for derivatives used for hedging purposes

All derivatives are initially and continuously measured at fair value in the balance sheet. Gains and losses on remeasurement of derivatives used for hedging purposes are recognized as described below. When using hedge accounting, the relationship between the hedging instrument and the hedged item is documented. Assessment of the effectiveness of the hedge is also documented, both when the transaction is initially executed and on an ongoing basis. Hedge effectiveness is the extent to which the hedging instrument offsets changes in value in a hedged item's fair value or cash flow. The ineffective portion is recognized directly in profit or loss.

Cash flow hedges

Gains and losses on remeasurement of derivatives intended for cash flow hedges are recognized in equity under other comprehensive income and reversed to profit or loss at the rate at which the hedged cash flow affects profit or loss. If a hedge relationship is interrupted and cash flow is still expected, the result is recognized in equity under other comprehensive income until the cash flow affects the result. If the hedge pertains to a balance sheet item, the result is transferred from equity to the asset or liability to which the hedge relates when the value of the asset or liability is determined for the first time. In cases in which the forecast cash flow that forms the basis of the hedging transaction is no longer assessed as probable, the cumulative gain or loss that is recognized in equity under other comprehensive income is transferred directly to profit or loss. Cash flow hedges relating to energy are recognized as energy costs, that is, cost of goods sold. Cash flow hedges related to transaction exposure are recognized in consolidated net sales and expenses.

Hedges of net investments in foreign operations

Gains and losses on remeasurement of derivatives intended to hedge Essity's net investments in foreign operations are recognized in equity under other comprehensive income. The cumulative gain or loss in equity is recognized in profit or loss in the event of divestment of the foreign operation.

Fair value hedges

The gain or loss from remeasurement of a derivative relating to fair value hedges is recognized in profit or loss together with changes in fair value of the hedged asset or liability. For Essity, this means that non-current loans that are subject to hedge accounting are discounted without a credit spread to the market interest rate and meet inherent interest rate derivatives' discounted cash flows at the same interest rate.

Economic hedges

When Essity conducts hedges and the transactions do not meet requirements for hedge accounting according to IFRS 9, changes in fair value of the hedging instrument are recognized directly in profit or loss.

Outstanding derivatives

SEKm	Of which			
	Total	Currency ¹⁾	Interest rate	Energy
2025				
Nominal	95,296	81,525	10,800	2,971
Asset	506	458	13	35
Liability	1,607	526	712	369
2024				
Nominal	145,583	114,450	28,355	2,778
Asset	1,102	788	-	314
Liability	3,304	976	2,164	164
2023				
Nominal	138,632	106,756	27,386	4,490
Asset	1,989	1,810	-	179
Liability	6,788	2,218	2,781	1,789

1) Nominal SEK 81,525m (115,162; 108,717) is outstanding before the right of set-off.

E6. Derivatives and hedge accounting, cont.

Balance sheet

Essity uses financial derivatives to manage currency, interest rate and energy price risks. For a description of how Essity manages these risks, refer to the section on Risk and risk management on page 41. The table above shows the derivatives that impacted the Group's balance sheet on December 31, 2025. For more information relating to derivatives in the balance sheet, see Note E1 Financial instruments by category and measurement level on page 152.

Offsetting of outstanding derivatives

SEKm	Assets	Liabilities
December 31, 2025		
Gross amount	506	1,607
Offsetable amount	–	–
Net amount recognized in the balance sheet	506	1,607
Collateral received/paid	–9	–815
ISDA agreements whose transactions are not offset in the balance sheet	–358	–358
Net after offsetting in accordance with ISDA agreements	139	434
December 31, 2024		
Gross amount	1,122	3,324
Offsetable amount	–20	–20
Net amount recognized in the balance sheet	1,102	3,304
Collateral received/paid	–64	–2,323
ISDA agreements whose transactions are not offset in the balance sheet	–683	–683
Net after offsetting in accordance with ISDA agreements	355	298
December 31, 2023		
Gross amount	1,989	6,788
Offsetable amount	0	0
Net amount recognized in the balance sheet	1,989	6,788
Collateral received/paid	–7	–3,476
ISDA agreements whose transactions are not offset in the balance sheet	–1,442	–1,442
Net after offsetting in accordance with ISDA agreements	540	1,870

Profit or loss

Hedges pertaining to transaction exposure had an impact of SEK –278m (134; –268) on operating profit for the period. At year-end, fair value amounted to SEK –29m (74; –34). Currency hedges increased the cost of non-current assets by SEK 6m (increased: 31; increased: 52). At year-end, fair value amounted to SEK –30m (–1; –32). Energy derivatives had an impact of SEK –237m (–1,625; –2,288) on operating profit for the period. Energy derivatives had an outstanding fair value of SEK –334m (150; 1,610) at year-end. Derivatives impacted net interest items for the period in an amount of SEK –752m (–1,244; –1,290). The fair value of outstanding interest rate derivatives amounted to SEK –699m (–2,164; –2,781) at year-end. For further information relating to financial items, see Note E7 Financial income and expenses on page 160.

Sensitivity analysis

Essity has performed sensitivity analysis calculations on the financial instruments' risk at December 31, 2025 using assumptions on market movements that are regarded as reasonably possible in one year's time. If the Swedish krona had unilaterally weakened/strengthened by 5% against all currencies, outstanding financial hedges, trade payables and trade receivables would have decreased/increased profit for the period before tax by SEK 30m (35; 51).

If the Swedish krona had unilaterally weakened/strengthened by 5%, currency hedges relating to the cost of non-current assets would have increased/decreased equity by SEK 1m (1; 1). If energy prices had increased/decreased by 20%, outstanding financial hedges relating to natural gas and electricity, all other things being equal, would have decreased/increased energy costs for the period by SEK 347m (378; 464). In addition to the earnings impact, equity would have increased/decreased by SEK 160m (176; 79). However, the total energy cost for the Group would have been affected differently if the price risk related to supply contracts was taken into account.

Derivatives with hedge accounting

The various risk management strategies are presented in the Risks and risk management section on page 41. The derivatives to which hedge accounting is applied are presented below. Essity also continuously hedges the transaction exposure and energy price risks for the risks that are recognized in the balance sheet and profit or loss. Hedge accounting is not applied in respect of these risks. For currency derivatives, the revaluation from the risks meets derivatives in the financial positions. For energy derivatives, the result is recognized in profit or loss.

IFRS 9 provides the option of hedging risk components. In 2025, Essity did not utilize this option except for energy where Essity in the Nordic region hedges the system price, which is a sub-component. The hedging ratio for the various risks for which hedge accounting is prepared is consistently 1:1.

On account of the ongoing Interest Rate Benchmark Reform, Essity has evaluated the potential impact on existing hedging relationships. Essity has a number of fair value hedges that use Euribor as basis for the variable interest rate in the derivative. In the event Euribor ceases to exist, the hedging relationships are covered by the exemption rules in IFRS 9, thus resulting in no material effects in connection with the transition to a new interest rate benchmark. The nominal amount of the hedging relationships in question is presented in the tables below.

Cash flow hedges

Cash flow hedges for currency risk are prepared for transaction exposure, large investments and energy price risks in connection with purchases of electricity and gas. For cash flow hedges, hedges are prepared whereby critical terms match the hedged item. For the cash flow hedges prepared, this means that the change in fair value of the hedging instruments and the change in the hedged item are very highly correlated. Any ineffectiveness could, for example, be due to the time or the amount of the forecast cash flow mismatching with the cash flow of the derivative. In 2025, SEK 0m (0; 0) was recognized in profit or loss as ineffectiveness concerning the cash flow hedges. Currency derivatives mature until August 2027. Energy derivatives mature until December 2029 but most mature in 2026 and 2027.

Hedging of net investments

Essity has hedged net investments in a number of selected legal entities in order to achieve the desired currency distribution of net debt relative to assets so that key figures that are important to the company's credit rating can be protected in the long-term. The result of hedging positions affected equity by a total of SEK 1,784m (–1,488; 720) during the year. This result is largely due to hedges of net investments in USD and GBP. In 2025, SEK 0m (0; 0) was recognized in profit or loss as ineffectiveness. The fair value of outstanding hedging transactions at the end of the period was SEK 199m (–281; 1,143). In total at year-end, Essity hedged net investments outside Sweden amounting to SEK –2,949m (–10,080; –16,870). Essity's total foreign net investments at year-end amounted to SEK 87,556m (96,858; 82,972).

Fair value hedges

For fair value hedges, the hedges have the same nominal amount, maturity dates and fixed interest as the hedged item. Hedge ineffectiveness is attributable, for example, to the various discount curves for the hedging instrument and the hedged item. Hedge ineffectiveness per maturity date is presented in the table below. Ineffectiveness is recognized in financial items under Fair value hedges, unrealized. See Note E7 Financial income and expenses on page 160. During the year, three fair value hedges were discontinued and the interest rate swaps were sold. The market value of the interest rate swaps and bonds and loans is updated continuously in profit or loss and the closures therefore had only a marginal impact on earnings. The fair value adjustment on these bonds and loans at year-end amounted to SEK 915m, which will be amortized over the remaining term of the bonds and loans until maturity in 2029 and 2030.

E6. Derivatives and hedge accounting, cont.

Currency and energy derivatives, SEKm	Line in the balance sheet	2025		2024		2023	
		Nominal amount	Carrying amount	Nominal amount	Carrying amount	Nominal amount	Carrying amount
Currency derivatives – cash flow hedges	Other non-current assets	–	–	148	1	–	–
Currency derivatives – cash flow hedges	Other current receivables	181	5	1,098	36	355	6
Currency derivatives – cash flow hedges	Other non-current liabilities	84	16	–	–	–	–
Currency derivatives – cash flow hedges	Other current liabilities	1,328	32	387	5	1,722	61
Energy derivatives – cash flow hedges	Other non-current assets	201	19	545	56	63	5
Energy derivatives – cash flow hedges	Other current receivables	225	12	1,244	244	272	144
Energy derivatives – cash flow hedges	Other non-current liabilities	618	65	166	9	556	155
Energy derivatives – cash flow hedges	Other current liabilities	1,678	261	567	93	3,212	1,417
Currency derivatives – hedging of net investments	Current financial assets	13,240	319	5,841	57	25,908	1,293
Currency derivatives – hedging of net investments	Current financial liabilities	10,278	120	23,571	358	7,013	150

Interest rate derivatives – hedging of fair value, SEKm

Maturity date	Nominal amount	Change in fair value, hedged item	Change in fair value, derivatives	Ineffectiveness	Line in the balance sheet		
					Financial assets	Financial liabilities	Variable interest
2025							
Current derivatives							
2026	5,400	3	1	4	13	–	Euribor 6m +0.5902–0.5904
Non-current derivatives							
2030	1,080	–269	270	1	–	–111	Euribor 6m +0.5102
2031	4,320	–69	75	6	–	–601	Euribor 6m +0.4298
Total	10,800	–335	346	11	13	–712	
2024							
Current derivatives							
2025	4,288	–115	111	–4	–	–32	Euribor 6m +0.514–0.5168, Stibor +0.3375
Non-current derivatives							
2026	5,730	–54	46	–8	–	–5	Euribor 6m +0.5902–0.5904
2029	10,315	–228	226	–2	–	–1,009	Euribor 6m +0.0517–0.3449
2030	3,438	–82	80	–2	–	–416	Euribor 6m +0.5077–0.5102
2031	4,584	–109	108	–1	–	–702	Euribor 6m +0.4298
Total	28,355	–588	571	–17	–	–2,164	
2023							
Non-current derivatives							
2025	4,167	–117	110	–7	–	–150	Euribor 6m +0.514–0.5168, Stibor +0.3375
2026	5,528	–137	120	–17	–	–64	Euribor 6m +0.5902–0.5904
2029	9,951	–612	581	–31	–	–1,248	Euribor 6m +0.0517–0.3449
2030	3,317	–212	210	–2	–	–501	Euribor 6m +0.5077–0.5102
2031	4,423	–303	299	–4	–	–818	Euribor 6m +0.4298
Total	27,386	–1,381	1,320	–61	–	–2,781	

E6. Derivatives and hedge accounting, cont.

Derivatives with hedge accounting¹⁾

SEKm	Asset	Liability	Net	Tax	Hedge reserve after tax	Recirculated before tax	Line in profit or loss/ balance sheet
2025							
Derivatives with hedge accounting in hedge reserve							
Cash flow hedges							
Energy risk	31	-326	-295	75	-220	187	³⁾
Currency risk	5	-48	-43	14	-29	22	⁴⁾
Total	36	-374	-338	89	-249		
Derivatives with hedge accounting without hedge reserve							
Hedges of net investments in foreign operations							
Currency risk	319	-120	199				
Fair value hedges							
Interest rate risk	13	-712	-699				
Total	368	-1,206	-838	89	-249		
2024							
Derivatives with hedge accounting in hedge reserve							
Cash flow hedges							
Energy risk	300	-102	198	-26	172	1,762	³⁾
Currency risk	37	-5	32	-10	22	9	⁴⁾
Total	337	-107	230	-36	194		
Derivatives with hedge accounting without hedge reserve							
Hedges of net investments in foreign operations							
Currency risk ²⁾	77	-358	-281				
Fair value hedges							
Interest rate risk	-	-2,164	-2,164				
Total	414	-2,629	-2,215	-36	194		
2023							
Derivatives with hedge accounting in hedge reserve							
Cash flow hedges							
Energy risk	149	-1,572	-1,423	386	-1,037	1,665	³⁾
Currency risk	6	-63 ⁵⁾	-57	16	-41	68	⁴⁾
Total	155	-1,635	-1,480	402	-1,078		
Derivatives with hedge accounting without hedge reserve							
Hedges of net investments in foreign operations							
Currency risk ²⁾	1,293	-150	1,143				
Fair value hedges							
Interest rate risk	-	-2,781	-2,781				
Total	1,448	-4,566	-3,118	402	-1,078		

1) Outstanding derivatives with hedge accounting are included in the table Outstanding derivatives.

2) Derivatives before offsetting.

3) Cost of goods sold.

4) Cost of goods sold, Net sales and Property, plant and equipment.

5) Of which SEK -2m is realized and included in cash and cash equivalents.

E6. Derivatives and hedge accounting, cont.

The results from hedging of net investments in foreign operations are recognized in the translation reserve, refer to Note E8 Equity. The results from fair value hedges are recognized directly in profit or loss.

