essity

Annual Report 2024

Essity Aktiebolag (publ)

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. The cover image shows our offering in the Professional Hygiene business area which sells, among other products, paper hand towels, soap and dispensers under the world-leading Tork brand.

Contents

The Annual Report 2024 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 economic, social and environmental perspective. The Board of Directors' Report and financial statements are presented on pages 9–11, 25–99 and 104–186 and include the auditor's report. Essity's sustainability statements has been prepared in accordance with GRI Reporting Standards. Pages 47–99 encompass Essity's statutory sustainability statements pursuant to the requirements stated in the Annual Accounts Act.

The official Annual Report 2024 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 3, 2025.

Business areas

Health & Medical

20%

of net sales 2024

Consumer Goods

54%

of net sales 2024

Professional Hygiene

26%

of net sales 2024

Essity's three business areas are active in a growing, global hygiene and health market with leading market positions and strong brands.

❯ Read more on page 28.

Invest in Essity

Essity is a global, leading hygiene and health company with the purpose to break barriers to well-being. Every day, we improve the hygiene and health of one billion people in 150 countries. Essity's value creation is based on a number of factors that make us unique and could be of interest to those who are considering an investment in Essity or are already shareholders:

Globally leading in attractive and growing hygiene and health market

Leading in the attractive and growing global hygiene and health market with solutions used by people around the world every day. Growth is driven by market trends such as a growing and aging population, higher living standards and greater awareness of hygiene and health.

Leading market positions based on strong brands and successful innovations

Strong brands and innovative customer and consumer offerings. Positioned as number 1 or 2 in 90% of branded sales and the global market leader with the Tork and TENA brands.

Value-creating strategy and proven execution

Restructuring of the product portfolio and production structure have yielded a strong platform for growth. The new financial targets presented in 2024 are to achieve annual organic sales growth of >3% and an EBITA margin excl. IAC of >15%. Well-positioned for continued profitable growth with the strategy to grow in the product segments with the highest return and the fastest growing sales channels, and to increase the company's presence in North America and Latin America. A winning corporate culture with a focus on results, care and collaboration.

Sustainability at the core

To lead in sustainability is a priority for long-term profitable growth. Group targets include science-based climate targets with the ambition to achieve net zero emissions by 2050. Essity's sustainability work has received recognition, for example, through inclusion in the Dow Jones Sustainability Index and an AAA score in MSCI's ESG rating. Named Diversity Leader by the Financial Times.

Strong financial position

Strong financial position with good and stable cash flow generation. Long-term stable and rising dividends that increased 43% in 2018–2024[4], with attractive EPS growth of more than 50% over the same period. The share buyback program was launched in 2024 with the ambition to use this as a recurring part of Essity's capital allocation.

Market capitalization, December 31, 2024[1]

208 SEKbn

Employees, approximately[2]

36,000

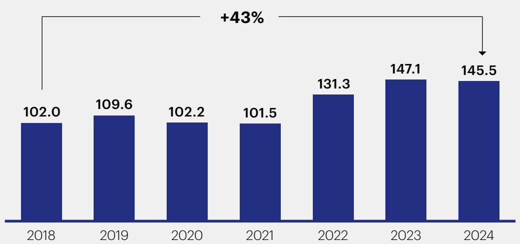
Earnings per share, SEK[3]

19.29

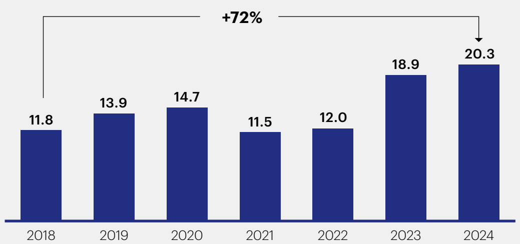
Proposed dividend per share, SEK[4]

8.25

Net sales, SEKbn



EBITA excl. IAC, SEKbn[5]



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) Earnings per share for continuing operations. excl. IAC and amortization of acquisition-related intangible assets.
4) Board of Directors' dividend proposal.
5) 2018–2020 excluding Vinda's published figures. In 2021–2023, Vinda was classified as discontinued operations.

Brands:

TORK, TENA, Leukoplast, JOBST, Actimove, Cutimed, Tempo, Lotus, Zewa, Libero, Libresse, Saba, Nosotras, TOM ORGANIC, knix, modibodi

The year at a glance

Successful year with highest profit so far
Essity reported net sales in 2024 of SEK 146bn and its highest-ever profit of SEK 20.3bn, corresponding to a margin of 14%. Profit was positively impacted by higher volumes, a better product mix and lower cost of goods sold.

New financial targets
On June 17, new financial targets were presented:

- Annual organic sales growth >3%
- EBITA margin excl. IAC of >15%

The targets are an increase in ambition with an emphasis on profitable growth and are based on the company's robust platform with leading positions in growing and attractive markets.

Share buyback program
A SEK 3bn share buyback program of Class B shares in Essity began on June 17. The program will extend until the 2025 Annual General Meeting. The repurchased shares are expected to be canceled. The share repurchase 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.

Further steps toward net zero emissions
Essity's target to achieve net zero emissions of greenhouse gases by 2050 was validated by the Science Based Targets initiative. The company's near-term targets for Scopes 1 and 2 are to achieve a reduction of 35% by 2030, and the near-term target in Scope 3 was updated from a reduction of 18% to 35% within the same timeframe. All targets are relative to a 2016 baseline.

Successful innovation
Innovation is crucial to achieving product superiority, improving people's well-being and contributing to a more sustainable and circular society.

During the year, Essity launched a new toilet paper system, **Tork Optiserve Coreless**, upgraded its range of incontinence products with **TENA Proskin Pants** for faster absorption and better skin care, improved **Libero** diapers with softer leg pads and, in wound care, improved **Cutimed Sorbion** dressings to make them easier and more comfortable to apply.

Divestment of holding in Vinda
Essity divested its holding of 51.59% of shares in the Asian hygiene company Vinda for HKD 23.50 per share. The sales proceeds amounted to about HKD 14.6bn (approximately SEK 19bn). The divestment reduces Consumer Tissue's share of net sales, entailing a shift for Essity toward a product portfolio with a higher margin and lower volatility. Essity will retain a presence in Asia and in Vinda through continued licensing of Essity's brands.

Recognition for sustainability initiatives
During the year, Essity received several awards, for example, it was named one of the world's 100 most sustainable companies by Corporate Knights and included in S&P Global's Sustainability Yearbook 2025. Essity also entered into a partnership with the World Economic Forum (WEF). As a member of the WEF's Global Alliance for Women's Health, Essity is adopting the role of lead partner in menstrual health and leading the Alliance's work to measure and close the gaps in this area.

Examples of awards:

FT Financial Times Leader in Diversity 2022–2025 statista · MSCI ESG Ratings AAA · FTSE4Good · ecovadis Gold Top 5% · Top 1%

Key figures

Net sales, SEKm

145,546

EBITA excl. IAC, SEKm

20,344

Operating cash flow, SEKm

17,242

Organic sales growth

+0.2%

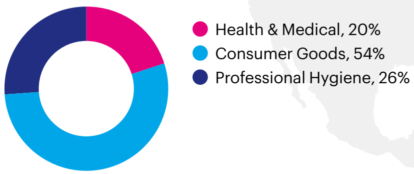
EBITA margin excl. IAC

+14.0%

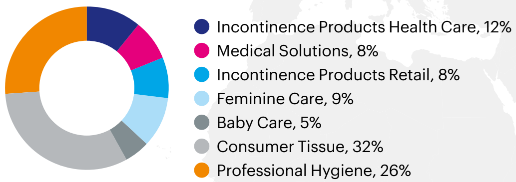
ROCE excl. IAC

+17.6%

Net sales by business area

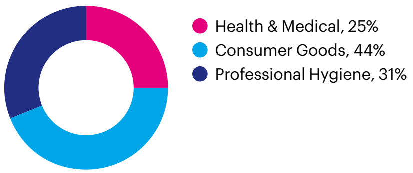


Net sales by category

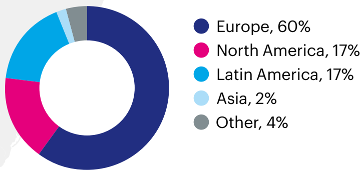


Net sales by distribution channel

EBITA excl. IAC by business area

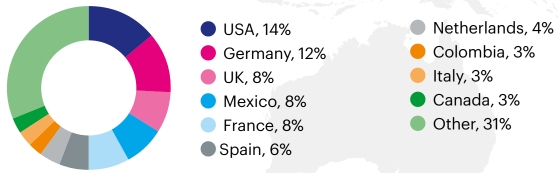


Net sales by region



Emerging markets accounted for 26% of net sales.

Group's ten largest markets, % of net sales



Magnus Groth
President and CEO

"Our efforts to accelerate profitable growth have yielded results, and we grew strongly during the year in several of our most profitable categories and gained market shares. The full-year profit was the highest ever for Essity."

A successful year

Essity is in better shape than ever and based on the profitable platform we have created over several years of working on structural improvements, we launched new, more ambitious financial targets during the year. We also launched a share buyback program. Our efforts to accelerate profitable growth have yielded results, and we grew strongly during the year in several of our most profitable categories and gained market shares. Sales for the year amounted to SEK 146bn and profit reached its highest level ever at SEK 20.3bn.

Hygiene and health prioritized
Demand has been good, despite the continued global economic challenges. People are prioritizing hygiene and health and choosing the product offerings that can best improve their everyday lives, making relevant innovation crucial. Our launches of, for example, incontinence products for better absorption and skin health, TENA Proskin Pants, and skin-friendly and easy-to-use wound dressings, Cutimed Sorbion, are examples of innovations that have contributed to our favorable performance. Our latest innovation is a new toilet paper system, Tork Optiserve Coreless, which complements our popular Tork PeakServe paper towel dispenser. Through innovations and investments in sales and marketing, we have strengthened the leading market positions of our brands and gained market shares in 2024.

Attractive product portfolio and new targets
The divestment of the Asian hygiene company Vinda was finalized during the year, entailing a tangible shift for Essity toward a product portfolio with a higher margin and lower volatility. We presented new and higher financial targets to grow organically by more than 3% per year, with a margin of more than 15%. We also launched an SEK 3bn share buyback program, funded by the strong cash flow from operations after ordinary dividend. The aim is to make the buyback of shares a recurring part of Essity's capital allocation.

Volume growth and highest-ever profit
During the year, we strived to combine good margins with accelerated growth. Our efforts have paid off and growth increased over the year. Highest growth was noted in our most profitable categories: Incontinence Products, in both the healthcare sector and the retail trade, Medical Solutions, Feminine Care and, excluding restructuring, Professional Hygiene. Full-year profit was the highest to date for Essity of just over SEK 20bn, corresponding to a margin of 14%. Looking back over the last six quarters, we have established a new level of profitability for the company of around SEK 5bn per quarter. Earnings per share for the year increased 27%, cash flow was strong and the financial position is stable. For the 2024 fiscal year, the Board of Directors proposes an increase in the dividend of 6.5% to SEK 8.25 per share.

Better for customers, consumers and Essity
Every day, Essity improves the hygiene and health of one billion people in 150 countries. We strive to reach even more people and to improve quality of life for consumers, patients, caregivers and customers worldwide. Actively working with social and environmental sustainability contributes to higher profitability and growth. The company's greenhouse gas emission reductions for Scope 1, 2 och 3 science-based climate targets are aligned with our plan to reach the target of –35% by 2030 compared with 2016. Our sustainability efforts continue to gain recognition. Essity is included in the Dow Jones Sustainability Index and was once again ranked as one of the world's top 100 most sustainable companies by Corporate Knights. Essity was recognized a Diversity Leader by the Financial Times for the fourth consecutive year.

> "Every day, Essity improves the hygiene and health of one billion people in 150 countries. We strive to reach even more people and to improve quality of life for consumers, patients, caregivers and customers."

Leaving as CEO
After 14 years with the company and ten years as President and CEO, I have decided to leave Essity during 2025. It has been an interesting, intense and enjoyable time during which I, together with fantastic colleagues, have created and developed Essity. An Essity that today is leading in the growing global hygiene and health market with strong brands and market positions, a winning corporate culture and robust financial position. Until my successor is in place, I will continue with full speed to develop the company to achieve our targets and vision to be the undisputed global leader in hygiene and health.

Magnus Groth
President and CEO

In September, Essity's Board of Directors visited Latin America to meet employees and customers and to visit production facilities. This provided the Board with an overview of operations in the region and an insight into local initiatives from Essity's three business areas.

The share

The Essity share is quoted on Nasdaq Stockholm Main Market and the market capitalization was SEK 208bn[1] at December 31, 2024.

Share price performance 2024

In 2024, the price of Essity's Class B share increased 18%. The OMX Stockholm 30 Index rose 4% and the Peer Group Index[2] was unchanged. The closing price of Essity's Class B share at year-end was SEK 295.70. The highest closing price for Essity's Class B share during the year was SEK 324.30, which was noted on September 16, 2024. The lowest closing price was SEK 236.80 on January 25, 2024.