Hedge reserve in equity

Currency derivatives relating to hedging of transaction exposure mature mainly during the first half of 2026. At unchanged exchange rates, profit after tax will be affected in an amount of SEK –8m (23; –16). Currency derivatives relating to hedging of the cost of non-current assets mature until August 2027. At unchanged exchange rates, the cost of non-current assets will increase by SEK 21m (increase by 1; increase by 25) after tax. The derivatives intended to hedge energy costs in the Group mature primarily during 2026 and 2027. At unchanged prices, the Group's profit after tax will be affected negatively in an amount of SEK 220m (positive 172; negative 1,037).

E7. Financial income and expenses

Financial income and expenses

SEKm	2025	2024	2023
Result from non-current financial assets			
Dividend	–	1	1
Interest income and similar profit items			
Interest income, investments	257	592	411
Total financial income IS	257	593	412
Interest expenses and similar loss items			
Interest expenses, borrowings	–630	–889	–1,259
Interest expenses, derivatives	–775	–1,227	–1,220
Interest expenses, lease liabilities	–177	–154	–138
Fair value hedges, unrealized	23	–17	–70
Other financial expenses	–82	–237	–81
Total financial expenses IS	–1,641	–2,524	–2,768
Total OCF	–1,384	–1,931	–2,356

Other financial income and expenses include foreign exchange differences of SEK –17m (–123; –43).

Sensitivity analysis

If interest rate levels had been 1 percentage point higher/lower, with unchanged fixed-interest terms and volumes in the net debt, interest expenses for the period would have been SEK 118m (269; 219) higher/lower. Sensitivity analysis calculations have been performed on the risk to which Essity was exposed at December 31, 2025 using assumptions on market movements that are regarded as reasonably possible in one year's time.

For a description of the methods used by Essity to manage its interest rate risk, refer to the Risks and risk management section on page 46.

E8. Equity

Accounting principles AP

Total equity is defined as equity attributable to owners of the Parent company and non-controlling interests. Equity attributable to owners of the Parent company includes reserves and retained earnings.

Reserves

Hedge reserve

Gains and losses on remeasurement of derivatives intended for cash flow hedges are recognized in the hedge reserve as a component of other comprehensive income and reversed to profit or loss at the rate at which the hedged cash flow affects profit or loss. If the hedge pertains to a balance sheet item, the result is transferred from equity to the asset or liability to which the hedge relates when the value of the asset or liability is determined for the first time. See also Note E6 Derivatives and hedge accounting on page 156 for further information on the accounting principles for derivatives used to hedge cash flows.

Fair value through other comprehensive income

Essity has a financial asset that consists of an equity instrument for which an irrevocable choice was made to, from initial recognition, recognize the asset at fair value in the fair value reserve in other comprehensive income without the option of reclassification to profit or loss.

Translation reserve

Exchange rate differences arising upon the translation of the financial statements of foreign operations, that have prepared their financial statements in a currency other than the currency in which the Group's financial statements are presented, are recognized in the translation reserve as a component of other comprehensive income. Gains and losses on remeasurement of derivatives intended to hedge Essity's net investments in foreign operations are also recognized in the translation reserve as a component of other comprehensive income. The cumulative gain or loss in the translation reserve is recognized in profit or loss in the event of divestment of the foreign operation.

Retained earnings

Retained earnings includes profits for the period and previous years earned in the Parent company, subsidiaries and associates.

Non-controlling interests

Non-controlling interests are recognized as a separate item in consolidated equity.

Refer also to accounting principles in Note F1 Group companies on page 162 and Note F4 Acquisitions and divestments of Group companies and other operations on page 165.

Call/put options issued for future acquisitions of non-controlling interests

A call option gives Essity the right to buy the seller's remaining share either at a fixed price or at fair value at the future time when the option is exercised. A put option gives the seller the right to sell the remaining share either at a fixed price or at fair value at the future time when the option is exercised. The amount to be paid is initially recorded at present value as a liability. The liability is revalued and the change is reported in equity. If the options are not exercised at maturity, the liability will be reclassified to equity. Accordingly, in accounting terms, the acquisition is treated as though 100% of the company had been acquired.

Repurchase of shares

Expenditure for the purchase of own shares reduces retained earnings in equity in the Parent company and the portion of consolidated equity that pertains to owners of the Parent company.

If these shares are sold, the sales proceeds are included in retained earnings in the equity pertaining to owners of the Parent company.

E8. Equity, cont.

The Annual General Meeting on March 27, 2025 resolved to distribute SEK 8.25 per share as an ordinary dividend to shareholders, or a total of SEK 5,711m. For the 2025 fiscal year, the Board of Directors proposes an ordinary dividend of SEK 8.75 per share, or a total of SEK 5,977m, the total dividend amount may change due to the ongoing buyback program described on page 8. Equity totaled SEK 86,040m (88,741; 79,405) at December 31, 2025. For more information see Consolidated statement of change in equity on pages 114–115.

The tables below show specifications of reserves and income tax attributable to components in other comprehensive income.

At December 31, 2025, the debt/equity ratio amounted to 0.31 (0.35; 0.68). Changes in liabilities and equity are described in the Financial position section on page 39. Essity's target for capital structure is to establish an effective capital structure, while at the same time ensuring long-term access to loan financing. Cash flow in relation to net debt is to be taken into consideration with the aim of maintaining a solid investment grade rating.

Essity has a credit rating for long-term debt of Baa1 from Moody's and BBB+ from Standard & Poor's. Essity's financial risk management is described in the Risks and risk management section on page 41. The Essity share section on page 8 outlines Essity's dividend policy and buyback program, and the target for Essity's capital structure is described in the Targets and outcomes section on page 25.

Dividend – owners of the Parent company **TE8:1**

	2025	2024	2023
Paid dividend per share, SEK	8.25	7.75	7.25
Dividend paid, SEKm	5,711	5,443	5,092
Proposed dividend per share, SEK	8.75	8.25	7.75
Proposed dividend, SEKm	5,977 ¹⁾	5,733	5,443

1) Based on the number of shares outstanding, December 31, 2025. The final dividend amount will be based on the number of shares outstanding on the record date of March 26, 2026.

Equity, specification of reserves **TE8:2**

SEKm	Hedge reserve ¹⁾			Fair value through other comprehensive income			Translation reserve			Total reserves in equity		
	2025	2024	2023	2025	2024	2023	2025	2024	2023	2025	2024	2023
Value, January 1	194	-1,078	779	4	3	-3	13,026	10,496	10,701	13,224	9,421	11,477
Fair value through other comprehensive income				4	4	5				4	4	5
Cash flow hedges:												
Result from remeasurement of derivatives recognized in equity	-774	-3	-4,360							-774	-3	-4,360
Transferred to profit or loss for the period	203	1,740	1,681							203	1,740	1,681
Translation differences in foreign operations ²⁾	-3	-43	59				-9,943	3,833	-796	-9,946	3,790	-737
Gains/losses from hedges of net investments in foreign operations ³⁾							1,784	-1,641	720	1,784	-1,641	720
Tax on items recognized directly in/transferred from equity ⁴⁾	124	-453	711	-1	-3	1	-367	338	-129	-244	-118	583
Other comprehensive income for the period, net of tax	-450	1,241	-1,909	3	1	6	-8,526	2,530	-205	-8,973	3,772	-2,108
Transfer to cost of non-current assets concerning hedged investments, net of tax	6	31	52							6	31	52
Value, December 31	-250	194	-1,078	7	4	3	4,500	13,026	10,496	4,257	13,224	9,421

1) See also Note E6 Derivatives and hedge accounting on page 160 for details of when gains or losses are expected to be recognized.

2) Transfer to profit or loss of realized translation difference relating to divested and liquidated companies is included in the amount of SEK -1m (-627; 1,102).

3) Transfer of realized results from hedging of net investments in foreign operations regarding divested and liquidated companies to the income statement is included in the amount of SEK -m (-152; -).

4) Transfer of tax on items recognized directly in equity regarding divested and liquidated companies to the income statement is included in the amount of SEK -m (31; -).

Specification of income tax attributable to components in other comprehensive income **TE8:3**

SEKm	2025			2024			2023		
	Before tax	Tax effect	After tax	Before tax	Tax effect	After tax	Before tax	Tax effect	After tax
Actuarial gains/losses on defined benefit pension plans	2,421	-370	2,051	92	-33	59	1,334	-162	1,172
Fair value through other comprehensive income	4	-1	3	4	-3	1	5	1	6
Cash flow hedges	-571	124	-447	1,737	-453	1,284	-2,679	711	-1,968
Translation differences in foreign operations	-9,946		-9,946	4,623		4,623	-270		-270
Gains/losses from hedges of net investments in foreign operations	1,784	-367	1,417	-1,488	307	-1,181	572	-99	473
Total, continuing operations	-6,308	-614	-6,922	4,968	-182	4,786	-1,038	451	-587
Total, discontinued operations				-588	31	-557	-902	-30	-932
Total operations	-6,308	-614	-6,922	4,380	-151	4,229	-1,940	421	-1,519

F. Group structure

F1. Group companies

Accounting principles **AP**

Group companies

The companies which Essity has control over are consolidated as Group companies. Control means that Essity has sufficient influence to control the relevant activities of the Group company, and that Essity has the right to, and can influence, its variable returns from its participation. Essity owns 100% of most of the Group companies, which means that Essity has control.

Non-controlling interests

Non-controlling interests are recognized as a separate item in the consolidated statement of change in equity. Profit or loss and every component of other comprehensive income are attributable to the owners of the Parent company and to non-controlling interests. Losses attributable to non-controlling interests are recognized even if this results in a negative share. In acquisitions of less than 100%, when a controlling influence is achieved, non-controlling interests are determined either as a proportional share of the fair value of identifiable net assets excluding goodwill or at fair value. Subsequent acquisitions up to 100% and divestments of participations in a Group company that do not lead to a loss of controlling influence are recognized as an equity transaction.

Call and put options issued to Essity and holders of non-controlling interest in acquisitions of Group companies

The call option gives Essity the right to acquire the seller's remaining share either at a fixed price or at fair value at the future time when the option is exercised. Similarly, the put option gives the seller the right to sell the remaining share under the same conditions. The amount to be paid when redeeming these options is initially recorded as a financial liability at present value in the balance sheet. If the options are not exercised at maturity, the liability will be reclassified to equity. Accordingly, in accounting terms, the acquisition is treated as though 100% of the company had been acquired.

List of major Group companies

The Group's participations in major Group companies at December 31, 2025 are presented below. The following selection of wholly owned Group companies or Group companies with significant non-controlling interests includes companies with external and internal sales that exceed SEK 1,000m in 2025.

Company name	Corp. Reg. No.	Domicile	Share of equity at December 31, 2025	Share of equity at December 31, 2024	Share of equity at December 31, 2023
Essity Australasia Limited	1470756	Auckland, New Zealand	100	100	100
Essity Australasia Pty Ltd	005 442 375	Springvale, Australia	100	100	100
Essity Austria Vetriebs GmbH	FN613904 a	Vienna, Austria	100	100	100
BSN medical GmbH	HRB 124187	Hamburg, Germany	100	100	100
BSN Medical Inc.	3269728	North Carolina, USA	100	100	100
Essity Austria GmbH	FN 49537 z	Vienna, Austria	100	100	100
Essity Belgium SA-NV	BE0405.681.516	Stembert, Belgium	100	100	100
Essity Canada Inc.	10470 9431	Ontario, Canada	100	100	100
Essity Centroamérica S.A.	3-101-211115	San José, Costa Rica	100	100	100
Essity Chile S.A.	94.282.000-3	Santiago de Chile, Chile	100	100	100
Essity Czech Republic s.r.o.	485 36 466	Prague, Czech Republic	100	100	100
Essity Denmark A/S	DK20 638 613	Allerød, Denmark	100	100	100
Essity Distribution B.V.	75490080	Amsterdam, Netherlands	100	100	100
Essity do Brasil Indústria e Comércio Ltda	72.899.016/0001-99	Jarinu, Brazil	100	100	100
Essity France SAS	509 395 109	Saint-Ouen, France	100	100	100

Company name	Corp. Reg. No.	Domicile	Share of equity at December 31, 2025	Share of equity at December 31, 2024	Share of equity at December 31, 2023
Essity Germany GmbH	HRB 713 332	Mannheim, Germany	100	100	100
Essity Higiene y Salud México S.A. de C.V.	SCM-931101-3S5	Mexico City, Mexico	100	100	100
Essity HMS North America Inc.	23-3036384	Delaware, USA	100	100	100
Essity Holding Netherlands B.V.	30-135 724	Zeist, Netherlands	100	100	100
Essity Hungary Kft.	01-09-716945	Budapest, Hungary	100	100	100
Essity Hygiene and Health AB	556007-2356	Gothenburg, Sweden	100	100	100
Essity Italy S.p.A.	3 318 780 966	Altopascio, Italy	100	100	100
Essity Norway AS	915 620 019	Oslo, Norway	100	100	100
Essity PLD France	509 599 619	Saint-Ouen, France	100	100	100
Essity Operations Allo, S.L.	B31235260	Allo, Spain	100	100	100
Essity Operations France SAS	702 055 187	Saint-Ouen, France	100	100	100
Essity Operations Mainz-Kostheim GmbH	HRB 5301	Wiesbaden, Germany	100	100	100
Essity Operations Mannheim GmbH	HRB 3248	Mannheim, Germany	100	100	100
Essity Operations Neuss GmbH	HRB 14343	Neuss, Germany	100	100	100
Essity Operations Poland Sp. z o.o.	KRS No. 0000086815	Olawa, Poland	100	100	100
Essity Operations Wausau LLC	41-2218501	Wisconsin, USA	100	100	100
Essity PLD Belgium SA/NV	0794400504	Stembert, Belgium	100	100	100
Essity PLD Germany GmbH	HRB 745270	Mannheim, Germany	100	100	100
Essity PLD Italy SpA	12142310155	Porcari, Italy	100	100	100
Essity PLD Netherlands BV	86987496	Zeist, Netherlands	100	100	100
Essity Poland Sp. z o.o	KRS No. 0000427360	Warsaw, Poland	100	100	100
Essity Professional Hygiene Germany GmbH	HRB 710 878	Mannheim, Germany	100	100	100
Essity Professional Hygiene North America LLC	58-2494137	Delaware, USA	100	100	100
Essity Slovakia s.r.o.	36590941	Gemerska Horka, Slovakia	100	100	100
Essity Spain, S.L.	B28451383	Puigpelat, Spain	100	100	100
Essity Switzerland AG	CH-020.3.917.992-8	Schenkon, Switzerland	100	100	100
Essity UK Ltd.	3226403	Dunstable, UK	100	100	100
Productos Familia Sancela del Ecuador S.A.	1791314379001	Quito, Ecuador	96	96	96
Familia del Pacifico S.A.S.	8170006802	Guachene Cauca, Colombia	96	96	96
OY Essity Finland AB	0165027-5	Espoo, Finland	100	100	100
Productos Familia S.A. Colombia	8909001619	Medellin, Colombia	96	96	96

F2. Investments in associates and joint ventures

Accounting principles **AP**

Joint arrangements

Essity classifies its joint arrangements as joint ventures or joint operations, which are presented in Note F3 Joint operations on page 165.

Associates

Associates are companies in which the Group exercises a significant influence without the partly owned company being a Group company or a joint arrangement. Normally, this means that the Group owns between 20% and 50% of the votes. Accounting for associates is carried out according to the equity method and they are initially measured at cost. Valuation of acquired assets and liabilities is performed in the same manner as for Group companies and the carrying amount for associates includes any goodwill and other Group adjustments. For further information see Note F4 Acquisitions and divestments of Group companies and other operations on page 165.

The Group's share of profit after tax arising in the associate after the acquisition is recognized as a component of one line in the consolidated income statement "Share of results of associates and joint ventures". Share of profits is calculated on the basis of Essity's share of equity in the respective associate.

Joint ventures

Joint ventures are defined as companies in which Essity together with other parties through an agreement, has shared control over operations. A joint venture entitles the joint owners to the net assets of the investment. Joint ventures are recognized in accordance with the equity method, meaning that a net item including the goodwill will be recognized for each joint venture in the balance sheet. A share in profits is recognized in the income statement as a component of "Share of results of associates and joint ventures". Share of profits is calculated on the basis of Essity's share of equity in the respective joint venture. Joint arrangements recognized in accordance with the equity method are initially measured at cost. Measurement of acquired assets and liabilities is carried out in the same way as for Group companies.

Carrying amounts of investments in associates and joint ventures

SEKm	2025	2024	2023
Associates			
Value, January 1	105	62	60
Assets held for sale	-	-	-3
Share of results of associates	11	67	23
Dividends received	-16	-27	-17
Translation differences	-5	3	-1
Value, December 31	95	105	62
Joint ventures			
Value, January 1	246	232	231
Share of results of joint ventures	3	11	16
Dividends received	-11	-6	-14
Divestments ¹⁾	-10	-	-
Translation differences	-16	9	-1
Value, December 31	212	246	232
Value, December 31, investments in associates and joint ventures BS TF3:1	307	351	294

1) In September 2025, Essity divested its 50% ownership in the joint venture American Fiber Services LLC, see Note F4 Acquisitions and divestments of Group companies and other operations on page 165.

Associates and joint ventures

Associates

Cartografica Galeotti S.p.A. (Cartografica Galeotti) in Italy manufactures and sells handkerchiefs and facial tissues. Essity's ownership is 33% and was unchanged during the comparative periods. Cartografica Galeotti has its registered office in Lucca, Italy and its corporate registration number is 1333330464.

Joint ventures

Bunzl & Biach GmbH (Bunzl & Biach) Vienna is Essity's single largest investment in a joint venture that operates in the recovered paper market and supplies raw materials to Essity's business. Ownership is 49% and was unchanged during the comparative periods. Bunzl & Biach has its registered office in Vienna, Austria and its corporate registration number is FN 79555 v, see also Note G3 Transactions with related parties on page 168.

Essity's investment in ProNARO GmbH is not material, but the company performs an important function by optimizing inventory levels and reducing lead times and costs when purchasing timber, see also Note G3 Transactions with related parties on page 168.

F2. Investments in associates and joint ventures, cont.

Material investments in associates and joint ventures, 100% of operations **TF3:1**

SEKm	Associates Cartografica Galeotti			Joint ventures Bunzl & Biach			Total		
	2025 ¹⁾	2024 ²⁾	2023	2025	2024	2023	2025	2024	2023
Condensed income statement									
Net sales	792	959	901	1,272	1,572	1,310	2,064	2,531	2,211
Depreciation	25	27	26	-22	-23	-21	3	4	5
Operating profit	118	198	69	5	35	40	123	233	109
Interest income	-	-	-	1	4	-	1	4	-
Interest expenses	-	-	-	-1	-2	-	-1	-2	-
Other financial items	3	-1	-1	-	-1	2	3	-2	1
Tax expense	-30	-50	-9	-3	-9	-14	-33	-59	-23
Profit for the period	91	147	59	6	29	28	97	176	87
Comprehensive income for the period	91	147	59	6	29	28	97	176	87
Condensed balance sheet									
Non-current assets	58	79	95	231	244	232	289	323	327
Cash and cash equivalents	78	140	38	84	148	90	162	288	128
Other current assets	340	375	467	217	267	256	557	642	723
Total assets	476	594	600	532	659	578	1,008	1,253	1,178
Non-current financial liabilities	3	21	54	50	94	95	53	115	149
Other non-current liabilities	7	8	8	6	17	10	13	25	18
Current financial liabilities	181	260	79	11	5	15	192	265	94
Other current liabilities	14	15	4	162	205	149	176	220	153
Total liabilities	205	304	145	229	321	269	434	625	414
Net assets	271	290	455	303	338	309	574	628	764
Group share of net assets	90	96	150	148	166	151	238	262	301
Surplus value ¹⁾	4	8	-89	53	56	50	58	64	-39
Carrying amount of the companies	94	104	61	201	222	201	295	326	262
Carrying amount of other associates	1	1	1				1	1	1
Carrying amount of other joint ventures				11	24	31	11	24	31
Carrying amount of investments in associates and joint ventures BS TF3:2	95	105	62	212	246	232	307	351	294

- 1) As of 2025, Essity has reverted to reporting Cartografica Galeotti with a one-year delay, see footnote 2 for further explanation. The share of profits reported in Essity for 2025 is therefore based on Essity's share of profits for Cartografica Galeotti for the last 6 months of 2024 less dividends received in 2025. The stated results and balance sheet for 2025 refer to the published annual report for 2024 for Cartografica Galeotti. Essity is reverting to the previous accounting principles for reporting the share of profits as Essity cannot publish the annual accounts for six months in Cartografica Galeotti as this is not official.
- 2) The results from the share in Cartografica Galeotti for the year 2023 have been reported with a one-year delay. This means that Essity's share of the results for the year 2023 is based on Cartografica Galeotti's annual report for 2022, as stated in the above summary of results and balance sheet for 2023. However, Essity's reported value in the balance sheet of Cartografica Galeotti as of the end of December 2023 has been reduced by the dividends received during 2023, which is why the reported value of Cartografica Galeotti is lower than the reported share of net assets according to the above summary. From 2024 onwards, the results from the share in Cartografica Galeotti will be reported with a six-month delay, which means that the share of results for the year 2024 is based on Cartografica Galeotti's annual report for 2023 and the estimated preliminary results for the first half of 2024, i.e., for 18 months. However, the stated results and balance sheet for 2024 refer to the published annual report for 2023 for Cartografica Galeotti. Essity's reported value in the balance sheet of Cartografica Galeotti as of the end of December 2024 is therefore based on the annual report for 2023, with deductions for dividends received during 2024 and additions for the estimated preliminary results for the first half of 2024.

F3. Joint operations

Accounting principles AP

Joint operations are defined as companies in which Essity, together with other parties through an agreement, has shared control over operations. In joint operations, parties to the agreement have rights to the assets and obligations for the liabilities associated with the investment, meaning that the operator must account for its share of the assets, liabilities, revenues and costs according to the proportional method.

Measurement of acquired assets and liabilities according to the proportional method is carried out in the same way as for Group companies. Essity recognizes its proportional share of the company's assets, liabilities, revenues and costs in its financial statements. For more information on joint operations, refer to Note G3 Transactions with related parties on page 168.

Joint operations

Company name	Corp. Reg. No.	Domicile	Share of equity at December 31, 2025 %	Share of equity at December 31, 2024 %	Share of equity at December 31, 2023 %
Uni-Charm Mölnlycke B.V.	02-330 631	Hoogezand, Netherlands	40	40	40
Nokianvirran Energia Oy (NVE)	213 1790-4	Kotipakka, Finland	27	27	27

Uni-Charm Mölnlycke

Uni-Charm is classified as a joint operation since the parties to the agreement purchase all products produced by the company. The products are priced in a manner that allows the operations to receive full cost recovery for their production and financing costs. This means that the company in the joint operation is operated with near-zero profit and thus is not exposed to commercial risk. This joint operation has operations in Hoogezand, the Netherlands, and Kentucky, USA.

Nokianvirran Energia

Essity has entered into an agreement with two other stakeholders to form a joint so-called mankala company in the Finnish energy market, where the joint parties produce heat and steam from biofuel. Each party in the joint operation is obligated to bear a portion of the fixed costs in proportion to its holding in the company and to pay for the raw materials used in the production of heat and steam in proportion to its consumption.

Accordingly, the company is not profit-driven since the parties themselves bear their respective costs. The company is expected to generate near-zero profit and thus is not exposed to any commercial risk.

F4. Acquisitions and divestments of Group companies and other operations

Accounting principles AP

Acquisitions of Group companies and other operations

Essity applies IFRS 3 Business Combinations for acquisitions. In business combinations, acquired assets and assumed liabilities are identified and recognized at fair value on the date of acquisition (also known as purchase price allocation). The purchase price allocation also includes an assessment of whether there are any assets that are intangible in nature, such as technologies, trademarks, patents, customer relations or similar assets that are not recognized in the acquired unit. If the purchase consideration paid is higher than the net value of the acquired assets and assumed liabilities, the difference is recognized as goodwill. Any surplus value on property, plant and equipment is depreciated over the estimated useful life of the asset. Goodwill and strong trademarks with indefinite useful lives are not amortized; instead, they are subjected to annual impairment testing. Some trademarks and customer relations are amortized over their estimated useful lives. A purchase price allocation is considered preliminary until it is confirmed. A preliminary purchase price allocation is changed as soon as new information regarding assets/liabilities on the acquisition date is obtained, although the acquisition balance sheet must be confirmed not later than one year from the date of the acquisition.

If the transferred consideration is contingent on future events, it is measured at fair value and any changes in value are recognized in profit or loss.

Transaction costs in conjunction with acquisitions are expensed when they occur.

Companies acquired during the period are included in the consolidated financial statements as of the acquisition date. Divested companies are included in the consolidated financial statements until the divestment date.

Non-controlling interests

Acquisitions of non-controlling interests are measured on an acquisition-by-acquisition basis, either as a proportional share of the fair value of identifiable net assets excluding goodwill (partial goodwill) or at fair value, which means that goodwill is also recognized on non-controlling interests (full goodwill).

In step acquisitions in which a controlling influence is achieved, any net assets acquired earlier in the acquired units are remeasured at fair value and the result of the remeasurement is recognized in profit or loss. If the controlling influence is lost upon the divestment of an operation, the result is recognized in profit or loss and the portion of the divested operation that remains in the Group is measured at fair value on the divestment date, with the remeasurement effect recognized in profit or loss.

Increases in the ownership stake of Group companies after controlling influence is achieved are recognized as an equity transaction, meaning the difference between the purchase consideration paid and the carrying amount of the non-controlling interests is recognized as an increase or decrease in equity attributable to owners of the Parent company. The same accounting procedure applies for divestments that take place without the loss of a controlling influence.

Acquisitions in 2025

Essity completed no acquisitions in 2025. In the last quarter 2025, Essity entered into an agreement to acquire Edgewell's feminine care business, including the brands Carefree, Stayfree and o.b. in North America and Playtex globally. The acquisition was completed on February 2, 2026.

Acquisitions in 2024

Essity completed no acquisitions in 2024. In November 2024, the Colombian hygiene company Productos Familia S.A. ("Familia") offered its shareholders to buyback its own shares for a value of approximately SEK 1bn. Of this amount, SEK 51m was paid to non-controlling shareholders who accepted the offer, which entailed a corresponding decrease in Essity's equity. Essity's shareholding in the company increased marginally.

Acquisitions in 2023

Essity completed no acquisitions in 2023.

F4. Acquisitions and divestments of Group companies and other operations, cont.

Knix

On July 8, 2022, Essity announced that the company had acquired 80% of the Canadian company Knix Wear Inc., a leading provider of leakproof apparel for periods and incontinence. The transaction was finalized on September 1, 2022. The agreement with the seller includes a call/put option to buy/sell the remaining shares in three years. The options can be redeemed at fair value during the exercise period from September 1, 2025 to August 31, 2026. The amount to be paid if the option is exercised is initially recorded at present value as a liability in Essity's balance sheet. Accordingly, in accounting terms, the acquisition is treated as though 100% of the company had been acquired. The purchase price amounted to CAD 430m (SEK 3.5bn) on a cash and debt-free basis for 80% of the company.

Acquisitions of Group companies and other operations

The table below shows the fair value of acquired net assets recognized on the acquisition date, recognized goodwill and the effect on the Group's cash flow statements.

Acquisition balance sheets

SEKm	2025	2024	2023
Property, plant and equipment and right-of-use assets	-	-	4
Other non-current assets	-	-	26
Operating assets	-	-	-3
Provisions and other non-current liabilities	-	-	-16
Net debt excluding cash and cash equivalents	-	-	-4
Operating liabilities	-	-	3
Fair value of net assets	-	-	10
Goodwill	-	-	-14
Non-controlling interests	-	43	-
Acquisition of non-controlling interests recognized in equity attributable to owners of the Parent company	-	8	-
Consideration transferred	-	51	-4
Consideration transferred	-	-51	4
Settled debt pertaining to acquisitions in earlier years	-	-17	-182
Effect on Group's cash and cash equivalents, acquisition of Group companies and other operations CF	-	-68	-178
of which recognized as acquisitions in investing activities	-	-17	-178
of which recognized as acquisitions of non-controlling interests in financing activities	-	-51	-
Acquired net debt excluding cash and cash equivalents	-	-	-4
Acquisitions of Group companies and other operations during the period, including net debt assumed OCF	-	-68	-182

Divestments of Group companies and other operations

In September 2025, Essity divested its 50% ownership in the joint venture American Fiber Services LLC for a purchase consideration of SEK 5m. Until this divestment, the company was recognized using the equity method. The earnings impact amounted to SEK -5m excluding the reclassification of accumulated currency translation differences. Including the reclassification of accumulated currency translation differences totaling SEK 1m, the net loss amounted to SEK -4m, which was recognized as IAC in profit or loss.