The total shareholder return for Essity's Class B share for the year was 22%. The total shareholder return for the OMX Stockholm 30 Index was 7% and for the Peer Group Index 3%.

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 and FTSE4Good Europe, and has the highest MSCI ESG rating of AAA.

Share trading[3]

In 2024, approximately 323 million Essity shares were traded on Nasdaq Stockholm, corresponding to a value of approximately SEK 90.2bn. Average daily trading for Essity on Nasdaq Stockholm amounted to approximately 1.3 million shares, corresponding to a value of approximately SEK 360m. During the year, trading on CBOE had a turnover of approximately 696 million Essity shares, on LSE Group approximately 240 million shares and other trading venues approximately 78 million shares.

Shareholder structure

49% of the share capital is owned by investors registered in Sweden and 51% by foreign investors. The USA, Norway and the UK 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

On June 17, 2024, Essity commenced a SEK 3bn share buyback program that will extend until the 2025 Annual General Meeting. In 2024, Essity repurchased 7,398,000 own Class B shares for a total value of SEK 2,224m. Aa of December 31, 2024, treasury shares represent SEK 24,783,300m (1.1%) of the total share capital based on a quotient value of SEK 3.35. The repurchased shares are expected to be canceled. The share repurchase 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 0.18 in 2024. 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.

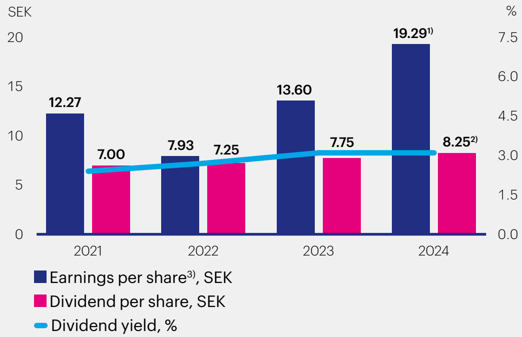
Earnings per share, 2024[1)]

19.29 SEK

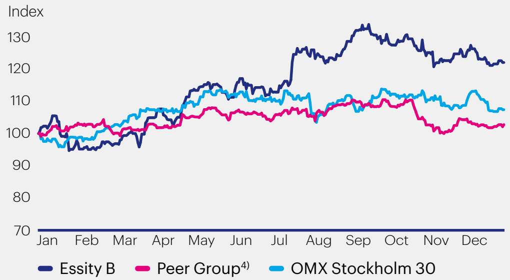
Proposed dividend per share, 2024[2)]

8.25 SEK

Earnings, dividend and dividend yield

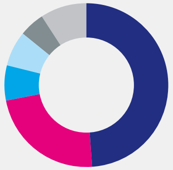


Total shareholder return 2024



1) Earnings per share for continuing operations. excl. IAC and amortization of acquisition-related intangible assets. 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.
2) Board of Directors' dividend proposal.
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, 2024.

Shareholder structure

Holding	No. of shareholders	No. of shares	Capital (%)	Votes (%)
1–1,000	90,218	18,547,772	2.6	3.0
1,001–10,000	12,931	35,012,870	5.0	5.7
10,001–20,000	640	9,034,832	1.3	1.3
20,001–	789	639,747,015	91.1	89.9
Total	**104,578**	**702,342,489**	**100.0**	**100.0**

Source: Euroclear, December 30, 2024.

Share distribution

	Class A	Class B	Total
Number of registered shares	59,973,654	642,368,835	702,342,489
Of which treasury holding		7,398,000	7,398,000

In 2024, 1,004,227 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 1,242,105,375.
Source: Euroclear, December 30, 2024.

Essity's largest shareholders

At December 30, 2024, the following companies, foundations and mutual funds were the ten largest registered shareholders based on voting rights:

Shareholders	Votes (%)	Holding (%)
AB Industrivärden	29.8	10.5
Norges Bank Investment Management	7.4	5.7
AMF Insurance and Funds	6.1	1.3
Swedbank Robur Funds	2.5	4.5
Blackrock	2.1	3.8
Vangard Funds	2.0	3.5
Skandia	1.9	0.8
T. Rowe Price Funds	1.8	3.2
Handelsbanken Fonder	1.7	2.9
Carnegie Fonder	1.2	2.1
Other owners	43.5	61.7
Total	**100.0**	**100.0**
Of which treasury holding	0.6	1.0

Source: Euroclear, December 30, 2024.

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 (IAC) unless otherwise stated.

SEK per share unless otherwise indicated	2024	2023
Earnings per share before and after dilution[1]	29.83	13.60
Earnings per share excl. IAC[2] [3]	19.29	17.56
Average price during the year	280.80	271.72
Closing price, December 31	295.70	250.00
Cash flow from current operations	13.54	16.55
Cash flow from operating activities[2]	24.52	27.16
Dividend[4]	8.25	7.75
Dividend yield, %	2.8	3.1
P/E ratio[5]	10	18
P/E ratio, excl. IAC[5]	15	14
Price/EBITA[6]	12	14
Price/EBITA excl. IAC[6]	12	12
Beta coefficient[7]	0.18	0.28
Pay-out ratio, %	28	57
Equity	127	113
Number of registered shares, December 31 (millions)	702.3	702.3
Number of shares outstanding, December 31 (millions)[8]	694.9	702.3
Average number of shares before and after dilution, (millions)[8]	700.3	702.3

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 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.

Share capital development

The table below shows the development of the company's share capital since 2017.

Year	Event	Change in number of Class A shares	Change in number of Class B shares	Total number of Class A shares	Total number of Class B shares	Total number of shares	Change in share capital, SEK	Total share capital, SEK	Quotient value, SEK
2017	Bonus issue[1]	64,589,523	637,747,966	64,594,523	637,747,966	702,342,489	2,349,866,980	2,350,366,980	3.35
2017	Conversion	–454,085	454,085	64,140,438	638,202,051	702,342,489	–	2,350,366,980	3.35
2018	Conversion	–147,667	147,667	63,992,771	638,349,718	702,342,489	–	2,350,366,980	3.35
2019	Conversion	–58,129	58,129	63,934,642	638,407,847	702,342,489	–	2,350,366,980	3.35
2020	Conversion	–2,199,470	2,199,470	61,735,172	640,607,317	702,342,489	–	2,350,366,980	3.35
2021	Conversion	–320,104	320,104	61,415,068	640,927,421	702,342,489	–	2,350,366,980	3.35
2022	Conversion	–206,154	206,154	61,208,914	641,133,575	702,342,489	–	2,350,366,980	3.35
2023	Conversion	–231,033	231,033	60,977,881	641,364,608	702,342,489	–	2,350,366,980	3.35
2024	Conversion	–1,004,227	1,004,227	59,973,654	642,368,835	702,342,489	–	2,350,366,980	3.35

1) At the Annual General Meeting, held on April 5, 2017, shareholders resolved on a bonus issue. The purpose of the bonus issue was to increase the share capital and number of shares so they would correspond to the number of shares in SCA ahead of SCA's distribution of Essity.

Information to shareholders

Annual General Meeting
The Annual General Meeting will be held on Thursday, March 27, 2025 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 2025 by attending in person, through a proxy or by advance voting as instructed below. Notice convening the Annual General Meeting can be found on essity.com.

A. Right to participate at the Meeting
Shareholders who wish to participate in the Annual General Meeting must

- be listed as a shareholder in the presentation of the share register prepared by Euroclear Sweden AB as of Wednesday, March 19, 2025; and
- give notice of their intention to participate in the Meeting in accordance with the instructions set out in section "*B. Notice of participation at the meeting venue in person or by proxy*" no later than Friday, March 21, 2025, or by submitting its advance vote in accordance with the instructions under section "C. Advance voting" no later than Friday, March 21, 2025.

For shareholders who have their shares registered through a bank or other nominee, the following applies in order to be entitled to participate in the Meeting. In addition to giving notice of participation, such shareholder must re-register its shares in its own name so that the shareholder is listed in the presentation of the share register as of the record date Wednesday, March 19, 2025. Such re-registration may be temporary (so-called voting rights registration), and request for such voting rights registration shall be made to the nominee in accordance with the nominee's routines, at such a time in advance as decided by the nominee. Voting rights registration that has been made by the nominee no later than Friday, March 21, 2025, will be considered in the presentation of the share register.

B. Notice of participation at the meeting venue in person or by proxy
A person who wishes to participate at the meeting venue in person or by proxy must give notice to the company according to the following instructions:

- by telephone at +46 8 402 90 80, weekdays between 9:00 a.m. and 4:00 p.m.
- by mail to Essity Aktiebolag (publ), "Annual General Meeting", c/o Euroclear Sweden AB, P.O. Box 191, SE-101 23 Stockholm, Sweden
- via Euroclear Sweden AB's website https://anmalan.vpc.se/euroclearproxy
- by email to GeneralMeetingService@euroclear.com

Name, personal identity number/corporate registration number, address and telephone number, and number of accompanying persons (no more than two), if any, should be stated when notification is given. Shareholders represented by proxy shall issue a written and dated proxy for their representative signed by the shareholder. A proxy is valid one (1) year from its issue date or such longer period as set out in the proxy, however not more than five (5) years. Proxy forms are available upon request and on essity.com. Anyone representing a legal entity must present a copy of the registration certificate or equivalent authorization document, not older than one (1) year, listing the authorized signatories. To facilitate registration at the Meeting, the proxy as well as the registration certificate and other authorization document should be sent to the company at the address stated above well in advance of the Meeting and no later than Friday, March 21, 2025.

C. Advance voting
Shareholders may exercise their voting rights at the Annual General Meeting by voting in advance, so-called postal voting. A person who wishes to attend the meeting venue in person or by proxy must however give notice in accordance with the instructions under section "*B. Notice of participation at the meeting venue in person or by proxy*" above. This means that a notice of participation only through advance voting is not sufficient for shareholders who wish to attend the meeting venue.

A special form must be used for the advance vote. The form is available on essity.com. Submission of the form in accordance with the instructions set out below is considered as notice of participation in the Annual General Meeting. The completed form must be received by Euroclear Sweden AB no later than Friday, March 21, 2025. The completed form may be sent to Essity Aktiebolag (publ), "Annual General Meeting", c/o Euroclear Sweden AB, P.O. Box 191, SE-101 23 Stockholm, Sweden. A completed form may also be submitted electronically.

Electronic submission can be made either through verification with BankID in accordance with instructions at https://anmalan.vpc.se/euroclearproxy, or by sending the completed form by email to GeneralMeetingService@euroclear.com. Electronic submission must be made no later than Friday, March 21, 2025.

Shareholders may not provide specific instructions or conditions to the advance vote. If so, the entire advance vote is invalid. Further instructions and conditions can be found in the advance voting form.

Shareholders submitting their advance vote by proxy must issue a written and dated proxy for their representative signed by the shareholder, which must be enclosed with the advance voting form. A proxy is valid one (1) year from its issue date or such longer period as set out in the proxy, however not more than five (5) years. Proxy forms are available upon request and on essity.com. If the shareholder is a legal entity, a registration certificate or equivalent authorization document, not older than one (1) year, listing the authorized signatories shall be appended to the advance voting form.

Nomination Committee

- Helena Stjernholm, AB Industrivärden, the Chairman of the Nomination Committee
- Anders Hansson, AMF and AMF Funds
- Marianne Nilsson, 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 104–113.

Dividend
The Board of Directors proposes a dividend of SEK 8.25 per share, an increase of 6.5% compared with the preceding year, and that the record date for the dividend be Monday, March 31, 2025. The dividend represents a dividend yield of 2.8%, based on Essity's share price at the end of the year. Payment through Euroclear Sweden AB is expected to be made on Thursday, April 3, 2025.

› For Essity's financial calendar 2025–2026 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 rising life expectancy are increasing demand for hygiene and health products. For example, a growing elderly population is increasing the demand for care, with the rising prevalence of incontinence and chronic conditions such as wounds, and leading to a widening care gap. Healthcare systems are facing more pressure and demand for new solutions. Younger generations, particularly Generation Z (1997–2012) but also Generation Alpha (2013–2024), are increasingly important consumer groups. Generation Z values authenticity and ethics. Generation Alpha is entering the period care market, as menarche typically takes place between the ages of 10 and 16. Like Generation Z, they are digital natives, active on social media. Essity targets all age groups to meet the needs for innovative hygiene and health solutions at all stages of life.

Hygiene and health

Awareness of hygiene and health has increased following the COVID-19 pandemic, with the emphasis on preventive measures and self-care, such as good hand hygiene and cleaning procedures at home and in public spaces. Meanwhile, antimicrobial resistance (AMR) is a growing threat, with the WHO highlighting its global health and economic implications. Demand for hygiene solutions is driven by improved access to health services in emerging markets and increased 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. Essity's portfolio encompasses a broad range of superior hygiene and health products, solutions and services for medical care, self-care and preventive care.