On March 21, 2024, Essity completed the sale of its 51.59% shareholding in the Asian hygiene company Vinda International Holdings Limited (Vinda). The sales proceeds amounted to approximately HKD 14.6bn (SEK 19,360m).

Total capital gain, excluding the reclassification of accumulated currency translation differences, amounted to SEK 8,366m. Including the reclassification of realized currency translation differences of SEK 748m after tax, the net gain amounted to SEK 9,114m, which is recognized in discontinued operations. See also Note G4 Assets held for sale and discontinued operations on page 169 for information on additional transaction costs of SEK -227m and impairment of intangible assets in Essity related to Vinda after tax of SEK -89m, which is also included in discontinued operations.

On July 17, 2023, Essity divested its operations in Russia for a purchase price of SEK 1,171m on a debt-free basis. The earnings impact amounted to SEK 549m excluding the reclassification of accumulated currency translation differences. Including the reclassification of accumulated currency translation differences, earnings amounted to SEK -553m. In 2022, Essity's net sales in Russia corresponded to about 2% of its total consolidated net sales.

In September 2023, Essity divested a separate manufacturing and sterilization facility in New Zealand, pertaining to bandages for post-operative wounds intended for the local market, for a purchase price of SEK 63m. The earnings impact amounted to SEK 29m.

Total capital gain, excluding the reclassification of accumulated currency translation differences for divestments in Russia and New Zealand, amounted to SEK 578m. Including the reclassification of realized negative currency translation differences totaling SEK -1,102m, the net loss amounted to SEK -524m, which is reported as an IAC in profit or loss.

Assets and liabilities included in divestments of Group companies and other operations

SEKm	2025	2024 ¹⁾	2023
Intangible assets	-	7,404	-
Property, plant and equipment and right-of-use assets	-	14,724	10
Other non-current assets	10	1,090	-
Operating assets	-	8,901	1,100
Cash and cash equivalents	-	1,380	895
Provisions and other non-current liabilities	-	-1,107	-
Net debt excluding cash and cash equivalents	-	-5,928	-15
Operating liabilities	-	-6,846	-439
Non-controlling interests	-	-8,624	-
Gain/loss on divestment ²⁾	-5	8,366	578
Compensation received	5	19,360	2,129
Less:			
Cash and cash equivalents in divested companies	-	-1,380	-895
Impact on Group's cash and cash equivalents, divestments of Group companies and other operations CF	5	17,980	1,234
Add:			
Divested net debt excluding cash and cash equivalents	-	5,928	15
Divestments of Group companies and other operations during the period, including net debt transferred OCF	5	23,908	1,249

1) Divestments in 2024 pertain to the divestment of Vinda, see Note G4 Assets held for sale and discontinued operations on page 169.

2) Excluding reversal of realized translation differences of SEK 1m (775; -1,102) in divested companies that was reclassified to the income statement. Gain/loss on divestment in 2025 is included in IAC in the income statement. Gain/loss on divestment in 2024 is included as part of profit for the period, discontinued operations in the income statement. Gain/loss on divestment in 2023 is included in IAC in the income statement.

G1. Leases

Accounting principles **AP**

When a contract is signed it is assessed if the contract is or contains a lease. A contract is or contains a lease if:

- it contains an identified asset
- Essity is entitled to essentially all economic benefits arising from the use of the identified asset
- Essity is entitled to control the use of the asset

If any of the above conditions are not met, the contract is not regarded as a lease or containing a lease and is therefore classified as a service contract.

On the commencement date of the lease, meaning when the asset becomes available for use by Essity, a right-of-use asset and a financial liability are recognized in the balance sheet.

The right-of-use asset is measured at cost and includes the following:

- the value of the amount of the lease liability
- lease payments made on or before the commencement date, after deductions for any benefits received in conjunction with signing the lease
- initial direct fees
- an estimate of expenses expected to be paid to restore the asset to the condition as stipulated in the terms of the lease

The right-of-use asset is depreciated on a straight-line basis over the shorter period of the asset's anticipated useful life and the lease term. The lease term is assessed on the basis of the length of the underlying contract taking into consideration the cancellation and renewal options.

The lease liability is measured at the present value of the following lease payments:

- fixed fees, less any incentive receivables
- variable lease payments due to an index or rate
- amounts expected to be paid in accordance with residual value guarantees
- the exercise price for a purchase option, if Essity is reasonably certain of exercising the option
- financial penalties to be paid on termination of the lease, if the lease term reflects that Essity will utilize this option

Lease payments are normally discounted using Essity's incremental borrowing rate as the implicit rate of the lease cannot be readily determined in most cases. The incremental borrowing rate used is determined on the basis of the contract currency of the agreement and the length of the lease.

The lease liabilities are recognized under the headings Non-current financial liabilities or Current financial liabilities. Lease liabilities are measured at amortized cost according to the effective interest method. The liability is remeasured when future payments are amended by index or by other means, such as a new assessment of future residual value commitments, or the exercise of purchase, renewal or cancellation options. When the lease liability is remeasured as described above, a corresponding adjustment of the value of the right-of-use asset is made. When making lease payments, the contribution is allocated between interest expense and repayment of the lease liability. In the consolidated cash flow statement, payments pertaining to the amortization of the lease liability are recognized in financing activities and payments pertaining to interest expenses are recognized as interest paid. In profit or loss, depreciation of the right-of-use asset is recognized in operating profit while interest expense is recognized in financial expenses.

Essity enters into leases on a continuous basis for office buildings, distribution centers and vehicles, such as trucks, forklifts and passenger cars. Lease terms for properties are generally between 3–15 years, while lease terms for vehicles are generally between 3–5 years. Essity also has leases with a shorter lease term than 12 months and leases pertaining to assets of low value, such as office equipment. For these, Essity has chosen to apply the exemption rules in IFRS 16 Leases, meaning the value of these contracts is not part of the right-of-use asset or lease liability. There are no significant extension periods not taken into account in the lease liability.

Key assessments and assumptions **KAA**

Assessments and assumptions must be used when reporting leases in accordance with IFRS 16 Leases. The two most significant assessments concern the length of the lease term and the discount rate to be used. The implicit rate of the leases cannot be readily determined and lease payments are therefore discounted over the expected lease term using Essity's incremental borrowing rate. The incremental borrowing rate corresponds to what Essity would need to pay to use a loan to finance the purchase of an equivalent asset for a similar duration in the contract currency of the lease. The duration of the lease is determined as the non-cancellable lease term together with periods that may be covered by an option to extend a lease if it is reasonably certain that the contract will be renewed and periods covered by an option to terminate the lease if it is reasonably certain that a possibility to cancel the lease will not be utilized. When assessing if it is reasonably certain that a renewal option or cancellation option will be used, all relevant facts and circumstances that create economic incentives or deterrents are taken into account. The assessment of the lease term is reviewed in cases where facts and circumstances have significantly changed.

TG1:1

SEKm	Right-of-use assets				Lease liabilities
	Properties	Vehicles	Other	Total	
Value, January 1, 2025	3,652	429	7	4,088	4,327
Additional right-of-use assets, net	718	313	19	1,050	1,050
Depreciation	-861	-245	-5	-1,111	
Impairment	-	-	-	-	
Interest expenses					177
Payments ¹⁾					-1,275
Translation differences	-245	-29	-	-274	-322
Value, December 31	3,264	468	21	3,753	3,958

1) Of which SEK -185m relates to interest payments and SEK -1,090m relates to amortization of the lease liability.

In addition to the expenses in the table above, Essity recognized SEK 320m (382; 343) relating to costs for short-term leases, leases of low-value assets and variable lease payments. The total earnings impact of leases, including depreciation, impairment and interest expenses, was SEK 1,608m (1,625; 1,507). Lease payments totaled SEK 1,595m (1,605; 1,468).

The maturity structure concerning undiscounted future lease payments during future lease terms is presented in Note E5 Liquidity risk on page 160.

Essity has entered into binding leases regarding office properties where the lease term has yet to begin, future lease payments for these contracts are SEK 184m distributed over the next ten years.

TG1:1

SEKm	Right-of-use assets				Lease liabilities
	Properties	Vehicles	Other	Total	
Value, January 1, 2024	3,577	348	9	3,934	4,138
Additional right-of-use assets, net	828	310	3	1,141	1,141
Depreciation	-846	-238	-5	-1,089	
Impairment	-1	-	-	-1	
Interest expenses					154
Payments ¹⁾					-1,223
Translation differences	94	9	-	103	117
Value, December 31	3,652	429	7	4,088	4,327

1) Of which SEK -154m relates to interest payments and SEK -1,069m relates to amortization of the lease liability.

G1. Leases, cont.

SEKm	Right-of-use assets				Lease liabilities
	Properties	Vehicles	Other	Total	
Value, January 1, 2023	5,038	374	15	5,427	4,281
Assets held for sale	-1,540	-9	-	-1,549	
Liabilities directly attributable to assets held for sale					-208
Additional right-of-use assets, net	868	228	3	1,099	1,099
Leases included in acquisitions	3	-	-	3	3
Disposals	-8	-	-	-8	-8
Depreciation	-808	-244	-9	-1,061	
Impairment	-2	0	-	-2	
Reversal of impairment losses	37	-	-	37	
Interest expenses					138
Payments					-1,125
Translation differences	-11	-1	-	-12	-42
Value, December 31	3,577	348	9	3,934	4,138

G2. Contingent liabilities and pledged assets

Accounting principles **AP**

A contingent liability is recognized when there is a potential or actual obligation arising from past events that is not recognized as a liability or provision, either because it is improbable that an outflow of resources will be required to settle the obligation or because the amount cannot be calculated in a reliable manner.

Contingent liabilities

SEKm	2025	2024	2023
Guarantees for			
associates	1	1	1
customers and others	60	57	57
Other contingent liabilities	268 ¹⁾	318 ¹⁾	333 ¹⁾
Total	329	376	391

1) Including a tax-related dispute in Columbia.

With reference to infringements of competition rules, claims for damages have been brought against the company. The company contests its responsibility and does not expect the claim to have a material impact. In December 2024, certain bond investors initiated proceedings against Essity in English court in relation to Essity's sale of its shares in Vinda. These investors withdrew their action in January 2026.

Pledged assets

SEKm	Pledged assets related to financial liabilities	Other	Total		
			2025	2024	2023
Real estate mortgages	-	-		-	-
Endowment insurances	-	199	199	191	245
Total	-	199	199	191	245

Liabilities for which some of these assets were pledged as collateral amounted to SEK 199m (191; 200).

G3. Transactions with related parties

Essity has dealings with related parties' shareholdings primarily in joint ventures and joint operations. The transactions occur in the operating activities and mainly consist of the purchase of finished goods for resale and raw materials for use in production based on commercial terms and market prices.

Cartografica Galeotti S.p.A. in Italy manufactures and sells handkerchiefs and facial tissues. Essity's ownership is 33% and was unchanged during the comparative periods.

Bunzl & Biach GmbH sells recovered paper to Essity.

ProNARO GmbH's main task is to negotiate prices, optimize inventory levels and reduce lead times and costs when purchasing timber.

Uni-Charm Mölnlycke BV manufactures and sells incontinence and diaper products to Essity. 40% of the transactions between Uni-Charm Mölnlycke BV and Essity are eliminated as intra-Group transactions and 60% are recognized as external transactions.

See also Note F2 Investments in associates and joint ventures on page 163 and Note F3 Joint operations on page 165. External transactions and dealings with significant related parties are presented below. Information on the remuneration of the Board of Directors and senior executives is provided in Note C2 on page 141.

Transactions and dealings with related parties 2025

SEKm	Cartografica Galeotti	Bunzl & Biach	ProNARO	Uni-Charm Mölnlycke
Sales	51	-	-	-
Purchases	23	338	670	1,246
Trade receivables	11	-	-	87
Trade payables	6	28	14	94

Transactions and dealings with related parties 2024

SEKm	Cartografica Galeotti	Bunzl & Biach	ProNARO	Uni-Charm Mölnlycke
Sales	60	-	-	-
Purchases	18	386	652	1,407
Trade receivables	16	-	-	91
Trade payables	7	33	9	145

Transactions and dealings with related parties 2023

SEKm	Cartografica Galeotti	Bunzl & Biach	ProNARO	Uni-Charm Mölnlycke
Sales	75	-	-	-
Purchases	25	331	824	1,426
Trade receivables	18	-	-	77
Trade payables	5	28	19	109

G4. Assets held for sale and discontinued operations

Accounting principles **AP**

Assets are classified as held for sale if their value, within one year, will be recovered through a sale and not through continued use in the operations. This means that the assets are presented on a separately line in the balance sheet. On the reclassification date, the assets and liabilities are measured at the lower of fair value minus selling costs and the carrying amount. The assets are no longer depreciated after reclassification. The gain is limited to the amount equivalent to previously made impairment. Gains and losses recognized on remeasurement and divestment are recognized in profit or loss for the period. When an asset held for sale represents an independent significant business segment or a significant operation within a geographical area, it is classified as discontinued operations. This means assets and liabilities related to this operation are presented on separate lines in the balance sheet. The divestment date, or the point in time when the operation fulfills the criteria for classification as held for sale, determines when the operation is classified as discontinued operations.

Profit or loss for the period after tax from discontinued operations is recognized on a separate line in the income statement. Internal dealings and transactions between continuing operations and discontinued operations have been eliminated.

The income statement is adjusted for the comparative period as though the discontinued operations had already been classified as discontinued operations at the beginning of the comparative period. Profit or loss for the period attributable to discontinued operations was excluded in notes relating to the income statement for comparative years.

Public offer for all of the shares in Essity's former subsidiary Vinda

Isola Castle Ltd, a company indirectly wholly owned by Asia Pacific Resources International Limited (APRIL), announced on 15 December 2023 that it intended to make a public offer to the shareholders of Vinda International Holdings Limited (Vinda) for all shares in Vinda. The offer was equivalent to a price of HKD 23.50 per share. Essity supported the offer and signed an irrevocable undertaking to accept the offer for its entire holding of 51.59% shareholding. As of the fourth quarter of 2023, Essity has classified Vinda's financial reporting as a discontinued operation. The offer was announced on 8 March 2024 and Essity accepted the offer in accordance with its undertaking. The public offer was equivalent to a total value of the shares in Vinda of approximately HKD 28.3bn (SEK 37.3bn). On March 21, 2024, Essity announced that the company had completed the sale of all shares in Vinda. The transaction generated cash proceeds to Essity of HKD 14.6bn (approximately SEK 19bn).