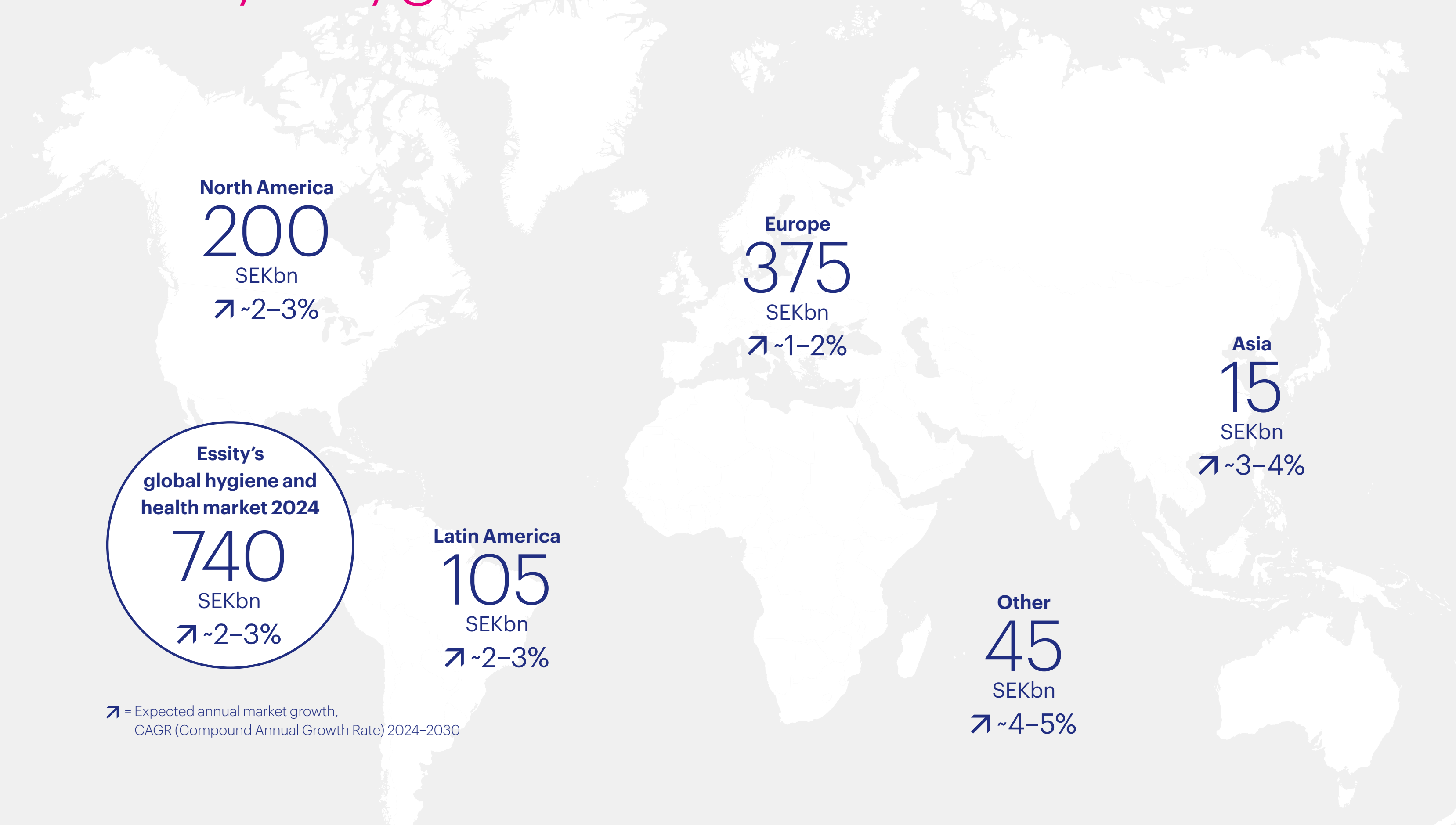
Digitalization

Advances in connectivity, along with the commoditization of data, are offering opportunities for value creation. At the same time, consumer touchpoints are expanding through various digital platforms and channels. Essity is leveraging digitalization across the value chain and adopting new technologies where these create value for customers and consumers while increasing business performance. We adopt new technologies such as generative artificial intelligence (Gen AI) to enhance business performance in distinct focus areas. Essity has established an AI council and is investing in AI literacy training to ensure ongoing innovation and regulatory compliance.

Sustainability

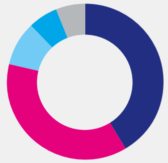
Interest in and the importance of environmental and social sustainability issues such as climate change, human rights, and equality are increasing. In 2024, awareness of the significance of nature conservation, protection of biodiversity, and water conservation grew. To safeguard human rights and achieve gender equality, a focus on diversity, equity and inclusion is required. Environmental and social sustainability is a strategic priority for Essity to ensure future growth and competitiveness, reduce risks, and contribute to a better world. Essity's products promote healthier, more dignified lives, while the company reduces its environmental impact through climate actions, circularity and sustainable innovations, respecting ecosystems and biodiversity, and aiming for net zero emissions by 2050.

Essity's hygiene and health market



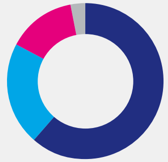
Essity's global hygiene and health market

Health & Medical



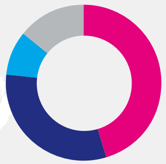
› Read more on page 29.

Consumer Goods



› Read more on page 31.

Professional Hygiene



› Read more on page 33.

Growth potential in different regions

The penetration and use of hygiene and health products, solutions and services vary between regions – from relatively high in mature markets to relatively low in emerging markets. For example, consumption 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 retail trade and e-commerce, heightened awareness of hygiene and health, and greater access to medical care. Essity aims to grow and defend leading market positions in mature markets and capitalize on growth opportunities in emerging markets. Essity's global hygiene and health market amounted to approximately SEK 540bn in mature markets and to approximately SEK 200bn in emerging markets in 2024.

Source: The information has been compiled by Essity for presentation purposes based on external market sources and internal estimates covering categories and markets where Essity is present (some category and regional exclusions are applied).

Essity's market positions

	Global	Europe	North America	Latin America	
Professional Hygiene	1	1	2	1	TORK
Incontinence Products	1	1	5	1	TENA
Medical Solutions[1]	2	1	8	2	Leukoplast, JOBST, Actimove, Cutimed, Delta-Cast, HydroferaBLUE
Consumer Tissue	3	1	–	3	Tempo, Lotus, Zewa, Regio
Feminine Care	5	3	–	1	Libresse, Saba, Nosotras, TOM Organic, knix, modibodi
Baby Care	5	2	–	–	Libero

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

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.

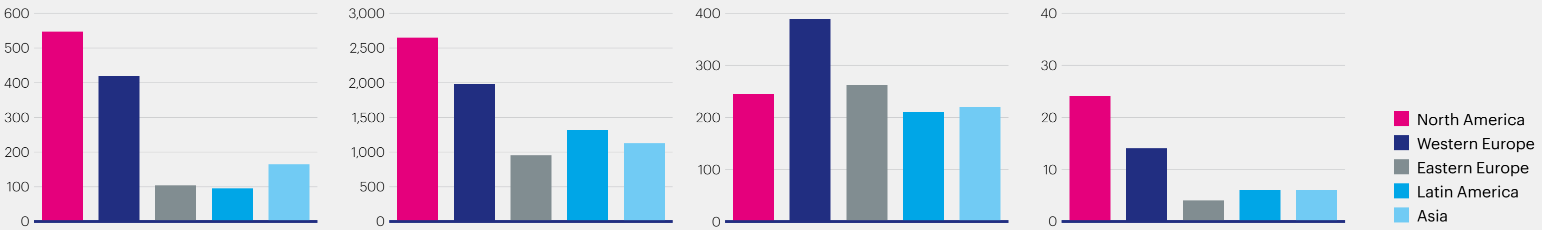
Use

Incontinence Products
Number per person with incontinence/year

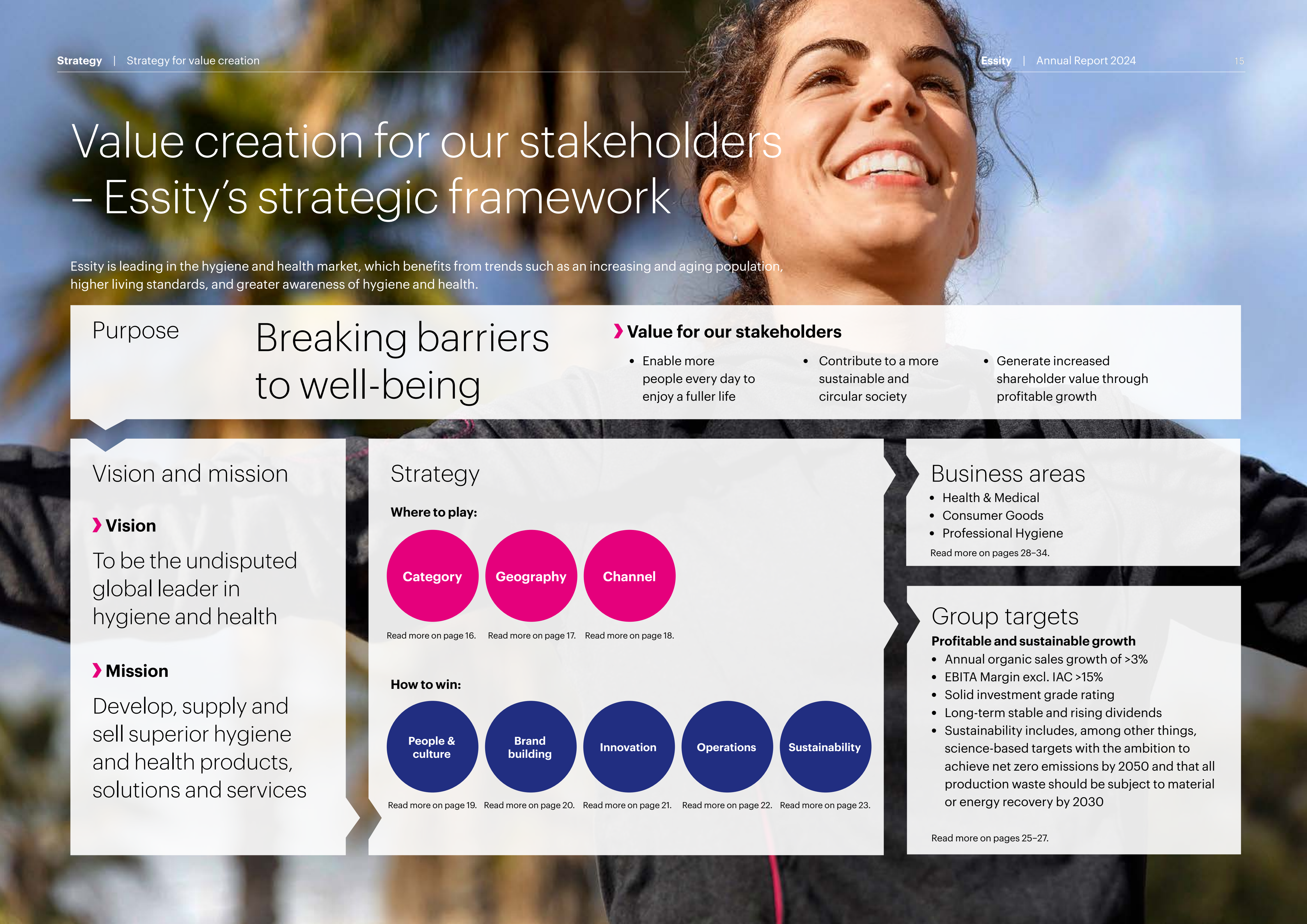
Baby Care
Number per child up to the age of 2.5 years/year

Feminine Care
Number 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.



Value creation for our stakeholders – Essity's strategic framework

Essity is leading in the hygiene and health market, which benefits from trends such as an increasing and aging population, higher living standards, and greater awareness of hygiene and health.

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** – Read more on page 16.
- **Geography** – Read more on page 17.
- **Channel** – Read more on page 18.

How to win:

- **People & culture** – Read more on page 19.
- **Brand building** – Read more on page 20.
- **Innovation** – Read more on page 21.
- **Operations** – Read more on page 22.
- **Sustainability** – Read more on page 23.

Business areas

- Health & Medical
- Consumer Goods
- Professional Hygiene

Read more on pages 28–34.

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

Read more on pages 25–27.