Statement of profit for the period, discontinued operations

SEKm	2025	2024	2023
Earnings for the period relating to Vinda	–	217	279
Other earnings attributable to divestment of Vinda	–	8,798	–
Earnings from discontinued operations	–	9,015	279

Other earnings attributable to divestment of Vinda

SEKm	2024
Gain/loss on sale	8,366
Reclassification of realized currency translation differences after tax	748
Transaction costs	–227
Impairment of intangible assets in Essity related to Vinda after tax	–89
Total	8,798

Profit or loss

SEKm	2025	2024	2023
Net sales	–	4,533	26,770
Operating expenses	–	–4,261	–26,318
Operating profit	–	272	452
Financial items	–	–27	–157
Profit before tax	–	245	295
Income taxes	–	–28	–16
Profit for the period, discontinued operations	–	217	279
Profit from discontinued operations attributable to:			
Owners of the Parent company	–	8,919	114
Non-controlling interests	–	96	165
Earnings per share from discontinued operations – owners of the Parent company			
Earnings per share from discontinued operations before and after dilution effects, SEK	–	12.74	0.16
Average number of shares before and after dilution, million	–	700.3	702.3

Balance sheet

SEKm	2023
ASSETS	
Intangible assets	7,080
Property, plant and equipment	14,300
Financial assets excluding cash and cash equivalents	1
Operating receivables	9,178
Cash and cash equivalents	1,768
Total assets held for sale	32,327
LIABILITIES	
Financial liabilities	5,508
Operating liabilities	7,283
Deferred tax liabilities	917
Total liabilities directly attributable to assets held for sale	13,708
Net assets held for sale	18,619
Non-controlling interests attributable to discontinued operations	8,145
Net assets held for sale including non-controlling interests attributable to discontinued operations	10,474

G5. Events after the balance sheet date

On January 8, 2026, Essity announced that the funds that had brought an action against Essity in the English courts regarding bonds issued by the company had chosen to discontinue their action. The case is therefore closed.

On January 29, 2026, Essity announced that it had secured a EUR 400m loan at favorable terms with the European Investment Bank (EIB). The loan has a tenor of seven years and will support the company's research, development and innovation initiatives across all business areas.

On February 2, 2026, Essity acquired 100% of assets and liabilities in Edgewell Personal Care's feminine care business, including the brands Carefree, Stayfree and o.b. in North America, global rights for the Playtex brand in feminine care as well as a production facility in the USA. Edgewell's feminine care business offers liners, pads and tampons. The business has approximately 500 employees. The total purchase price for the assets amounts to USD 339m (SEK 2,994m) on a cash and debt-free basis. For the period October 1, 2024 to September 30, 2025, the business reported net sales of approximately USD 261m (approximately SEK 2,650m) EBITDA excl. IAC of approximately USD 26m (approximately SEK 270m) and EBITA excl. IAC of approximately USD 16m (approximately SEK 160m). The acquisition supports Essity's strategy to focus on high-margin categories and to strengthen market positions in the USA.

No other significant events, with impact on the financial statements, have occurred after the balance sheet date.

Specification of preliminary acquisition balance sheet Edgewell

SEKm	Edgewell
Intangible assets	1,099
Property, plant and equipment	603
Operating assets	534
Operating liabilities	-53
Fair value of net assets	2,183
Goodwill	811
Purchase price	2,994

Financial statements, Parent company

Income statement **IS**

SEKm	Note	2025	2024
Administrative expenses		-979	-1,090
Other operating income		393	688
Operating loss	PC2	-586	-402
Financial items	PC11		
Result from participations in Group companies ¹⁾		14,221	23,502
Interest income and similar profit items		545	691
Interest expenses and similar loss items		-3,165	-4,248
Total financial items		11,601	19,945
Profit after financial items		11,015	19,543
Appropriations ¹⁾	PC4	1,625	-1,300
Income taxes	PC5	-406	-92
Profit for the period		12,234	18,151

1) As of the fiscal year 2025, the Parent company applies the alternative rule in accordance with RFR 2 Accounting for Legal Entities when reporting Group contributions, and recognizes the net of Group contributions paid and received as Appropriations. The comparative period has been restated. Group contributions were recognized under Financial items in previous years.

Statement of comprehensive income

SEKm	2025	2024
Profit for the period	12,234	18,151
Other comprehensive income	-	-
Total comprehensive income	12,234	18,151

Cash flow statement **CF**

SEKm	2025	2024
Operating activities		
Profit after financial items ¹⁾	11,015	19,543
Adjustment for non-cash items T:1	-1,959	-2,127
Paid tax	-2	-385
Cash flow from operating activities before changes in working capital	9,054	17,031
Change in operating receivables ²⁾	-1,839	1,515
Change in operating liabilities ²⁾	-1,747	1,725
Cash flow from operating activities	5,468	20,271
Investing activities		
Investments in non-current assets	-2	-4
Investments in subsidiaries	-	-375
Cash flow from investing activities	-2	-379
Financing activities		
Proceeds from borrowings	1,131	-
Repayment of borrowings	-	-10,923
Dividend paid	-5,711	-5,443
Group contributions ¹⁾	2,274	-1,301
Buyback of own shares	-3,160	-2,225
Cash flow from financing activities	-5,466	-19,892
Cash flow for the period	0	0
Cash and cash equivalents, January 1	0	0
Cash and cash equivalents, December 31 ³⁾	0	0
Adjustment for non-cash items T:1	2025	2024
Depreciation of non-current assets	3	2
Change in accrued items	-1,934	-2,059
Change in provisions	-28	-70
Total	-1,959	-2,127

1) See footnote 1 below the Parent company's statement.

2) Dealings of the Parent company with the Swedish Group companies relating to Group contributions and internal tax are recognized as Change in operating receivables or Change in operating liabilities, respectively.

3) The company's current account is a sub-account and is recognized in the balance sheet as liabilities to Group companies.

Supplementary disclosures

Interest and dividends paid and received	2025	2024
Dividends received	14,221	23,502
Group contribution received	455	1,874
Group contribution paid	-1,756	-15
Interest paid	-3,583	-4,543
Interest received	1,017	580
Total	10,354	21,398

Change in liabilities attributable to financing activities

SEKm	Value, January 1	Cash flow	Translation difference	Value, December 31
Non-current interest-bearing liabilities	24,186	-51	-1,280	22,855
Non-current interest-bearing liabilities to Group companies	12,572	-5,450	-661	6,461
Current interest-bearing liabilities	4,288	-3,790	-500	-2
Current interest-bearing liabilities to Group companies	47,217	10,427	-62	57,582
Current interest-bearing receivables to Group companies	-	-5	-	-5
Total	88,263	1,131	-2,503	86,891

Balance sheet **BS**

SEKm	Note	2025	2024
Assets			
Non-current assets			
Capitalized development costs		0	0
Intangible assets	PC6	0	0
Machinery and equipment		11	12
Property, plant and equipment	PC7	11	12
Participations in subsidiaries	PC8	176,111	176,111
Receivables from Group companies	PC9	-	484
Other non-current receivables		268	253
Deferred tax assets	PC5	301	304
Financial non-current assets		176,680	177,152
Total non-current assets		176,691	177,164
Current assets			
Receivables from Group companies	PC9	2,484	684
Current tax assets	PC5	-	7
Other current receivables	PC10	76	79
Total current assets		2,560	770
Total assets		179,251	177,934

Balance sheet **BS**

SEKm	Note	2025	2024
Equity, provisions and liabilities			
Equity	PC13.		
Share capital		2,350	2,350
Statutory reserve		0	0
Total restricted equity		2,350	2,350
Retained earnings		73,142	63,862
Profit for the period		12,234	18,151
Total non-restricted equity		85,376	82,013
Total equity		87,726	84,363
Untaxed reserves	PC4	1,477	827
Provisions			
Provisions for pensions ¹⁾	PC3	774	787
Other provisions		56	57
Total provisions		830	844
Non-current liabilities			
Liabilities to Group companies	PC9	7,173	13,691
Non-current interest-bearing liabilities	PC11	22,855	24,186
Total non-current liabilities		30,028	37,877
Current liabilities			
Liabilities to Group companies	PC9	58,421	49,268
Current tax liabilities	PC5	394	-
Current interest-bearing liabilities	PC11	-2	4,288
Trade payables		57	40
Other current liabilities ⁹⁾	PC12	320	427
Total current liabilities		59,190	54,023
Total equity, provisions and liabilities		179,251	177,934

1) As of the 2025 fiscal year, the provision for special payroll tax on pension obligations outside the rules of the Pension Obligations Vesting Act is included in Provisions for pensions. The comparative period has been restated. In previous years, the provision was recognized under Other current liabilities.

Change in equity (Refer also to Note PC13)

SEKm	Share capital	Statutory reserve	Retained earnings and profit/loss for the period	Total equity
Equity at December 31, 2023	2,350	0	71,530	73,880
Comprehensive income for the period			18,151	18,151
Buyback of own shares			-2,225	-2,225
Dividend, SEK 7.75 per share			-5,443	-5,443
Equity at December 31, 2024	2,350	0	82,013	84,363
Comprehensive income for the period			12,234	12,234
Buyback of own shares			-3,160	-3,160
Cancellation of shares	-31		31	0
Bonus issue	31		-31	0
Dividend, SEK 8.25 per share			-5,711	-5,711
Equity at December 31, 2025	2,350	0	85,376	87,726

PC1. Basis for preparation of Parent company's annual accounts

The Parent company has prepared its financial statements in accordance with the Swedish Annual Accounts Act (1995:1554) and RFR 2 Accounting for Legal Entities. According to RFR 2, the Parent company is to apply all the IFRS accounting standards adopted by the EU as far as this is possible within the framework of the Swedish Annual Accounts Act.

The same accounting principles are usually applied in both the Parent company and the Group. In some cases, the Parent company applies principles other than those used by the Group and, in such cases, these principles are specified under the respective note in the section about the Parent company.

PC2. Operating profit

Operating profit/loss by type of cost

SEKm	Note	2025	2024
Other operating income		393	688
Other external costs		-547	-730
Personnel and Board costs		-429	-358
Depreciation of property, plant and equipment	PC7	-3	-2
Total IS		-586	-402

The item Other external costs includes primarily consultancy fees, travel expenses, lease expenses and management costs.

Auditing expenses

SEKm	2025	2024
EY		
Audit assignments	-13	-12
Auditing activities other than the audit assignment	-2	-4
Total	-15	-16

Leases

Accounting principles AP

RFR 2 contains an exception allowing all leases to be recognized in profit or loss.

Future payment commitments for non-cancellable operating leases are as follows:

SEKm	2025	2024
Within 1 year	38	37
Between 2 and 5 years	108	141
Later than 5 years	-	-
Total	146	178

Cost for the period for leasing of assets amounted to SEK -43m (-42). Leased assets comprise means of transportation and office premises.

PC3. Personnel and Board costs

Salaries and remuneration

SEKm	2025	2024
Board of Directors ¹⁾ , President, Executive Vice President and senior executives (5 (5)) people)	-117	-103
of which variable remuneration	-38	-43
Other employees	-128	-147
Total	-245	-250

1) Board fees decided by the Annual General Meeting amounted to SEK -13m (-11). For further information, see Notes C1-C4 on pages 141-146.

Social security costs

SEKm	2025	2024
Total social security costs	-157	-94
of which pension costs ¹⁾	-85	-23

1) Of the Parent company's pension costs, SEK -27m (-24) pertains to the Board, President, Executive Vice President and senior executives. Former Presidents and Executive Vice Presidents and their survivors are also included. The company's outstanding pension obligations to these individuals amount to SEK 136m (122).

Pension costs

SEKm	2025	2024
Self-administered pension plans		
Costs excluding interest expense	-31	26
Interest expense (recognized in personnel costs)	-19	-19
Sub-total	-50	7
Retirement through insurance		
Insurance premiums	-37	-39
Other	16	12
Sub-total	-21	-27
Policyholder tax	0	0
Special payroll tax on pension costs	-12	-2
Cost of credit insurance, etc.	-2	-1
Pension costs for the period	-85	-23

Premiums during the year for disability and family pension insurance with Alecta amounted to SEK -1m (-1). Premiums for 2026 are expected to amount to SEK 1m, see also Provisions for pensions in this note. Personnel costs also include other personnel costs in the amount of SEK -27m (-14).

Average number of employees

	2025	2024
Sweden	104	109
of whom women, %	61	62
of whom men, %	39	38

Breakdown of employees by age groups, %

2025	21-30 years	31-40 years	41-50 years	51-60 years	61+ years
	5	17	26	41	11

Women comprised 50% (50) of Board members and 42% (31) of senior executives.

PC3. Personnel and Board costs, cont.

Provisions for pensions

Accounting principles **AP**

The Parent company's provisions for pensions are secured by the regulations in the Pension Obligations Vesting Act (Tryggandelagen) and via endowment insurances. Recognition complies with the simplification rule for defined benefit pension plans in accordance with the voluntary exception in RFR 2 regarding IAS 19. The main difference compared with IAS 19 is that Swedish GAAP disregards future increases in salaries and pensions when calculating the present value of the pension obligation. This present value includes, however, a special reserve for future payments of pension supplements indexed for inflation. Both defined contribution and defined benefit plans exist in the Parent company.

PRI Pensions

Pension liabilities pertaining to PRI pensions have been secured through a common Swedish Essity pension fund. The market value of the Parent company's portion of the foundation's assets at December 31, 2025, amounted to SEK 397m (339). In 2025, compensation was received in an amount of SEK 9m (9). The capital value of the pension obligations at December 31, 2025 amounted to SEK 300m (287). Pension payments of SEK -9m (-9) were made in 2025. In 2025, the assets exceeded pension obligations by SEK 97m (52).

Other pension obligations

The Group's Note C2 Remuneration of senior executives on page 141 describes the other defined benefit pension plans of the Parent company. As of the 2025 fiscal year, the provision for special payroll tax on pension obligations outside the rules of the Pension Obligations Vesting Act is included in Provisions for pensions. The comparative period has been restated. In previous years, the provision was recognized under current liabilities. Amounts transferred for 2024 amount to SEK 26m.