Where to play

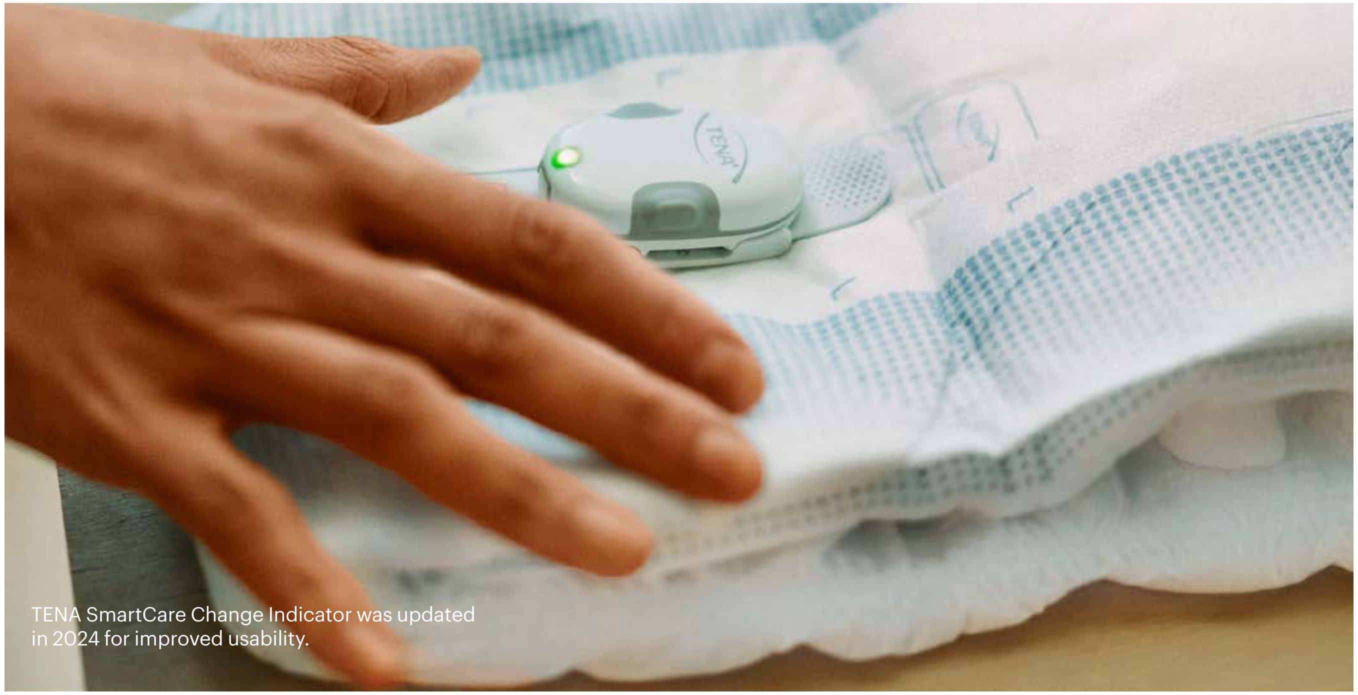
Category Geographic Channel

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. Our portfolio of hygiene and health products, solutions and services plays an essential role in improving well-being for the benefit of consumers, patients, caregivers and customers across the globe, and for the benefit of society and the planet. 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 led by consumer insights and superior product performance to meet the needs and expectations of consumers, patients, caregivers and customers.

Profitable growth opportunities
We continue to develop our portfolio toward higher margins, focusing our expansion on areas where we can scale our core capabilities and gain the right to win. 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.


TENA SmartCare Change Indicator was updated in 2024 for improved usability.

In 2024, Essity nurtured its profitable core businesses across all categories. For example, Essity expanded its offering in Professional Hygiene tissue dispenser systems, strengthened the leadership position of the TENA brand in Incontinence and grew profitable in Feminine Care. In the Baby Care and Consumer Tissue categories, Essity aims to outperform market growth in selected markets.

Additionally, we are expanding our leading portfolio of brands, from disposable hygiene to leakproof reusable apparel for menstrual and incontinence care, complemented by intimate soaps and wipes. Essity has also enhanced its digital solutions for caregivers and healthcare facilities. TENA SmartCare Change Indicator was updated in 2024 for improved usability. It now features a one-size sensor strip that can be used on all absorbent product sizes. In addition, a new design allows for better accuracy and for multiple users per sensor. Clinical studies and real-world evidence have confirmed the health economic benefits of these solutions. Furthermore, Essity is exploring and testing new avenues for future growth, such as developing a menopause offering.

Value-creating acquisitions
Acquisitions have played a crucial role in building the Essity we have today, and they continue to be a way to broaden the company's categories and strengthen the product portfolio and geographical presence. We have identified growth opportunities through acquisitions in all business areas, primarily within the categories of Medical Solutions, Incontinence Products, Feminine Care, and Professional Hygiene. For example, in Medical Solutions, we focus mainly on advanced wound care and compression therapy, while in Professional Hygiene, we prioritize areas such as soap, disinfectants, wiping and cleaning.

Where to play

Geographic choices

Category Geographic Channel

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

Essity sees global growth opportunities in all its three business areas and across product categories and market combinations. Growth is prioritized where Essity 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 across all three business areas.

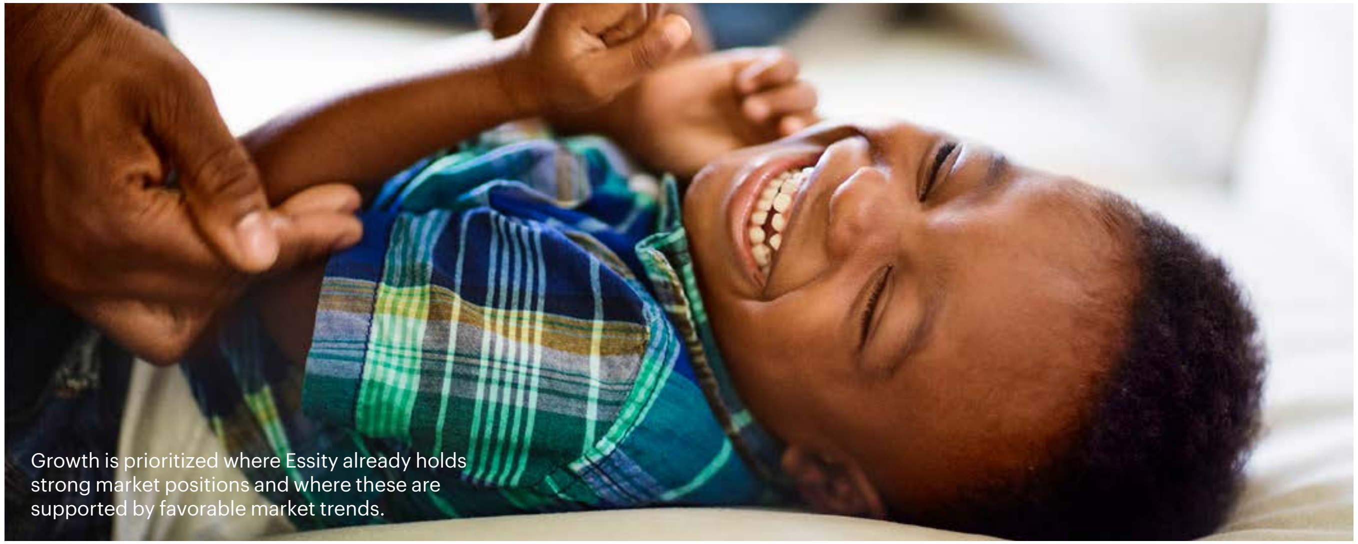
Over time, Essity strives to increase the company's share of sales and earnings in emerging markets, mainly in Asia and Latin America, where consumption of hygiene and health products, solutions and services is lower than in mature markets.

Europe

Essity's European hygiene and health market amounts to approximately 375 billion SEK, with expected growth of approximately 1–2% between 2024 and 2030. A key priority for Europe is to defend Essity's strong leading market positions and to grow in key markets through differentiation and innovation, and by extending the portfolio in adjacent categories.

North America

Essity's hygiene and health market in North America amounts to approximately 200 billion SEK, with expected growth of approximately 2–3% between 2024 and 2030. Essity has a market presence across all three business areas and is a market leader in leak-proof apparel with the Knix brand. Over the past number of years, we completed acquisitions in all business areas to strengthen the portfolio of products and brands, and our aim is to continue and accelerate our profitable growth journey.



Growth is prioritized where Essity already holds strong market positions and where these are supported by favorable market trends.

Latin America

Essity's Latin American hygiene and health market amounts to approximately 105 billion SEK, with expected growth of approximately 2–3% between 2024 and 2030. Essity is present in several categories across all three business areas in many Latin American countries. Essity has strong brands and market positions in Latin America, with leading positions in the Consumer Goods categories of Feminine Care and Incontinence Products. Additionally, Essity is growing its Health & Medical and Professional Hygiene business areas. The region offers opportunities for further profitable growth based on increasing penetration levels across categories and increasing per-capita consumption levels. Essity aims to continue expanding its footprint across the region.

Asia

Essity's Asian hygiene and health market amounts to approximately 15 billion SEK, with expected growth of approximately 3–4% between 2024 and 2030. This will be driven by population growth, higher living standards and rising disposable incomes. In 2024, Essity completed the divestment of its 51.59% holding in the Asian hygiene company Vinda. Essity retains a presence in Asia through continued licensing of Essity's brands to Vinda as through the Health & Medical business that is not a part of the Vinda collaboration. Asia accounts for 2% of Essity's net sales, primarily in Health & Medical. Essity remains committed to its 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, Essity maintains a selective presence through direct sales or distribution agreements and have successfully established strongholds in several categories. For instance, Libero is a leading brand of baby diapers in Kuwait. Essity continuously evaluates expansion opportunities where synergies and profitable growth can be achieved.

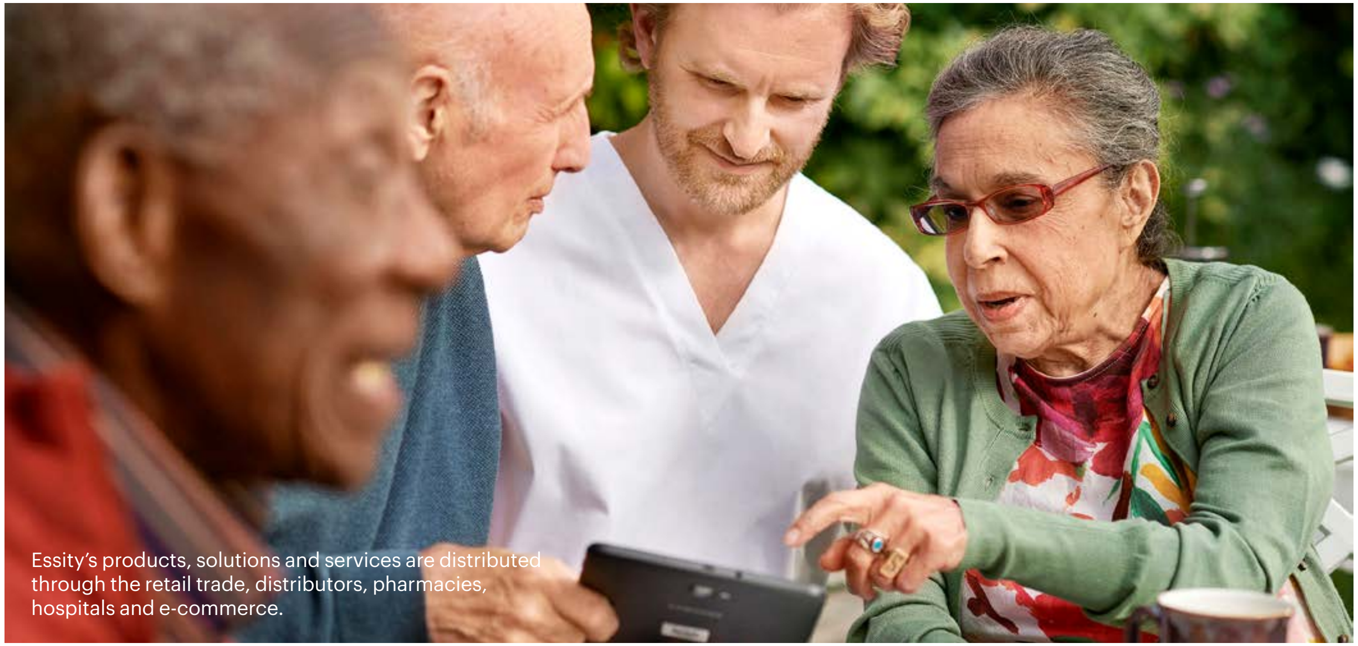
Where to play

Category Geographic Channel

Channel choices

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

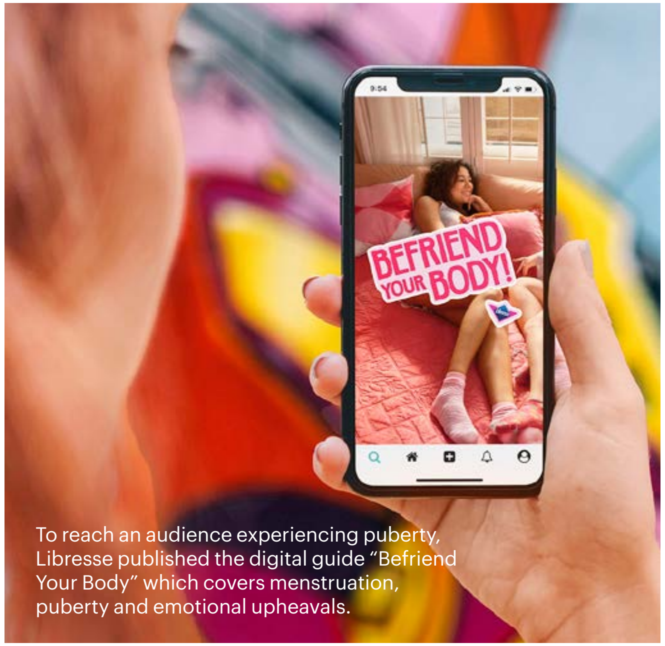
Presence in channels for relevant target groups
We aim to have a presence across all relevant online and offline channels where consumers, patients, caregivers and customers can be found. By delivering superior experiences through an effective go-to-market model and best-in-class service, we strive to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


Essity's products, solutions and services are distributed through the retail trade, distributors, pharmacies, hospitals and e-commerce.

Investing in e-commerce to benefit customers and consumers
Digitalization is changing the way we market and sell our products, solutions and services and how we build relationships with consumers, patients, caregivers and customers. Essity continues to build its channel presence by complementing traditional offline distribution channels with digital channels. Through digital interaction, we gain a better understanding of buyer and user needs, and it allows us to communicate and engage with them more effectively.

The direct-to-customer and direct-to-consumer models present an opportunity to enhance shopper awareness and engagement, attract new customers and consumers, and nurture the relationship with existing ones while strengthening brand loyalty. Essity continues to expand its digital presence particularly in period care and incontinence as well as in Professional Hygiene. For example, Essity's period care brands have developed digital activities on social media platforms such as TikTok to reach and educate young girls about puberty and menstruation. In Brazil, Essity pioneered the country's first web shop for incontinence products, bolstering sales across other retail channels and ultimately establishing Essity as the market leader in the country. In Professional Hygiene, we are creating a more consumer-like experience for our business-to-business (B2B) customers through a holistic and personalized digital platform with relevant and timely content. Furthermore, B2B customers are placing increasingly high expectations on how we interact with them across different channels. Essity has implemented several programs to enhance the B2B customer experience, such as enhancing the Tork web shop to improve the experience for our distribution partners across markets.

Essity also has a strong presence on the e-commerce platforms of retailers and distributors.



To reach an audience experiencing puberty, Libresse published the digital guide "Befriend Your Body" which covers menstruation, puberty and emotional upheavals.

How to win

People and culture

A company culture where both people and business thrive.

A culture where people thrive
Our diverse workforce and inclusive culture are a competitive advantage. We are convinced that good leadership is fundamental to create a strong culture and high employee engagement, and to achieve world-class results. The employee experience is regularly followed up in our MyVoice engagement survey. We strive to excel in driving performance, developing both the business and our people. Our leaders support innovation, development and teamwork through constructive feedback and coaching. Expectations on leaders are defined in Essity's Leadership Platform, which serves as the basis for our leadership assessment and development. Essity provides a portfolio of leadership programs that are delivered globally to ensure excellence in leadership fundamentals and to build capabilities for the future. Essity's commitment in diversity, equity and inclusion (DEI) is specified in the Group's targets for gender distribution at management levels. In addition, we are committed to offering an inclusive work environment for all employees, and to accelerating representation for underrepresented groups.

Attracting, recruiting and growing talent
Essity attracts, recruits and develops the talent of today for the Essity of tomorrow. We are recognized as an attractive employer, focusing on communicating our employer offering to employees, and on building relationships with future talent. We reward employees using a Total Reward approach, which entails a mixture of monetary and non-monetary components. We offer market-competitive remuneration comprising salary, variable remuneration, pension and other benefits. Essity follows local salary structures and respects internationally established rules for minimum wages and reasonable compensation. The variable

Essity's Beliefs & Behaviors

remuneration programs cover most employees at Essity. Our workplace philosophy offers a work environment with attractive offices and flexibility, as well as Group-wide health and safety programs. To provide a consistent employee experience, we launched a global onboarding program in 2024 to enable new employees to effectively onboard to Essity.

Learning as part of everyday work
We focus on growing talent from within with 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 parts 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 trainings and development formats for our employees to ensure we develop the capabilities required for a future-fit organization. A special emphasis is placed on leadership capabilities as well as functional capabilities such as marketing and manufacturing, provided through academies. During the year, we continued to establish new academies and develop existing ones.

An inclusive, safe and healthy workplace
We are dedicated to promoting sustainability and well-being for our employees, customers and society. Our workplaces should be safe, attractive and inclusive, and support a positive employee experience. Essity aims to have a zero-incident and healthy working culture, where we actively promote 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. During 2024, we launched the Global Employee Assistance Program for all employees and their households to provide them with support when facing challenges in life. We also continued to realize our DEI plans and embed them in our people practices.

› Read more on pages 83–90.

Essity's Employer Value Proposition

Breaking barriers to **Well-being**

Innovate **for Good** | Excel **Together** | Be **You with us**

How to win

Leading brands

Purposeful brands with leading brand equity for improved well-being.

Strong market positions
Essity has a strong 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 number two position in approximately 90% of branded sales. A high proportion of branded sales demonstrates product superiority and customer preference in terms of the product characteristics, brand and price. In 2024, these accounted for 64% of Essity's branded sales.

Building winning strong brands
Essity's brand-building emphasize being distinctive, superior, visible and consistent. Superior brands are perceived as better than other brands, fostering an affinity, while distinctive brands stand out as unique and trendsetting. Visible brands maintain top-of-mind awareness, and consistent brands ensure a uniform experience, reinforcing reliability and trustworthiness.

Our diverse range of products, solutions and services are focused on breaking barriers to well-being and elevating standards in hygiene and health. Through our marketing campaigns, we address and remove hygiene and health-related taboos and stigmas. By engaging with customers and consumers through digital channels, we enhance the value of our marketing investments. Together with product innovation, this creates strong, purposeful and appreciated brands.

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

- JOBST's campaign "Defy Gravity" raises awareness about conditions such as lipedema, lymphedema and venous disorders that can often be stigmatized or misunderstood. The campaign features individuals with these conditions participating in synchronized swimming to highlight their strength and resilience and to show that – with the right support and mindset – people can defy what holds them down and achieve their goals.
- TENA's campaign "Use Less, Use Better" aims to improve continence care through efficiency and sustainability. The campaign focuses on providing high-quality products that enhance care for individuals with incontinence and reduce waste.
- Libresse's campaign "It's never just a period" destigmatizes menstruation and highlights the complexities and realities of women+'s experiences with their periods. The campaign emphasizes that menstruation is not just a simple biological process but involves a range of physical and emotional experiences that are often misunderstood or overlooked.
- One in three Americans face barriers when washing their hands in public washrooms. Tork launched the initiative #inclusivehygiene, using printed paper towels as a medium for a "paper towel plea", revealing these often invisible barriers and advocating to make public restrooms more inclusive.

Essity has launched several important brand building campaigns and initiatives, for example from the brands JOBST, TENA, Libresse and Tork.

How to win

Innovation leadership

Bringing insight-based innovations to market that drive growth.

Continuous innovation
Continuous innovation is crucial to achieving product superiority, strengthening brand associations and generating commercial value while steadily improving people's well-being and contributing to a more sustainable and circular society. We primarily invest in categories with the highest return, where the greatest value can be created.

Innovations that drive growth
Essity is committed to maximizing the impact of innovation by focusing on fewer, bigger and better innovations, leveraging its global presence and economies of scale in combination with its speed to market. Essity aims to deliver a noticeably superior and sustainable user experience, centered on customer and consumer insights to drive profitable growth and strengthen market positions. We also strive for innovation, beyond products, in marketing, business models, technology and processes.

Sustainable innovations that improves everyday life
Innovation at Essity focuses on sustainable innovations that increase hygiene and health outcomes and experiences and reduce the company's environmental impact, 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 2024, the outcome was 87%.

Examples of important innovations through the year
During 2024, Essity launched several innovations across all three business areas.

In Health & Medical the new TENA ProSkin incontinence pants with FeelDry Advanced™ that absorb twice as fast and are drier for longer was launched. The improved flexibility of our advanced wound care product Cutimed® Sorbion® allows for comfortable adaptation of the product to difficult wound and body contours, making it easier and more comfortable to apply. We continuously work with improving our packaging and launched a new design for JOBST compression stockings to assist consumers in choosing the right product.

In Consumer Goods, Essity continued to raise the standard and improve the customer offering in incontinence with the new TENA Silhouette Pants, offering the most underwear-like pant yet with an improved body-close fit, comfort and a more discreet design. In Mexico, fossil free-plastic day towels, night towels and daily liners was launched in Feminine Care under the market-leading Saba brand, resulting in a lower climate impact.

In Professional Hygiene, an upgrade of the Tork Xpressnap® Café dispenser in Latin America reduces napkin consumption and refill time. Tork also continues to build on its unique compression technology for paper hand towels with a new range of compressed multifold hand towels which doubles the capacity of a small dispenser and save space in both transportation and storage.

During 2024, Essity launched several innovations across all three business areas. For example, improved flexibility of advanced wound care products, an upgraded dispenser for napkins and fossil free-plastic day towels, night towels and daily liners.

How to win

People & culture | Brand building | Innovation | **Operations** | Sustainability

Operational leadership

Driving operational efficiency through agility and continuous improvement.

We address operational efficiency across the entire business, from research and development (R&D), marketing and sales to Essity's end-to-end customer-centric supply chain. This encompasses demand planning, procurement, technology, manufacturing and product delivery. We achieve exceptional efficiency and service excellence through digitalization, with a continuous focus on improvement, cost savings and sustainability.

Safety first

At Essity, the safety, health and well-being of our employees are our highest priorities. Through our "I Care" framework, with its innovative tools and methodologies, a culture that empowers all Essity employees to come home from work safe and healthy every day is maintained. In 2024, Essity made significant improvements in the National Safety Council's (NSC) Employee Safety Perception Survey. We demonstrated substantial progress showcasing our commitment to creating a safe work environment. We track progress in total recordable injury (TRI) reduction as one of our Group targets. The target is to reduce the TRI frequency by 75% by 2025 compared to 2019. The outcome for 2024 was a decrease of 66%.

› Read more on pages 83–89.

Suppliers

Essity is committed to supporting sustainable development across the end-to-end supply chain. We provide products and solutions to our customers and consumers that are made and delivered with respect for people and nature. To facilitate this, we are committed to sourcing from suppliers that share our values. In this regard, we have a specific focus on supplier value creation, which involves scouting for opportunities with existing and potential suppliers to develop solutions and create opportunities to reduce our carbon footprint while ensuring a resilient and cost-efficient supply chain.

This also includes optimizing logistics and distribution, implementing digital solutions and breakthrough technologies that can lead to significant efficiency improvements, and reducing waste and energy consumption.

Manufacturing Excellence

Within the framework of Manufacturing Excellence, Essity works with continuous improvements through its focus on people, process innovation, efficiency, quality and sustainability. This drives employee involvement and increases productivity and is our way of delivering breakthrough results in manufacturing, focusing on capability development of our teams, for example, through equipment ownership.

Sustainability in our supply chain

We also strive to reduce waste, logistics and distribution costs, increase productivity, and optimize material and energy utilization. This helps to lower the environmental footprint, ensuring cost savings through 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 2024, Essity achieved cost savings of SEK 1,5 bn while we also reduced Scope 1 and 2 carbon emissions by 27% compared to 2016.

Supply chain transformation

During 2024, we started to leverage the full benefits of Essity's planning and logistics platforms:

- Captured customers and consumers demand signals with innovative machine-learning modules.
- Shipped across more than 60 countries from our Smart Hubs in Europe and North America, delivering efficiency gains including emission reduction in transportation.
- Completed our North America supply planning transformation and continued the program in several European countries.

Through a comprehensive customer-centric supply chain that utilizes proven and innovative planning and logistics platforms, competitive advantages are created. This leads to increased resilience, improved delivery times, and strengthened relationships with customers and suppliers, resulting in better service for customers and consumers.

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, reinforcing our commitment to responsible AI development and preparing 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), we now see successful deployment to the first wave of countries. It 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, we optimize material and energy usage to reduce greenhouse gas emissions and waste. On critical production lines, we moved to 100% automatic product inspection. In the maintenance area, we are using AI to prevent mechanical unplanned downtime, with a quantified cost avoidance. Our production optimization tools enable our production facilities to reduce greenhouse gas emissions by adapting process setpoints and monitoring consumption in real time.

How to win

People & culture · Brand building · Innovation · Operations · **Sustainability**

Sustainability leadership

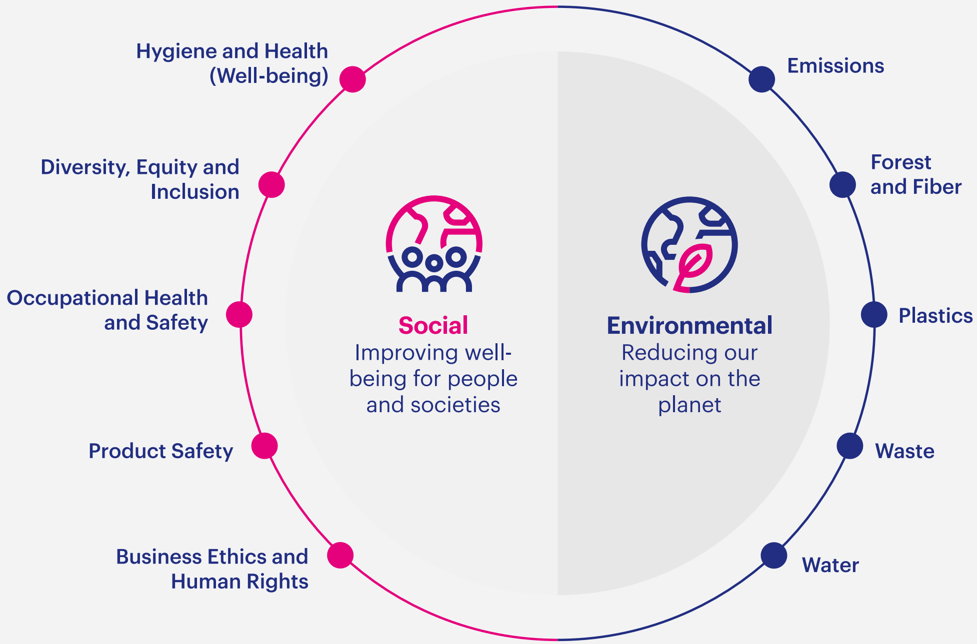
Improving well-being for people and the planet.