The table below shows the change between years.

Capital value of pension obligations relating to self-administered pension plans

SEKm	2025	2024
Provisions under Pension Obligations Vesting Act	626	653
Provisions outside the rules of the Pension Obligations Vesting Act	148	134
Value, December 31 BS	774	787

Capital value of pension obligations under the Pension Obligations Vesting Act

SEKm	2025	2024
Value, January 1	653	701
Compensation received for assumption of pension obligations	-	20
Costs excluding interest expense	21	-26
Interest expense (recognized in personnel costs)	15	17
Payment of pensions	-63	-59
Value, December 31	626	653

Capital value of pension obligations outside the rules of the Pension Obligations Vesting Act

SEKm	2025	2024
Value, January 1	134	137
Costs excluding interest expense	11	-1
Interest expense (recognized in personnel costs)	3	3
Payment of pensions	-	-5
Value, December 31	148	134

Out of the total pension liability in 2025 amounting to SEK 774m (787), SEK 148m (134) comprises a direct pension liability including payroll tax secured via endowment insurances. The direct pension liability is not secured in accordance with the Pension Obligations Vesting Act. Endowment insurances are reported as other non-current receivables in the balance sheet. For the remaining portion of the pension liability, external actuaries have carried out capital value calculations pursuant to the provisions of the Pension Obligations Vesting Act. The discount rate is 2.4% (2.4). The defined benefit obligations are calculated based on salary levels valid on the respective balance sheet dates. Next year's expected payments for the above defined benefit pension plans amount to SEK 64m.

PC4. Appropriations and untaxed reserves

Accounting principles **AP**

As of the fiscal year 2025, the Parent company applies the alternative rule in accordance with RFR 2 Accounting for Legal Entities when reporting Group contributions, and recognizes the net of Group contributions paid and received as appropriations. The comparative period has been restated. Group contributions were recognized under financial items in previous years.

Due to the links between accounting and taxation, the deferred tax liability on untaxed reserves is recognized in the Parent company's annual accounts as a component of untaxed reserves.

Appropriations

SEKm	2025	2024
Group contributions received from Group companies	2,275	455
Group contributions paid to Group companies	-1	-1,756
Provisions to tax allocation reserve	-650	-
Depreciation in excess of plan	1	1
Total IS	1,625	-1,300

Untaxed reserves

SEKm	2025	2024
Accumulated depreciation in excess of plan	7	7
Provisions to tax allocation reserves	1,470	820
Total BS	1,477	827

PC5. Income taxes

Accounting principles **AP**

Due to the links between accounting and taxation, the deferred tax liability on untaxed reserves is recognized in the Parent company's annual accounts as a component of untaxed reserves.

Tax expense

Tax expense (+), tax income (-)

SEKm	2025	2024
Deferred tax	3	89
Current tax	403	3
Total IS	406	92

Explanation of tax expense

The difference between the recognized tax expense and expected tax expense is explained below. The expected tax expense is calculated based on profit before tax multiplied by the current tax rate.

Reconciliation	2025		2024	
	SEKm	%	SEKm	%
Profit before tax IS	12,640		18,243	
Tax expense IS	406	3.2	92	0.5
Expected tax	2,604	20.6	3,758	20.6
Difference	-2,198	-17.4	-3,666	-20.1
The difference is due to:				
Taxes related to prior periods	-	-	-	-
Non-taxable dividends from subsidiaries	-2,929	-23.2	-4,842	-26.6
Non-taxable Group contributions from Group companies ¹⁾	0	0.0	-2	0.0
Non-deductible Group contributions to Group companies ¹⁾	177	1.4	362	2.0
Other non-taxable/non-deductible items	554	4.4	816	4.5
Total	-2,198	-17.4	-3,666	-20.1

1) Non-taxable and non-deductible Group contributions relate to repayment from/to Group companies amounting to 79.4% (79.4) of the Group contribution.

The Parent company participates in the Group's tax pooling arrangement and as of 2021, pays the majority of the Group's total Swedish taxes. These are recognized as Group contributions paid and received in profit or loss. The net of paid and received Group contributions per Group company amounts to 20.6% (20.6) and represents the respective Group company's share of the Group's total tax expense. The gross amounts are recognized as taxable income and deductible expenses and the repayable amounts are recognized as non-taxable income and non-deductible expenses.

Current tax expense (+), tax income (-)

SEKm	2025	2024
Income tax for the period	403	3
Adjustments for prior periods	-	-
Total	403	3

Current tax liability (+), tax asset (-)

SEKm	2025	2024
Value, January 1	-7	375
Current tax expense	403	3
Paid tax	-2	-385
Value, December 31 BS	394	-7

Deferred tax expense (+), tax income (-)

SEKm	2025	2024
Changes in temporary differences	3	89
Adjustments for prior periods	-	-
Total	3	89

Deferred tax assets (-)

SEKm	Value, January 1	Deferred tax expense	Value, December 31
Provisions for pensions	-156	3	-153
Non-current and current receivables from Group companies	100	-89	11
Non-current liabilities to Group companies	-236	90	-146
Other	-12	-1	-13
Total BS	-304	3	-301

PC6. Intangible assets

Capitalized development costs

SEKm	2025	2024
Accumulated costs	0	0
Accumulated amortization	0	0
Residual value according to plan	0	0
Value, January 1	0	0
Value, December 31 BS	0	0

PC7. Property, plant and equipment

Equipment

SEKm	2025	2024
Accumulated costs	30	28
Accumulated depreciation	-19	-16
Residual value according to plan	11	12
Value, January 1	12	10
Investments	2	4
Sales and disposals	0	0
Depreciation for the period	-3	-2
Value, December 31 BS	11	12

PC8. Participations in subsidiaries

Accounting principles **AP**

The Parent company recognizes all holdings in subsidiaries at cost after deduction of any accumulated impairment losses. Impairment testing occurs annually.

Participations in subsidiaries

SEKm	Subsidiaries	
	2025	2024
Accumulated costs	176,987	176,987
Accumulated impairment	-876	-876
Carrying amount	176,111	176,111
Value, January 1	176,111	175,736
Investments	-	375
Value, December 31 BS TM8:1	176,111	176,111

In 2024, the Parent company made an unconditional shareholder contribution to Essity Försäkringsaktiebolag amounting to SEK 375m.

The Parent company's holdings of shares and participations in subsidiaries, December 31, 2025 **TM8:1**

Company name	Corp. Reg. No.	Domicile	No. of shares	Share of equity, %	Carrying amount, SEKm
Swedish subsidiaries:					
Fastighets- och Bostadsaktiebolaget FOF	556047-8520	Stockholm, Sweden	1,000	100	0
Essity Försäkringsaktiebolag	516401-8540	Stockholm, Sweden	140,000	100	389
Essity TC AB	556643-7298	Stockholm, Sweden	1,000	100	3
Foreign subsidiaries:					
Essity Group Holding B.V.	33181970	Amsterdam, Netherlands	246,347	100	175,698
Essity Capital B.V.	82525897	Amsterdam, Netherlands	2,000,000	100	21
Total carrying amount of subsidiaries					176,111

German Group companies that are subject to disclosure exemptions

The following German companies are fully consolidated by Essity Aktiebolag (Publ) and subject to disclosure exemptions pursuant to SEC. 264 para. 3 of the German Commercial Code ("HGB").

1. Essity GmbH, domicile in Mannheim, Germany
2. Essity Holding GmbH, domicile in Aschheim, Germany
3. Essity Operations Mannheim GmbH, domicile in Mannheim, Germany
4. Essity Operations Mainz-Kostheim GmbH, domicile in Wiesbaden, Germany
5. Essity Germany GmbH, domicile in Mannheim, Germany
6. Essity Professional Hygiene Germany GmbH, domicile in Mannheim, Germany
7. Essity Hygiene Holding GmbH, domicile in Mannheim, Germany
8. Essity Hygiene Holding 2 GmbH, domicile in Mannheim, Germany
9. Essity Operations Neuss GmbH, domicile in Neuss, Germany
10. Essity Operations Witzhausen GmbH, domicile in Witzhausen, Germany
11. Essity PLD Germany GmbH, domicile in Mannheim, Germany
12. BSN medical GmbH, domicile in Hamburg, Germany
13. BSN medical IP GmbH, domicile in Hamburg, Germany
14. BSN-Jobst GmbH, domicile in Emmerich am Rhein, Germany

PC9. Receivables from and liabilities to Group companies

Receivables from and liabilities to Group companies

SEKm	2025	2024
Non-current assets		
Derivatives	-	484
Total BS	-	484
Current assets		
Financial derivatives	55	101
Interest-bearing receivables	5	-
Trade receivables	149	125
Other receivables	2,275	458
Total BS	2,484	684
Non-current liabilities		
Interest-bearing liabilities	6,461	12,572
Derivatives	712	1,119
Total BS	7,173	13,691
Current liabilities		
Interest-bearing liabilities	57,582	47,217
Financial derivatives	718	214
Trade payables	65	22
Other liabilities	56	1,815
Total BS	58,421	49,268

PC10. Other current receivables

Other current receivables SEKm	2025	2024
Prepaid expenses and accrued income TM10:1	64	65
Other receivables	12	14
Total BS	76	79
Prepaid expenses and accrued income TM10:1		
Prepaid lease of premises	11	10
Prepaid financial expenses	35	26
Prepaid user licenses and subscriptions	7	16
Other items	11	13
Total	64	65

PC11. Financial instruments

Accounting principles **AP**

The Parent company's financial instruments are recognized in accordance with the Group's accounting principles. Refer to Notes E1–E4 on pages 152–155. Hedge accounting was not applied by the Parent company.

Financial items		
SEKm	2025	2024
Result from participations in Group companies		
Dividends from subsidiaries	14,221	23,502
Interest income and similar profit items		
Interest income, external	1	1
Interest income, Group companies	544	690
Interest expenses and similar loss items		
Interest expenses, external	–367	–659
Interest expenses, Group companies	–2,737	–3,484
Other financial expenses ¹⁾	–61	–105
Total IS	11,601	19,945

1) The item other financial expenses includes financial fees and exchange rate differences. Exchange rate differences amounted to SEK 1m (4), net.

Interest-bearing liabilities

Non-current interest-bearing liabilities

SEKm	Carrying amount		Fair value	
	2025	2024	2025	2024
Bond issues	16,143	17,110	14,767	15,338
Other non-current loans with a term > 1 yr < 5 yrs	6,712	7,076	6,547	6,993
Total BS	22,855	24,186	21,314	22,331

Current interest-bearing liabilities

SEKm	Carrying amount		Fair value	
	2025	2024	2025	2024
Bond issues	–2	4,288	–2	4,288
Loans with maturities of less than one year	–	–	–	–
Total BS	–2	4,288	–2	4,288

Bond issues

Issued	Maturity	Carrying amount, SEKm	Fair value, SEKm	Interest rate %
Upfront fee, Notes EUR 500m	2026	–2	–2	–
Notes EUR 500m	2027	5,394	5,341	1.63
Upfront fee, Notes EUR 600m	2029	–9	–8	–
Notes EUR 300m	2030	3,224	2,920	0.50
Notes EUR 700m	2031	7,534	6,514	0.25
Total		16,141	14,765	

Financial instruments by category

Accounting principles **AP**

In 2025, the categories of financial instruments in the Parent company comprise, in accordance with IFRS 9, financial assets and liabilities measured at fair value through profit or loss and amortized cost. All of the Parent company's financial assets and liabilities measured at fair value through profit or loss are assessed according to measurement level 2. A definition is provided in Note E1 Financial instruments by category and measurement level on page 153. Financial assets measured at amortized cost are continuously reviewed to assess the need for credit loss provisions. If there is a material need for credit loss provisions, a provision is made in accordance with the expected loss model.

Financial instruments by category

SEKm	Note	2025	2024
Financial assets measured at fair value through profit or loss			
Derivatives with Group companies – Non-current financial assets	PC9	–	484
Endowment insurances – Other non-current receivables		268	252
Derivatives with Group companies – Current financial assets	PC9	55	101
Total		323	837
Financial liabilities measured at fair value through profit or loss			
Derivatives with Group companies – Non-current financial liabilities	PC9	712	1,119
Derivatives with Group companies – Current financial liabilities	PC9	718	214
Total		1,430	1,333
Loan and trade receivables measured at amortized cost			
Trade receivables with Group companies	PC9	149	125
Trade receivables – Other current receivables		0	0
Total		149	125
Financial liabilities measured at amortized cost			
Non-current interest-bearing liabilities to Group companies	PC9	6,461	12,572
Non-current interest-bearing liabilities		22,855	24,186
Current interest-bearing liabilities to Group companies	PC9	57,582	47,217
Current interest-bearing liabilities		–2	4,288
Trade payables to Group companies	PC9	65	22
Trade payables		57	40
Other current liabilities to Group companies		54	58
Other current liabilities		129	184
Total		87,201	88,567

The nominal value of the derivatives before the right of set-off is SEK 87,790m (131,557). The nominal value of the derivatives after the right of set-off is SEK 87,790m (131,557).

PC12. Other current liabilities

Other current liabilities

SEKm	2025	2024
Accrued expenses and prepaid income TM12:1	304	386
Other operating liabilities	16	41
Total BS	320	427

Accrued expenses and prepaid income **TM12:1**

SEKm	2025	2024
Accrued interest expenses	129	184
Accrued social security costs	42	40
Accrued vacation pay liability	13	17
Other liabilities to personnel	85	106
Other items	35	39
Total	304	386

As of the 2025 fiscal year, the provision for special payroll tax on direct pension liabilities secured through endowment insurance is recognized under provisions for pensions. The comparative period has been restated. In 2024, these provisions were recognized in accrued expenses and prepaid income. Amounts transferred for 2024 amount to SEK 26m.

PC13. Share capital

The change in equity is shown in the financial report relating to Equity presented on page 172. The Parent company was formed in 1988. The share capital and number of shares have increased since the formation via new issues and bonus issues as set out below:

YEAR	Event	No. of shares	Change in share capital	Cash payment, SEKm
1988	Number of shares issued in connection with formation	500	0.1	0.1
1995	New issue 1:1, issue price SEK 100	500	0.1	0.1
2016	New issue 1:4, issue price SEK 100	4,000	0.4	0.4
2017	Bonus issue	702,337,489	2,349.9	0.0
2025	Cancellation	-9,288,000	-31.1	0.0
2025	Bonus issue	-	31.1	0.0
2025	Number of shares, December 31, 2025	693,054,489	2,350.4	0.5

The quotient value of the company's shares amounts to SEK 3.39 (3.35).