Improving well-being
Hygiene and health are essential necessities for physical and mental well-being. While preventing the spread of infectious diseases and bacteria, better hygiene leads to better health and well-being.

Our leading solutions reach one billion people every day in 150 countries. We address health challenges and promote inclusivity to enable people to live fuller lives. With growing population, longer life expectancies and global development, health and well-being are becoming even more important to empower individuals and benefit society.

Climate change is one of the most challenging issues of our time. Rising temperatures, water stress and resource loss affect people and societies across the globe as well as businesses. The long-term well-being of people and societies is dependent on a healthy environment. This is why we aim to reduce our environmental impact while meeting the growing demand for hygiene and health products, solutions and services.

Sustainability Playing Field



Essity's Sustainability Playing Field
Essity's key priorities within social and environmental sustainability are summarized in its Sustainability Playing Field. We are breaking barriers and driving societal change in hygiene and health, focusing on women+'s health, infection prevention and control, hygiene and sanitation and the care economy. We are committed to running a responsible business via DEI, occupational health and safety, product safety, business ethics and human rights.

When it comes to minimizing our environmental impact, we focus on reducing our emissions along the entire value chain, and we are committed to a net zero business by 2050. In 2024, Essity's targets to reach net zero greenhouse gas emissions by 2050 were validated by the Science Based Targets initiative (SBTi), covering all near- and long-term targets across Scope 1, 2 and 3 emissions. We innovate for the future, using responsibly sourced, recycled and alternative fibers, as well as less fossil-based plastics. We aim to reduce post-consumer waste, increase water efficiency at our production facilities and limit water use across the life cycles of our products.

During 2024, our social sustainability areas were updated. Some of the updates include:

- **Courageous Conversations fostering DEI**
Essity's Courageous Conversations initiative promotes diversity, equity, and inclusion (DEI) through in-person and virtual discussions. In 2024, over 80 conversations engaged more than 4,500 participants. It was recognized as a "global practice" by Catalyst, a leading global DEI organization. Essity also became a member of the Unstereotype Alliance, a UN Women initiative working to offer valuable insights and eliminate harmful stereotypes in media and advertising.

- **Improved health and safety**
Essity conducts a safety survey every three years to evaluate its health and safety culture, identifying strengths, opportunities, and gaps. The survey encompasses all employees at Essity's

manufacturing sites. In 2024, the second edition saw a response rate increase from 67% to 73%, with the overall score rising from 54.9 to 66.8 out of 100, indicating positive progress.

- **Women+'s health and menstrual health**

As part of Essity's social sustainability efforts, we advocate for improvement in hygiene and health together with other private and public stakeholders and civil society. This includes menstrual health, which encompasses the complete physical, mental and social well-being related to the menstrual cycle – from the first to the last period, from menarche to menopause.

- **Closing the menstrual health gap**

We see investing in menstrual health as integral to gender equality and as a basic human right and believe that improvements in the area can unlock progress across the Sustainable Development Goals. In our commitment to closing the menstrual health gap, we have established new partnerships to jointly drive systemic change.

Breakthrough technologies in tissue making

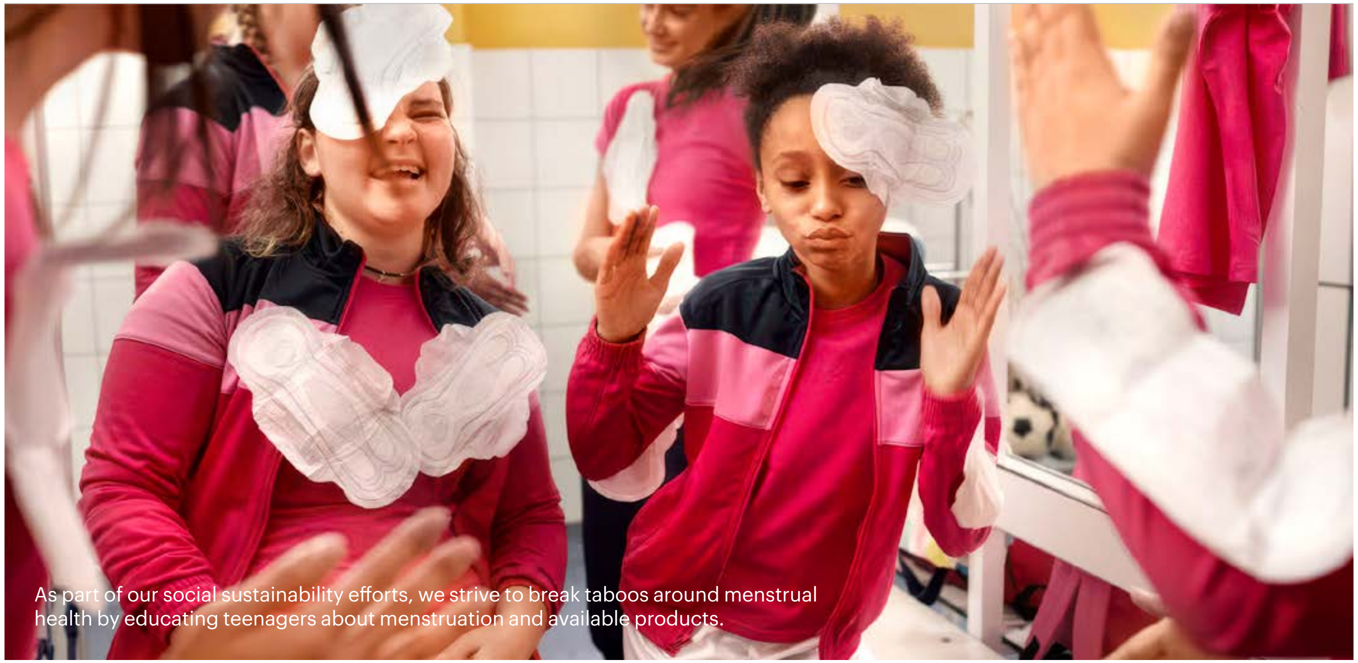
A majority of Essity's direct greenhouse gas emissions (Scope 1 and 2) stem from our tissue production, which is energy and water-intense. Essity is pioneering and investing in new breakthrough technologies for tissue making to reduce energy consumption and associated emissions as well as water use. For example, we have launched an industrial pilot line in Germany, in partnership with the global technology company Voith, to produce tissue with 40% less energy and up to 95% less water. In August 2024, Voith and Essity received funding to push this project further. Another example is Essity's wheat straw pulp mill in Mannheim, Germany, that has been operational for three years. This breakthrough technology enables us to produce and use wheat straw pulp, reducing the environmental footprint by 20% compared to fresh wood or recycled fiber.

We continuously focus on improving and transforming existing process lines. We have programs in place, referred to as M-Save and E-Save, to increase material and energy efficiency across tissue sites. Fossil-based energy is replaced with renewable energy using a site-by-site approach. For example, our Lilla Edet factory in Sweden runs on biogas, while geothermal steam is used in Kawerau, New Zealand. The infrastructure to switch to hydrogen has been implemented at our site in Kostheim, Germany, and we showcased carbon-neutral hydrogen-based tissue production in a pilot project. We are currently preparing to switch our French sites to biomass in 2025.

Another aim of ours is to continuously improve water efficiency in our tissue-making processes. All our sites were recently analyzed using the WWF water risk filter tool to identify the production facilities located in water-stressed regions to drive focused and impactful action. Essity has set water reduction targets for eight tissue production facilities and aim to reduce freshwater intake (m3) by 25% by 2032 compared to a 2022 baseline.

Alignment to new disclosure requirements

From 2025 and onwards, Essity will report under new disclosure requirements, the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS). Essity has already begun preparing to comply with the reporting and the sustainability statements on page 47 provides more information on Essity's material sustainability matters.



As part of our social sustainability efforts, we strive to break taboos around menstrual health by educating teenagers about menstruation and available products.

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 2024:

Solid investment grade rating

Net debt amounted to SEK 30,769m. Net debt in relation to EBITDA excl. IAC was 1.16.

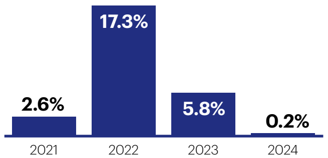
Annual organic sales growth[1]

Target:

>3%

Outcome 2024:

0.2%



In 2024, organic sales growth amounted to 0.2%, of which volume accounted for 0.5% and price/mix −0.3%. Excluding restructuring and exited contracts, organic sales growth amounted to 1.8%.

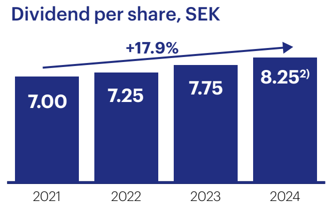
Dividend Policy

Target:

Long-term stable and rising dividends

Outcome 2024:

8.25[2] SEK



The Board of Directors proposes an increase in the dividend of 6.5% compared with 2023 to SEK 8.25 per share for the 2024 fiscal year. Read the dividend policy in its entirety on page 9.

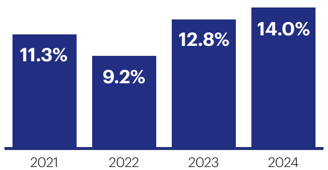
EBITA margin excl. IAC[1]

Target:

>15%

Outcome 2024:

14%



In 2024, profit was positively impacted by increased volumes, a positive mix and good price discipline combined with lower cost of goods sold.

Actimove's Leukotape® supplies market-leading products suitable for use in sports, by amateurs and laymen, but also by professional athletes.

1) Financial targets from June 17, 2024.
2) Board of Directors' dividend proposal.

Sustainability targets 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 2024:	
Scope 1 and 2	–35%	Scope 1 and 2	–27%
Scope 3	–35%	Scope 3	–21%[1)]

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.

Gender distribution at management level

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

Target (annual): **40/60%**

Outcome 2024: **34/66%**

Essity's target 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 target is reported at an aggregate outcome level for the three management levels. For the outcome in 2024, 34% were women and 66% were men.

Sustainable innovations

Share that yielded social and/or environmental improvements

Target (annual): **>50%**

Outcome 2024: **87%**

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.

Water

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

Target 2032 (compared with 2022): **–25%**

Outcome 2024: **–5%**

In 2024, Essity's target was set 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.

Health and safety

Decrease in total recordable incident rate

Target 2025 (compared with 2019): **–75%**

Outcome 2024: **–66%**

The Total recordable injury (TRI) figure includes Lost time accidents (LTA), Restricted work cases (RWC) and Medical treatment cases (MTC). All of Essity's production facilities are conducting purposeful and systematic work with safety issues.

Fresh fiber

Share of FSC™- or PEFC-certified fresh fiber

Target (annual): **100%**

Outcome 2024: **99%**

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.

1) Outcome in 2023.

Production waste

Subject to material or energy recovery

Target 2030:

100%

Outcome 2024:

71%

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 2024:

80%

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 2024:

94%

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 2024:

90%

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.

Actimove® Ankle Walker is now at least 20% lighter than previous versions and competing products, with increased walking safety thanks to a non-slip sole.

Our business areas

Essity is active in an attractive hygiene and health market with leading market positions and strong brands in the company's three business areas: Health & Medical, Consumer Goods, and Professional Hygiene. Within the respective business areas' customer and sales channels, we offer innovative products, solutions, 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.

20% of net sales 2024

Consumer Goods

❯ Read more on page 31.

54% of net sales 2024

Professional Hygiene

❯ Read more on page 33.