In 2025, Essity Aktiebolag (publ) repurchased 11,895,826 (7,398,000) own Class B shares for a total value of SEK 3,160m (2,225). 9,288,000 own shares were canceled during the fiscal year. Accordingly, holdings of treasury shares amounted to 10,005,826 (7,398,000) shares at year-end. The buybacks are part of the buyback programs of SEK 3bn each announced by Essity on June 17, 2024 and April 23, 2025, respectively, and which extend for the period June 17, 2024 until the Annual General Meeting 2025 and for the period April 24, 2025 until the Annual General Meeting 2026. The holdings of treasury shares corresponded to 1.4% (1.1) of outstanding shares at December 31, 2025. The repurchased shares are expected to be canceled.

PC14. Contingent liabilities and pledged assets

Contingent liabilities

SEKm	2025	2024
Guarantees for Group companies	6,723	16,229
Other contingent liabilities	21	21
Total	6,744	16,250

Pledged assets

SEKm	2025	2024
Endowment insurances	199	191
Total	199	191

Liabilities for which these assets were pledged as collateral amounted to SEK 199m (191).

PC15. Adoption of the annual accounts

The annual accounts are subject to adoption by Essity's Annual General Meeting and will be presented for approval at the Annual General Meeting on March 26, 2026.

PC16. Events after the balance sheet date

No significant events, with impact on the financial statements, have occurred after the balance sheet date.

PC17. Proposed disposition of earnings

Annual accounts 2025

Disposition of earnings Essity Aktiebolag (publ)

Non-restricted equity in the Parent company:	
retained earnings	73,141,695,834
net profit for the year	12,233,992,788
Total	85,375,688,622

The Board of Directors and the President propose:

to distribute to shareholders, a dividend of SEK 8.75 per share	5,976,675,801 ¹⁾
to be carried forward	79,399,012,821 ²⁾
Total	85,375,688,622

- 1) Based on the number of shares outstanding, December 31, 2025. The final dividend amount will be based on the number of shares outstanding on the record date, March 30, 2026.
- 2) The company's equity would have been SEK 1,091,909,955 higher if assets and liabilities had not been measured at fair value in accordance with Chapter 4, Section 14a of the Swedish Annual Accounts Act.

The Board of Directors and President declare that the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards adopted by the EU and that disclosures herein give a true and fair view of the Group's position and results of operations. The Parent company's annual accounts have been prepared in accordance with generally accepted accounting principles in Sweden and give a true and fair view of the Parent company's position and results of operations. The annual and consolidated accounts have been prepared in accordance with the European Sustainability Reporting Standards (ESRS) and the specifications of the Taxonomy Regulation, as adopted by the EU. The statutory Board of Directors' Report provides a fair review of the Parent company's and Group's operations, position and results of operations and describes material risks and uncertainties facing the Parent company and the companies included in the Group.

Stockholm February 19, 2026

Maria Carell
Board member

Annemarie Gardshol
Board member

Jan Gurander
Chairman

Ulrika Kolsrud,
President and CEO

Alexander Lacik
Board member

Sofia Lafqvist
Board member,
employee representative

Susanna Lind
Board member,
employee representative

Torbjörn Lööf
Board member

Katarina Martinson
Board member

Barbara Milian Thoralfsson
Board member

Bert Nordberg
Board member

Örjan Svensson
Board member,
employee representative

Karl Åberg
Board member

Our audit report was submitted on March 2, 2026
Ernst & Young AB

Erik Sandström
Authorized Public Accountant
Auditor in charge

Auditor’s report

To the general meeting of the shareholders of Essity Aktiebolag (publ), corporate identity number 556325-5511

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Essity Aktiebolag (publ) except for the corporate governance statement on pages 100–109 and the statutory sustainability report on pages 47–99 for the year 2025. The annual accounts and consolidated accounts of the company are included on pages 8–10, 28–46, and 110–186 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 the parent company as of 31 December 2025 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 2025 and their financial performance and cash flow for the year then ended in accordance with IFRS Accounting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 100–109 and the statutory sustainability report on pages 47–99. 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.

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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor’s responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Valuation of goodwill and intangibles assets with indefinite useful life

Description	How our audit addressed this key audit matter
The value of goodwill and intangibles assets with an indefinite useful life as of 31 December 2025 amounted to 49,3 billion SEK. The company performs annual impairment tests as well as whenever impairment indicators have been identified. The recoverable amount for each cash-generating unit is determined as the value in use, which is calculated based on the discounted present value of future cash flows. The impairment tests for 2025 did not result in any impairment write off. Key assumptions in these calculations include future growth rates, gross profit development and the discount rate applied and are presented in Note D1 Intangible assets. An impairment test is a complex process and contains a high degree of judgment regarding future cash flows and other assumptions, not least because it is based on estimates of how the company’s business will be affected by future market developments and by other economic events. In addition, the underlying calculations are in themselves complex. Therefore, we have assessed valuation of goodwill and intangibles assets with an indefinite useful life to be a key audit matter.	In our audit of the fiscal year 2025, we have evaluated the company’s process for preparing impairment tests. We have evaluated and reviewed key assumptions, the application of recognized valuation practices, discount rate and other source data that the company has applied as well as the company’s identification of cash-generating units. We have also evaluated the significant assumptions related to future cash flows and forecasts used in the impairment test by comparing to historical outcome, as well as performing sensitivity analyzes. In order to assess the company’s historical precision in its estimates and assessments we have also evaluated the company’s historical estimates with actual amounts that were subsequently reported. With support from our internal valuation specialists, we have evaluated the valuation methods used. Finally, we have evaluated if disclosures provided in Note D1 Intangible assets in the company’s notes are appropriate.

Accruals for related sales incentives

Description	How our audit addressed this key audit matter
Accounting for sales incentives (bonuses and rebates) related to revenues is an area with a greater degree of estimation and assessment. Incentives related to sales are reported as reduction of the company’s revenue. We have noted that bonuses, rebates and other adjustments of sales prices in some cases can be material. The company calculates an estimate of final incentives based on the information available the end of the period. We have therefore assessed accounting for sales incentives related to revenues to be a key audit matter.	In our audit we have evaluated the company’s process for revenue recognition of related sales incentives (bonuses and rebates). We have also reviewed the accrued costs for sales incentives to customers as of December 31, 2025, which amounted to 6,9 billion SEK against samples of underlying customer agreements and performed analytical procedures. Our audit has also included review of credit invoices and other adjustments to trade receivables that have taken place after December 31, 2025. Finally, we have evaluated if disclosures provided in D5 in the company’s notes are appropriate.

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 3–7 and 11–27. The other information also includes the remuneration report and were obtained before the date of this auditor’s report. 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 Accounting Standards 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 intends 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 Director’s 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company’s internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors’ and the Managing Director’s use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company’s and the group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated accounts. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our opinions

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or related safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor’s report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Report on the audit of the administration and the proposed appropriations of the company's profit or loss

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 Essity Aktiebolag (publ) for the year 2025 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated (loss be dealt with) 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.

A separate list of loans and collateral has been prepared in accordance with the provisions of the Companies Act.

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.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

The auditor's examination of the ESEF report

Opinion

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 Essity Aktiebolag (publ) for the financial year 2025.

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 Essity Aktiebolag (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 the preparation of the Esef report in accordance with 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 obtain 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 ISQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or other Assurance or Related Services Engagements* which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with professional ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual and consolidated 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 audit 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 examination 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 validation that the Esef report has been prepared in a valid XHTML format 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 consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 100–109 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's 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.

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

Ernst & Young AB, with Erik Sandström as auditor-in charge, Box 7850, 103 99 Stockholm, was appointed auditor of Essity Aktiebolag (publ) by the general meeting of the shareholders on the 27 March 2025 and has been the company's auditor since the 27 May 2016.

Stockholm March 2, 2026
Ernst & Young AB

Erik Sandström
Authorized Public Accountant

Auditor's limited assurance report on Essity Aktiebolag (publ)'s sustainability statement

This is the translation of the auditor's report in Swedish.

To the general meeting of the shareholders of Essity Aktiebolag (publ), corporate identity number 556325-5511

Conclusion

We have conducted a limited assurance engagement of the sustainability statement prepared by Essity Aktiebolag (publ) (the company) for the financial year 2025. The sustainability statement is included on pages 47–99 of this document.

Based on our limited assurance engagement as described in the section Auditor's Responsibility, nothing has come to our attention that causes us to believe that the sustainability statement is not, in all material respects, prepared in accordance with the Swedish Annual Accounts Act, which includes:

- Whether the sustainability statement meets the requirements of ESRS,
- Whether the process carried out by the company to identify reported sustainability information has been conducted as described in the sustainability statement; and
- Compliance with the reporting requirements in Article 8 of the EU's Green Taxonomy Regulation.

Basis for conclusion

We have conducted the limited assurance engagement in accordance with FAR's recommendation RevR 19 – *Revisorns översiktliga granskning av den lagstadgade hållbarhetsrapporten*. Our responsibility under this recommendation is described in more detail in the section Auditor's Responsibility.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other information than the sustainability statement

This document also contains other information than the sustainability statement, found on pages 2–46 and 100–191, with the exception of the page references on page 98 and pages 180–186. The Board of Directors and the Managing Director are responsible for this other information.

Our conclusion on the sustainability statement does not cover this other information, and we do not express any conclusion with assurance regarding this other information.

In connection with our limited assurance engagement on the sustainability statement, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the sustainability statement. In this procedure we also take into account our knowledge otherwise obtained in the limited assurance engagement 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.

Other matter

The disclosures in the sustainability statement regarding the previous financial year have, in certain cases, been subject to a limited assurance engagement in accordance with ISAE 3000 (Revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, applied together with RevR 6 *Assurance of Sustainability Information* in accordance with the assurance report issued February 28, 2025. Other comparative figures in the sustainability statement for the year 2025 have not been subject to a review.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors, and the Managing Director, are responsible for the preparation of sustainability statement in accordance with Chapter 6, Sections 12–12 f of the Swedish Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of the sustainability statement that is free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion whether the sustainability statement is prepared in accordance with Chapter 6, Sections 12–12 f of the Swedish Annual Accounts Act based on our limited assurance engagement. The limited assurance engagement has been conducted in accordance with FAR's recommendation RevR 19 *Revisorns översiktliga granskning av den lagstadgade hållbarhetsrapporten*. This recommendation requires that we plan and perform our procedures to obtain limited assurance that the sustainability statement is prepared in accordance with these requirements.

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. This means that it is not possible for us to obtain such assurance that we become aware of all significant matters that could have been identified if a reasonable assurance engagement had been performed.

Our firm applies ISQM 1 (International Standard on Quality Management), which requires the firm to design, implement, and manage a quality management system including guidelines or procedures regarding compliance with ethical requirements, standards of professional practice, and applicable laws and regulations.

We are independent of Essity Aktiebolag (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities according to these requirements.

A limited assurance engagement involves performing procedures to obtain evidence to support the sustainability statement. The auditor selects the procedures to be performed, including assessing the risks of material misstatements in the sustainability statement, whether due to fraud or error. In this risk assessment, the auditor considers the parts of the internal control that are relevant to how the Board of Directors and the Managing Director prepares the sustainability statement, in order to design procedures that are appropriate under the circumstances, but not for the purpose of providing a conclusion on the effectiveness of the company's internal control. The review consists of making inquiries, primarily of persons responsible for the preparation of the sustainability statement, performing analytical review, and conducting other limited review procedures.

The review procedures primarily include:

Our review procedures regarding the process the company has undertaken to identify sustainability information to report included, but were not limited to the following:

- Obtaining an understanding of the process by conducting inquiries to understand the sources of the information used by management (e.g., stakeholder dialogues, business plans, and strategy documents), and
- Reviewing the company's internal documentation of its process; and
- Evaluating whether the information obtained from our procedures regarding the process implemented by the company aligns with the description of the process on page 60 in the sustainability statement.

Our review procedures regarding the sustainability statement included, but were not limited to the following:

- Through inquiries, obtaining a general understanding of the internal control environment, reporting processes, and information systems relevant to the preparation of the information in the sustainability statement.
- Evaluating whether information identified as material through the process the company has undertaken to identify the content of the sustainability statement is also included.
- Evaluating whether the structure and presentation of the sustainability statements are consistent with the requirements of ESRS;
- Conducting inquiries with relevant personnel and analytical review procedures regarding selected disclosures in the sustainability statements;
- Performing substantive review procedures of selected disclosures in the sustainability statements;
- Obtain, through inquiries and analytical review procedures, support for the methods used for preparing material estimates and forward-looking information and on how these methods were applied;

Our review procedures regarding the taxonomy disclosures included, but were not limited to the following:

- Obtaining an understanding of the process for identifying economic activities that are covered by and are consistent with the EU Green Taxonomy and the corresponding disclosures in the sustainability statement.
- Conducting inquiries to relevant personnel and analytical review procedures on the taxonomy disclosures;
- Conducting inquiries to understand the sources of the information used in the taxonomy disclosures;
- Evaluating whether the presentation of the taxonomy disclosures is consistent with the requirements of the EU Taxonomy Regulation.

Inherent limitations

In reporting forward-looking information in accordance with ESRS, the board and management of Essity Aktiebolag (publ) must prepare forward-looking information based on specified assumptions about events that may occur in the future and possible future activities of Essity Aktiebolag (publ). Actual outcomes are likely to differ as expected events often do not occur as anticipated.

Stockholm March 2, 2026
Ernst & Young AB

Erik Sandström
Authorized Public Accountant

Auditor's report on the audit of Essity Aktiebolag (publ)'s sustainability information

This is the translation of the auditor's report in Swedish.

To the general meeting of the shareholders of Essity Aktiebolag (publ), corporate identity number 556325-5511

Opinion

We have been engaged by the Board of Directors and the Managing Director to audit selected sustainability information, consisting of fossil fuels and grid supply data ("the sustainability information") for Essity Aktiebolag (publ) for the financial year 2025. The sustainability information is included on pages 66–67 of this document. Based on our audit, described in the section *Auditor's Responsibility*, the sustainability information has been prepared in accordance with the relevant parts of the ESRS (European Sustainability Reporting Standards) that are applicable to the Sustainability Report, as well as the accounting and calculation principles that the company has developed.

Basis for Opinion

We have performed the audit in accordance with ISAE 3000 (Revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. Our responsibilities under this standard are further described in the *Auditor's Responsibility* section.

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 sustainability information has been prepared in accordance with the applicable criteria, as defined on page 48, and consist of the relevant parts of ESRS (European Sustainability Reporting Standards) that are applicable to the Sustainability Report, as well as the company's own developed accounting and calculation principles. This responsibility also includes ensuring that the internal controls deemed necessary by the Board of Directors and the Managing Director exist to prepare a sustainability report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the sustainability information based on our audit. The audit has been conducted in accordance with ISAE 3000 (Revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. This standard requires that we plan and perform procedures to obtain reasonable assurance that the sustainability information has been prepared in accordance with the criteria stated under the section *Responsibilities of the Board of Directors and the Managing Director*.

The audit firm applies ISQM 1 (International Standard on Quality Management), which requires the firm to design, implement, and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We are independent of Essity Aktiebolag (publ) in accordance with professional ethics for accountants in Sweden and have fulfilled our ethical responsibilities in accordance with these requirements.

The audit includes obtaining evidence regarding the sustainability information through various procedures. The auditor selects which procedures to perform, including assessing the risks of material misstatement in the sustainability information, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to how the Board of Directors and the Managing Director prepare the sustainability information, in order to design procedures that are appropriate under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.

Our audit has covered the following:

- Fossil fuels and grid supply data.

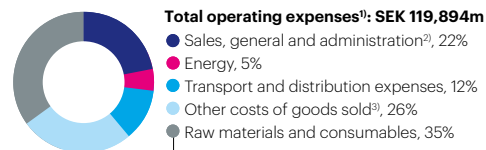
Our audit is based on the criteria selected by the Board of Directors and the Managing Director, as defined above.

Stockholm March 2, 2026
Ernst & Young AB

Erik Sandström
Authorized Public Accountant

Description of costs

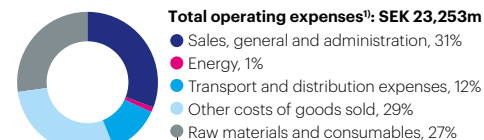
Group



Of which

Pulp	10%
Recovered paper	3%
Super absorbents	1%
Non-woven	3%
Other ⁴⁾	18%
Total raw materials and consumables	35%

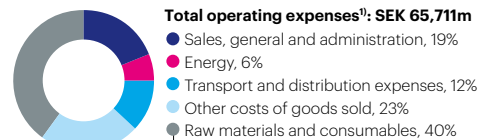
Health & Medical



Of which

Pulp	6%
Non-woven	4%
Super absorbents	2%
Other ⁴⁾	15%
Total raw materials and consumables	27%

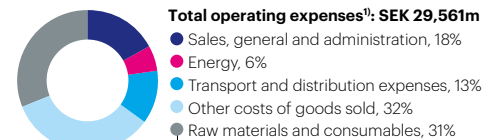
Consumer Goods



Of which

Pulp	14%
Recovered paper	2%
Super absorbents	1%
Non-woven	3%
Other ⁴⁾	19%
Total raw materials and consumables	40%

Professional Hygiene



Of which

Recovered paper	8%
Pulp	5%
Other ⁴⁾	18%
Total raw materials and consumables	31%

- 1) Excluding items affecting comparability.
 2) Sales, general and administration includes costs for marketing of 6 percentage points.
 3) The two largest items of Other costs of goods sold comprise personnel (12 percentage points) and depreciation/amortization (4 percentage points).
 4) The item Other in raw materials and consumables includes costs for chemicals, packaging material and plastic material.

Raw materials

Pulp consumption



1.9 million tons

Essity's own pulp production corresponded to 9% of the pulp consumption and is primarily related to an integrated tissue plant in Mannheim, Germany.

Recovered paper consumption



1.6 million tons

Production facilities

Capacity is stated in thousands of tons, unless otherwise indicated, and per year.

Country/Region	Production facility ¹⁾	Tissue capacity
Argentina	Buenos Aires	
Australia	Springvale	
Austria	Ortmann	132
Belgium	Stermbert	75
Brazil	Jarinu	
Canada	Drummondville	
Chile	Santiago	28
Colombia	Cajica	70
Colombia	Cali	
Colombia	Caloto	
Colombia	Medellin	30
Colombia	Rio Negro	
Dominican Republic	San Cristobal	
Ecuador	Inpaecsa	15
Ecuador	Lasso	26
Egypt	Cairo	
Fiji Islands	Fiji	
Finland	Nokia	42
France	Gien	145
France	Hondouville	55
France	Kunheim	52
France	Le Theil	65
France	Radiante	
France	Vibraye	
Germany	Emmerich	
Germany	Hausbruch	
Germany	Kostheim	127
Germany	Mannheim	283
Germany	Neuss	112
Germany	Witzenhausen	32
India	Goa	
Italy	Altopascio	25
Italy	Collodi	42
Italy	Lucca	100
Jordan	Amman	
Mexico	Ecatepec	
Mexico	Monterrey	80
Mexico	Reynosa	
Mexico	Sahagun	95
Mexico	Uruapan	40
Netherlands	Assen	
Netherlands	Cuijk	52
Netherlands	Gennep	
Netherlands	Hoogezand	
Netherlands	Suameer ²⁾	9
New Zealand	Kawerau	60
Pakistan	Karachi	

Country/Region	Production facility ¹⁾	Tissue capacity
Poland	Olawa	
Slovakia	Gemerská Hôrka	
South Africa	Pinetown	
Spain	Allo	120
Spain	Telde	
Spain	Valls	137
Sweden	Askersund	
Sweden	Falkenberg	
Sweden	Lilla Edet	100
Sweden	Mölnlycke	
UK	Manchester	50
UK	Oakenholt	45
UK	Prudhoe	94

Country/Region	Production facility ¹⁾	Tissue capacity
UK	Skelmersdale	
UK	Stubbins	55
USA	Barton	180
USA	Bordentown	
USA	Bowling Green	
USA	Harrodsburg	55
USA	Manchester (CT)	
USA	Menasha	145
USA	Middletown	100
USA	Neenah	
Total		2,873

1) At December 31, 2025. 2) Non-woven production.

Financial ten-year summary

SEKm	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
INCOME STATEMENT¹⁾										
Net sales	138,494	145,546	147,147	131,320	101,466	121,752	128,975	118,500	109,265	101,238
EBITA excl. IAC	19,572	20,344	18,898	12,047	11,451	17,626	15,840	12,935	13,405	11,992
Health & Medical	4,946	5,509	4,037	2,904	3,800	3,668	3,734			
Consumer Goods	9,605	9,509	9,797	6,354	5,767	11,538	8,333			
Professional Hygiene	6,364	6,829	6,288	3,843	2,673	3,317	4,463			
Other operations	-1,343	-1,503	-1,224	-1,054	-789	-897	-690	-591	-620	-577
Items affecting comparability (IAC)	-69	-869	-2,291	-2,171	371	-59	-713	-1,375	-855	-2,645
EBITA	19,503	19,475	16,607	9,876	11,822	17,567	15,127	11,560	12,550	9,347
Amortization of acquisition-related intangible assets	-972	-1,110	-1,109	-1,111	-844	-809	-778	-732	-560	-159
Items affecting comparability (IAC)	-	-70	-350	-274	-	-	-	-69	-85	-180
Operating profit	18,531	18,295	15,148	8,491	10,978	16,758	14,349	10,759	11,905	9,008
Share of results of associates and joint ventures ²⁾	14	-	-	-	-	-	-	-	-	-
Financial income	257	593	412	141	81	108	106	91	158	202
Financial expenses	-1,641	-2,524	-2,768	-1,461	-648	-1,066	-1,415	-1,248	-1,340	-1,037
Profit before tax	17,161	16,364	12,792	7,171	10,411	15,800	13,040	9,602	10,723	8,173
Income taxes	-4,443	-4,331	-3,275	-2,006	-2,398	-4,053	-2,828	-1,050	-1,938	-3,931
Profit for the period	12,718	12,033	9,517	5,165	8,013	11,747	10,212	8,552	8,785	4,242
BALANCE SHEET										
Non-current assets (excluding financial receivables)	108,356	117,772	112,913	137,492	122,196	107,974	116,779	110,370	105,398	77,238
Receivables and inventories	44,525	48,605	44,146	61,791	45,949	37,141	38,486	38,646	34,664	29,917
Non-current assets held for sale	-	-	-	-	-	-	42	69	42	156
Financial receivables	4,482	2,603	3,189	2,088	1,851	3,555	3,535	1,751	1,700	1,052
Current financial assets	1,266	5,342	5,259	4,941	1,150	993	525	422	1,105	1,677
Cash and cash equivalents	8,487	10,962	5,159	4,288	3,904	4,982	2,928	3,008	4,107	4,244
Assets held for sale, discontinued operations	-	-	32,327	-	-	-	-	-	-	-
Total assets	167,116	185,284	202,993	210,600	175,050	154,645	162,295	154,266	147,016	114,284
Equity	85,625	88,314	70,846	67,346	59,874	54,352	54,125	47,141	42,289	33,204
Non-controlling interests	415	427	8,559	9,218	8,633	8,990	8,676	7,758	7,281	6,376
Provisions	10,002	11,440	11,396	13,097	12,855	12,671	14,017	15,696	14,659	11,961
Interest-bearing debt	38,632	47,098	60,984	71,515	58,189	46,890	52,062	54,327	54,838	36,873
Operating and other non-interest bearing liabilities	32,442	38,005	37,500	49,424	35,499	31,742	33,415	29,344	27,949	25,870
Liabilities directly attributable to assets held for sale	-	-	13,708	-	-	-	-	-	-	-
Total equity and liabilities	167,116	185,284	202,993	210,600	175,050	154,645	162,295	154,266	147,016	114,284
Average capital employed	113,649	115,346	115,105	110,727	92,227	112,473	114,663	107,575	90,167	73,145
Net debt, including pension liabilities	26,543	30,769	53,703	62,869	55,433	42,688	50,940	54,404	52,467	35,173

1) Income statement and operating cash flow statement for the 2021–2024 period refer to continuing operations.

2) Until 2024, the share of results of associates and joint ventures was recognized in operating profit. From 2025 onwards, these results are recognized below operating profit.

Financial ten-year summary, cont.

SEKm	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
OPERATING CASH FLOW STATEMENT ¹⁾										
Operating cash flow	14,998	17,242	17,685	7,680	9,744	16,018	15,639	9,900	10,622	10,998
Cash flow from current operations	8,928	9,485	11,625	4,088	5,991	11,175	13,208	6,363	6,644	6,530
Cash flow before transactions with shareholders	8,933	33,325	12,692	-867	-5,807	10,795	13,285	5,737	-19,372	359
Investments in non-current assets, net	-6,898	-7,332	-6,819	-5,362	-5,182	-6,439	-5,707	-6,781	-6,012	-6,255
Acquisitions of Group companies and other operations	-	-68	-182	-4,955	-11,813	-747	-143	-694	-26,045	-6,540
Divestments of Group companies and other operations	5	23,908	1,249	-	15	367	220	68	29	369
KEY FIGURES										
Equity/assets ratio, %	51	48	35	32	34	35	33	31	29	29
Interest coverage ratio ³⁾	13.4	9.5	6.4	6.4	19.4	17.5	11.0	9.3	10.1	10.8
Debt payment capacity, including pension liabilities, % ³⁾	74	59	34	24	26	46	38	25	26	29
Debt/equity ratio, including pension liabilities	0.31	0.35	0.68	0.82	0.81	0.67	0.81	0.99	1.06	0.89
Debt/equity ratio, excluding pension liabilities	0.33	0.35	0.68	0.81	0.77	0.63	0.76	0.92	0.99	0.76
ROCE, % ³⁾	17.2	16.9	14.4	8.9	12.8	15.6	13.2	10.8	13.9	12.8
ROCE excl. IAC, % ³⁾	17.2	17.6	16.4	10.9	12.4	15.7	13.8	12.0	14.9	16.4
ROE, %	15.2	25.2	12.5	8.1	15.0	18.2	17.4	16.1	19.8	9.3
EBITA margin, % ³⁾	14.1	13.4	11.3	7.5	11.7	14.4	11.7	9.8	11.5	9.2
EBITA margin excl. IAC, % ³⁾	14.1	14.0	12.8	9.2	11.3	14.5	12.3	10.9	12.3	11.8
Operating margin, % ³⁾	13.4	12.6	10.3	6.5	10.8	13.8	11.1	9.1	10.9	8.9
Operating margin excl. IAC, % ³⁾	13.4	13.2	12.1	8.3	10.5	13.8	11.7	10.3	11.8	11.7
Net margin, % ³⁾	9.2	8.3	6.5	4.0	7.8	9.7	7.9	7.2	8.0	4.2
Capital turnover rate ³⁾	1.22	1.26	1.28	1.19	1.10	1.08	1.12	1.10	1.21	1.38
Cash flow from current operations per share, SEK ³⁾	12.96	13.54	16.55	5.82	8.53	15.91	18.81	9.06	9.46	9.30
Earnings per share, SEK	18.37	29.83	13.60	7.93	12.27	14.56	13.12	11.23	11.56	5.41
Dividend per share, SEK	8.75 ⁴⁾	8.25	7.75	7.25	7.00	6.75	6.25	5.75	5.75	

1) Income statement and operating cash flow statement for the 2021–2024 period refer to continuing operations.

2) Until 2024, the share of results of associates and joint ventures was recognized in operating profit. From 2025 onwards, these results are recognized below operating profit.

3) The key figure for the 2021–2024 period refers to continuing operations.

4) Board of Directors' dividend proposal.

Calendar and contact points

Annual General Meeting on March 26, 2026

Essity's Annual General Meeting will be held on Thursday, March 26, 2026. For further information about the Annual General Meeting 2026, see page 10 and essity.com.

Financial information 2026–2027

Annual General Meeting 2026	March 26, 2026
Interim report, quarter 1 2026	April 23, 2026
Interim report, quarter 2 2026	July 16, 2026
Interim report, quarter 3 2026	October 22, 2026
Report for quarter 4 and full-year 2026	January 21, 2027
Annual Report 2026	February/March 2027

Annual reports and financial statements are published in Swedish and English (in the event of differences between the English translation and the Swedish original, the Swedish text shall prevail) and can be downloaded from essity.com.

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