26% of net sales 2024

Health & Medical

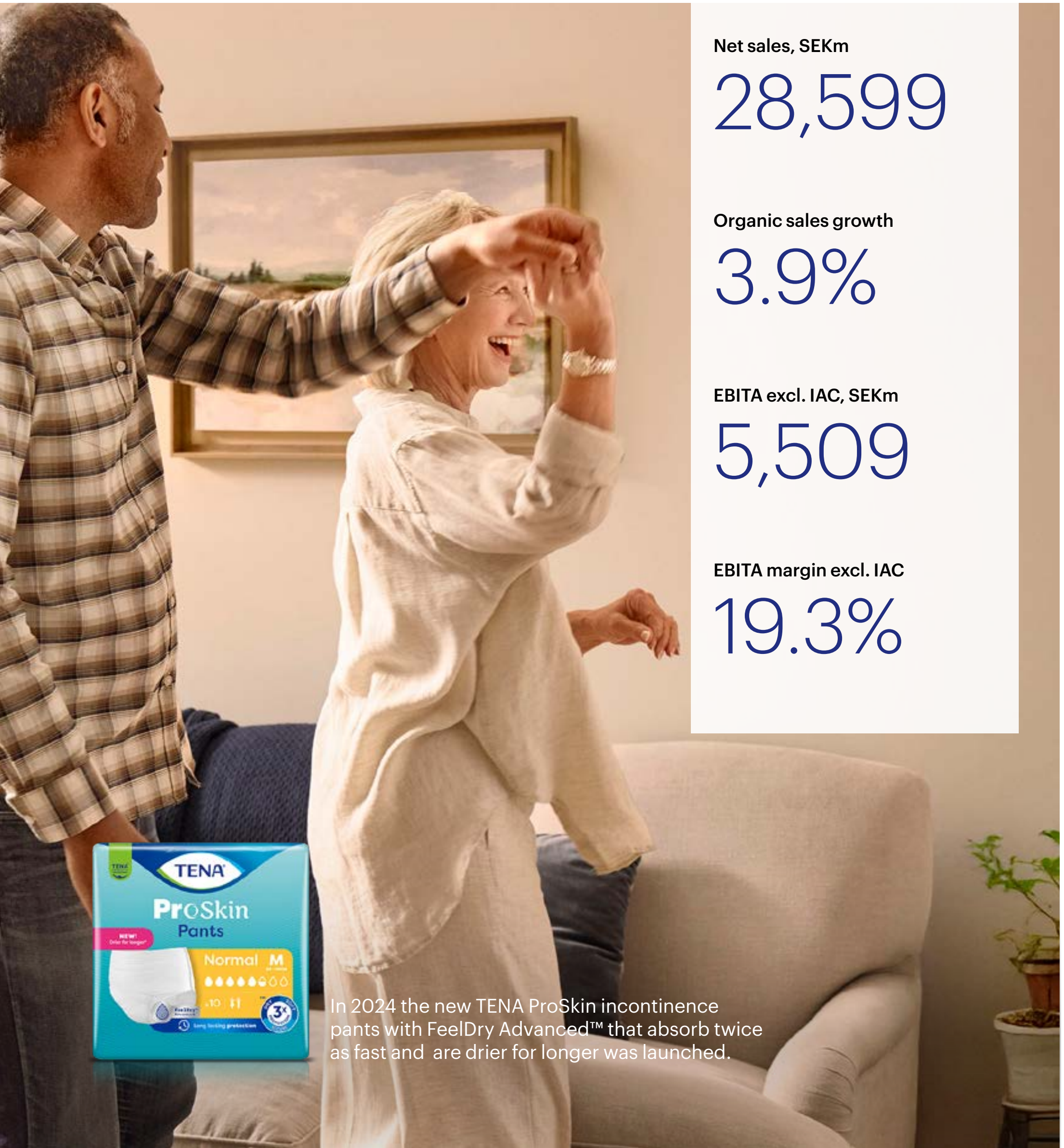
Holistic health and medical solutions along the continuum of care

Net sales, SEKm
28,599

Organic sales growth
3.9%

EBITA excl. IAC, SEKm
5,509

EBITA margin excl. IAC
19.3%



In 2024 the new TENA ProSkin incontinence pants with FeelDry Advanced™ that absorb twice as fast and are drier for longer was launched.

The Health & Medical business area comprises the categories Incontinence Products Health Care and Medical Solutions. The products and solutions are provided to family carers, professional caregivers, patients, and consumers via pharmacies, medical device stores, hospitals, distributors, care institutions, and e-commerce.

Incontinence Products Health Care

In Incontinence Products Health Care, under the globally leading brand TENA, Essity offers a broad range of incontinence products, including skincare products, wet wipes, wash gloves, and digital solutions with sensor technology, with sales in the healthcare sector.

With the TENA brand, Essity is the global market leader in Incontinence Products Health Care. Essity is the market leader in Europe and Latin America and the third largest player in North America. The TENA brand has its own webshops, developed to help consumers with information about incontinence and available solutions, and to order and have products delivered.

Medical Solutions

In Medical Solutions, Essity offers products and services in wound care, compression therapy, and orthopedics. Essity is the world's second largest player and the market leader in Europe in Medical Solutions in the product categories in which the company is active.

Wound care

In wound care, under the Leukoplast brand, Essity offers a wide range of wound care products for the hospital setting, such as surgical tapes, post op dressing, and wide area fixations as well as specialized band aids and other wound care products for minor wounds and scratches in the home environment. Essity also offers products for all stages of healing chronic wounds, including, for example, the Sorbact and Sorbion technologies, under the Cutimed and Hydrofera brands. Essity is the fifth largest global player in wound care and a leading player in Europe.

Compression therapy

In compression therapy, compression garments such as arm sleeves and stockings as well as compression bandages are offered. The products are used to manage lymphatic and venous conditions as well as during exercise or for longer trips. With the globally leading brand JOBST, Essity is the largest player in the world in compression therapy, holding the leading position in North America and number two position in Europe.

Orthopedics

In orthopedics, solutions are offered for skeletal, muscular, and joint injuries as well as for chronic conditions such as arthritis. Products include, for example, casts, splints, braces support products and athletic tapes. Essity sells orthopedic products under the Delta-Cast and Actimove brands and is the third largest player globally.

- Higher volumes
- Increased sales prices and favorable product mix
- Sharp improvement in EBITA and margin, excl. IAC

Net sales

Net sales increased organically by 3.9%. Volume growth was good, prices developed positively and the product mix was favorable. Organic growth in Incontinence Products Health Care was good, despite a negative impact from the earlier decision to exit contracts with insufficient profitability. Growth in Incontinence Products was driven by increased volumes, higher sales prices and a positive product mix. The positive mix was largely related to higher sales of TENA pants. Organic growth in Medical Solutions was also good. Volumes increased and sales prices were higher. Sales of wound care products showed a strong trend.

EBITA excl. IAC

EBITA and EBITA margin excl. IAC increased sharply, mainly due to higher volumes, higher sales prices, a positive mix and lower costs of goods sold. Investments in sales to drive growth increased costs. Currency translation effects had a positive impact on earnings of SEK 25m compared with the preceding year.

Key figures

	2024	2023	%
Net sales, SEKm	28,599	27,729	3
Organic sales growth, %	3.9	7.0	
Gross profit margin excl. IAC, %	44.9	40.3	
EBITA excl. IAC, SEKm	5,509	4,037	36
EBITA margin excl. IAC, %	19.3	14.6	
ROCE excl. IAC, %	16.3	11.7	
Operating cash flow, SEKm	4,859	3,680	32
Investments in non-current assets, net SEKm	–923	–931	–1
Average number of employees	8,496	8,544	–1

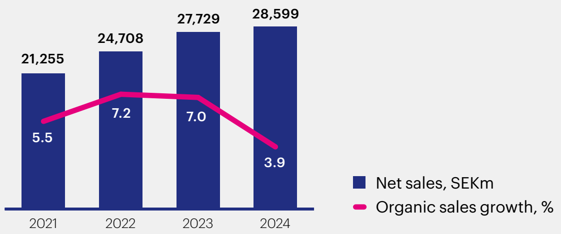
Change in net sales

%	2024 vs 2023
Total	**3.1**
Volume	2.3
Price/Mix	1.6
Organic growth	**3.9**
Acquisitions	0.0
Divestments	–0.5
Currency translation	–0.3

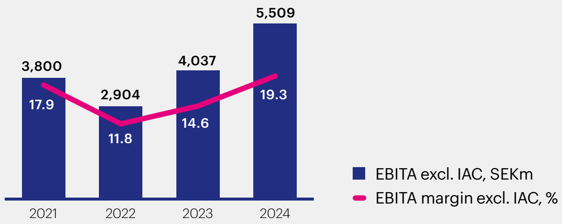
Organic sales growth

%	2024 vs 2023	% of net sales
Incontinence Products Health Care	3.7	58
Medical Solutions	4.2	42

Net sales

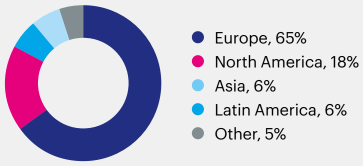


EBITA excl. IAC



Net sales

By region



Emerging markets accounted for 20% of net sales in Health & Medical.

Brands:

TENA Leukoplast JOBST Actimove Cutimed Delta-Cast AquaCast Liner HydroferaBLUE

Consumer Goods

Personal and home hygiene for all stages of life

Net sales, SEKm
78,892

Organic sales growth
0.3%

EBITA excl. IAC, SEKm
9,509

EBITA margin excl. IAC
12.1%

In 2024, Saba® Ultra Invisible Night Towels were launched, featuring fivefold protection, designed for eight hours of maximum protection and uninterrupted sleep throughout the night.

The Consumer Goods business area comprises the categories Incontinence Products Retail, Feminine Care, Baby Care and Consumer Tissue, which are sold via the retail trade and e-commerce.

Incontinence Products Retail
In Incontinence Products Retail, under the globally leading brand TENA, Essity offers a broad range of incontinence products including Lights by TENA for light incontinence and TENA for Men, incontinence products specially designed for men. Essity also sells leakproof apparel under the TENA, TENA for Men, Knix, and Modibodi brands. For the Knix and Modibodi brands, the majority of sales are “Direct-to-Consumer”.

Essity is a global leader in Incontinence Products Retail and the market leader in Europe and Latin America. In North America, Essity is the fourth largest player.

Feminine Care
In Feminine Care, Essity offers a broad product portfolio that includes pads, panty liners, tampons, intimate soaps, intimate wipes, leakproof apparel, and menstrual cups.

Essity is the fifth largest player globally with several strong regional brands supported by Essity’s global V-brand platform for shared innovation, marketing, and consumer insights. In Europe, Essity is the third largest player with brands such as Libresse, Bodyform and Nana. Essity is the market leader in Latin America with the Saba and Nosotras brands. In Australia, Essity is the market leader with the Libra, TOM Organic and Modibodi brands. Through the acquisition of Knix in 2022, Essity is also represented in leakproof apparel in North America under the Knix brand.

Baby Care
In Baby Care, Essity offers baby diapers and baby care products such as wet wipes, shampoo, lotion, and baby oil.

Essity is the fifth largest player globally with sales mainly in Europe where Essity is the second largest player with the Libero and Lotus brands, as well as retailer brands. Essity’s strongest market is the Nordic region, where the Libero brand is the market leader.

Consumer Tissue
In Consumer Tissue, Essity offers toilet paper, household towels, handkerchiefs, facial tissues, wet wipes, and paper napkins. Essity is the third largest player globally, with a presence primarily in Europe and Latin America. In Europe, Essity is the market leader with brands such as Lotus, Tempo, Zewa, Cushelle and Plenty, and under retailer brands. In Latin America, Essity is the third largest player with the Regio and Familia brands.

- Higher volumes in all categories
- Strong growth in Incontinence Products Retail

Net sales

Net sales increased organically by 0.3%, driven by higher volumes in all categories. Incontinence Products Retail reported high organic growth, mainly due to a strong increase in volumes. Feminine Care also grew organically, driven by higher volumes and a favorable product mix. In Baby Care, volumes increased although sales prices were lower and the product mix was negative, impacted by higher sales of retailer brands. Sales in Consumer Tissue declined organically, mainly related to price reductions carried out in 2023, while volume growth was good.

EBITA excl. IAC

EBITA and EBITA margin excl. IAC declined, mainly due to lower sales prices and higher investments in marketing and sales to drive growth. Higher volumes combined with lower costs of goods sold made a positive contribution to earnings. Currency translation effects had a negative impact on earnings of SEK 109m compared with the preceding year.

Key figures

	2024	2023	%
Net sales, SEKm	78,892	79,912	–1
Organic sales growth, %	0.3	3.7	
Gross profit margin excl. IAC, %	28.8	27.5	
EBITA excl. IAC, SEKm	9,509	9,797	–3
EBITA margin excl. IAC, %	12.1	12.3	
ROCE excl. IAC, %	17.7	18.2	
Operating cash flow, SEKm	7,680	8,233	–7
Investments in non-current assets, net SEKm	–3,862	–3,373	14
Average number of employees	18,070	18,271	–1

Change in net sales

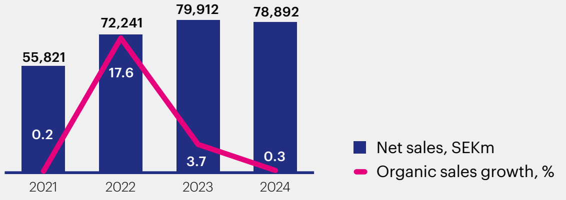
%	2024 vs 2023
Total	**–1.3**
Volume	3.3
Price/Mix	–3.0
Organic growth	**0.3**
Acquisitions	0.0
Divestments	–1.2
Currency translation	–0.4

Organic sales growth

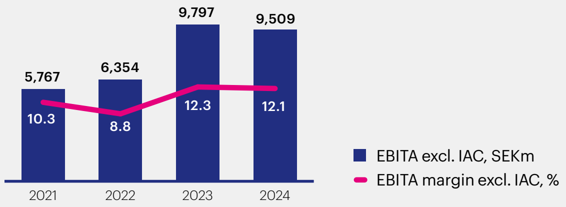
%	2024 vs 2023	% of net sales
Incontinence Products Retail	8.5	15
Feminine Care	2.6	18
Baby Care	–0.4	9
Consumer Tissue	–2.0	58

In Consumer Goods, 36% of total net sales was related to retailer brands. In Incontinence Products Retail 1%, Baby Care 62%, Feminine Care 7% and Consumer Tissue 51%. The Consumer Tissue Private Label Europe division accounts for 22% of Consumer Tissue.

Net sales

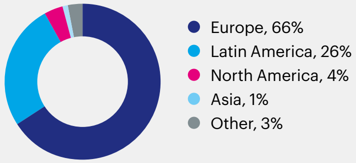


EBITA excl. IAC



Net sales

By region



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

Brands:

Professional Hygiene

Sustainable hygiene management solutions for a broad set of commercial applications

Net sales, SEKm
38,067

Organic sales growth
–2.5%

EBITA excl. IAC, SEKm
6,829

EBITA margin excl. IAC
17.9%

In 2024, the Tork Xpress® Compressed Soft Multifold Hand Towel was launched. By compressing the towels, a truck can fit almost 100% more towels and the bundles are also easier for staff to handle.

The Professional Hygiene business area comprises products and solutions within Tissue, Wiping, Cleaning, Soap and Sanitizers and dispensing systems as well as selected services. These are sold to companies for use in office buildings, universities, health care facilities, industries, airports, restaurants, hotels, stadiums, and other public venues – via distributors, e-commerce, or direct to the end customer.

With the globally leading Tork brand, Essity is the largest supplier of sustainable hygiene solutions in Professional Hygiene. Essity is the market leader in Europe and holds a market share that is nearly three times the size of the second largest player. In North America, Essity is the second largest player with a particularly strong market position in the food service segment, where Essity estimates that the company supplies approximately every second paper napkin. Essity is also the largest player in Latin America.

Tissue, Services & Solutions

In Tissue, Services & Solutions, Essity offers toilet paper, paper hand towels, paper napkins, reusable cloths, dispensers, service and maintenance, and digital solutions with sensor technology such as Tork Vision Cleaning, data-driven cleaning.

Wiping & Cleaning

In Wiping & Cleaning, Essity offers wipers and cloths for keeping surfaces clean and disinfected. In 2022, Essity acquired the US company Legacy Converting, Inc. to expand its range of Wiping & Cleaning solutions and further strengthen its presence in the North American market.

Soap & Sanitizers

In Soap & Sanitizers, Essity offers soap, lotion, sanitizers, and dispensers. Good hand hygiene is the most effective way to prevent the spread of disease and infection. Through the Tork brand, Essity works to create awareness of the importance of hand hygiene through information campaigns and education. Essity's award-winning course "Tork Virtual Reality Clean Hands" is one example of how Essity provides inspiring training showing the correct hand washing and hand sanitation procedures for its customers in the healthcare sector. In 2024, Tork launched the initiative #inclusivehygiene in North America to promote inclusive hygiene in public restrooms. Printed paper towels featuring people's stories about barriers to hand hygiene were made available in public restroom spaces.

- Strong growth in premium products
- Higher EBITA and margin, excl. IAC

Net sales

Net sales decreased organically by 2.5%, as a result of lower volumes primarily due to restructuring in North America and Europe. Excluding the effect of this, organic growth was 3.0%. The product mix was positive, driven by a higher share of premium products, which are characterized by high margins and customer loyalty. Sales prices were higher.

EBITA excl. IAC

EBITA and EBITA margin excl. IAC increased, primarily driven by the strong mix trend combined with lower costs of goods sold. Investments in sales to drive growth increased costs. Lower volumes had a negative earnings effect. Currency translation effects had a positive impact on earnings of SEK 25m compared with the preceding year.

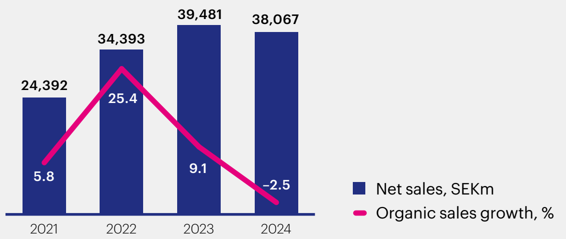
Key figures

	2024	2023	%
Net sales, SEKm	38,067	39,481	–4
Organic sales growth, %	–2.5	9.1	
Gross profit margin excl. IAC, %	31.7	28.8	
EBITA excl. IAC, SEKm	6,829	6,288	9
EBITA margin excl. IAC, %	17.9	15.9	
ROCE excl. IAC, %	27.1	23.6	
Operating cash flow, SEKm	6,149	7,330	–16
Investments in non-current assets, net SEKm	–1,904	–1,696	12
Average number of employees	7,038	7,269	–3

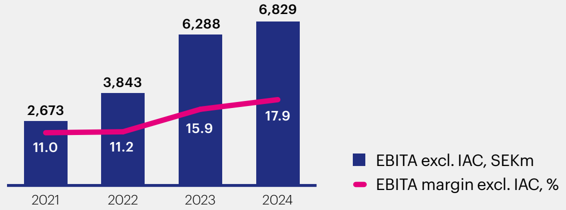
Change in net sales

%	2024 vs 2023
Total	**–3.6**
Volume	–6.3
Price/Mix	3.8
Organic growth	**–2.5**
Acquisitions	0.0
Divestments	–0.6
Currency translation	–0.5

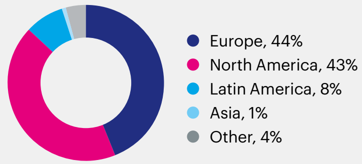
Net sales



EBITA excl. IAC



Net sales
By region



Emerging markets accounted for 16% of net sales in Professional Hygiene.

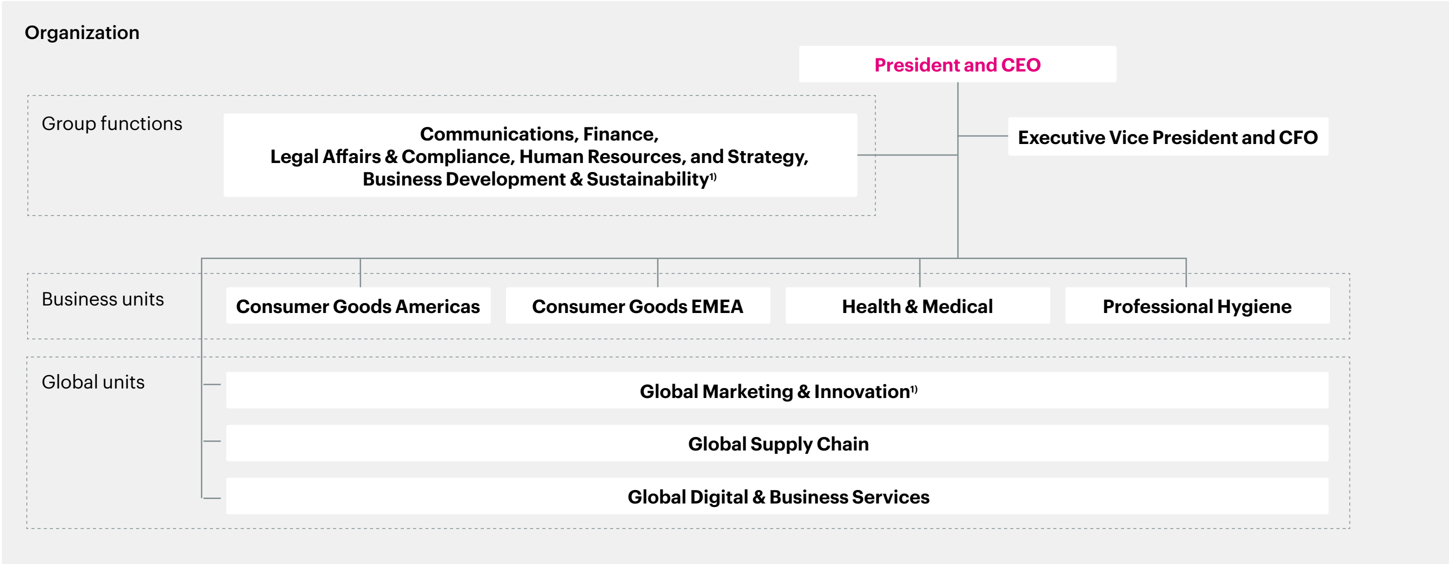
Brand:

TORK
Think ahead.

Operations and structure

Essity reports its operations in the following three business areas:
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.
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 of products and solutions 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.



1) Until December 31, 2024, sustainability was part of Global Brand, Innovation & Sustainability, which from January 1, 2025 is called Global Marketing & Innovation. As of January 1, 2025, sustainability is included in Strategy, Business Development & Sustainability, previously Strategy & Business Development.

Organization
Essity has 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.
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.

Essity markets and sells products primarily in Professional Hygiene as well as the categories of Incontinence Products and Feminine Care in Australasia (Australia, New Zealand and some of the Pacific Islands). The business is being operated as separate unit under the name Essity Australasia.

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 has established three global units:
Global Marketing & Innovation[1] has global responsibility for customer and consumer brands as well as innovation. 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.

Essity has five Group functions:
Communications, Finance, Human Resources, Legal Affairs & Compliance and ***Strategy, Business Development & Sustainability***[1]

Events after the close of the year
On January 22, 2025, Essity announced that Magnus Groth will step down as President and CEO of Essity during 2025. Magnus Groth has a notice period of one year. He will continue as President and CEO of Essity until a successor has been appointed.

Acquisitions, investments and divestments

Divestment of shareholding in Vinda
On March 21, 2024, Essity announced that the company, following its acceptance of the public offer from Isola Castle Ltd, had completed the divestment of its entire holding of 51.59% of shares in the Asian hygiene company Vinda International Holdings Limited for HKD 23.50 per share. The sales proceeds amounted to about HKD 14.6bn (approximately SEK 19bn).

Investments in 2024
Essity continuously invests in the business to grow the company, gain competitive advantages, and ensure long-term profitability as well as a lower climate footprint. The investments pertain to both the maintenance of existing assets and new production capacity. Essity has increased its investments in non-current assets from an average of approximately SEK 5.8bn per year during the 2021–2023 period to SEK 7.3bn in 2024. The proceeds from the divestment of shares in Vinda have contributed to the financing of investments.

Major strategic capital expenditures in 2024:
- Investment in a new machine for the production of pant diapers in Olawa, Poland
- Investment in a wound care production facility in Hamburg, Germany
- Investment in a distribution center for products within Incontinence Products, Professional Hygiene and Feminine Care in Melbourne, Australia
- Investment in a new converting line for household towels in Valls, Spain
- Investment in a new converting line for paper hand towels in Kostheim, Germany
- Investment in new converting line for handkerchiefs in Mannheim, Germany
- Investment in a new machine for the production of incontinence products in Jarinu, Brazil
- Investment in two new bundling machines for toilet paper in Monterrey, Mexico
- Investment in a conversion line for compressed napkins in Harrodsburg, USA

Financial overview

Net sales

Net sales in 2024 decreased by 1.1% to SEK 145,546m (147,147). Sales increased organically by 0.2% (1.8% excluding restructuring and exited contracts), of which volume accounted for 0.5% and price/mix –0.3%. Consumer Goods and Health & Medical reported higher volumes and the underlying volume growth in Professional Hygiene was positive. The mix developed favorably for the Group. Sales prices were lower in Consumer Goods, primarily related to Consumer Tissue. Health & Medical and Professional Hygiene reported higher sales prices. Exchange rate effects decreased net sales by 0.4%. Divestments reduced net sales by 0.9% and included the divestment of the Russian operations.

Operating profit

The gross margin increased 3.1 percentage points to 32.4% (29.3). The gross margin excl. IAC increased 2.4 percentage points to 32.7% (30.3). The higher margin was primarily related to increased volumes, a positive mix and good price discipline combined with lower cost of goods sold. Cost savings amounted to approximately SEK 1.5bn. Lower sales prices and salary inflation had a negative impact. EBITA increased 17% to SEK 19,475m (16,607). Excl. IAC, EBITA increased 8% (9% excluding currency translation effects) to SEK 20,344m (18,898) and the margin amounted to 14.0% (12.8). The improvement was mainly the result of the increased gross margin, while investments in sales and marketing were higher to drive growth. In addition, salary inflation increased costs. Sales, general and administration costs amounted to 18.8% (17.4), of which marketing costs accounted for 5.2% (4.7) and research and development (R&D) costs for 1.3% (1.2). IAC amounted to SEK –939m (–2,641) mainly attributable to restructuring measures. Currency translation effects had a negative impact on earnings of SEK 166m.

Financial items

Financial items decreased to SEK –1,931m (–2,356) mainly on account of lower average net debt.

Summary income statement

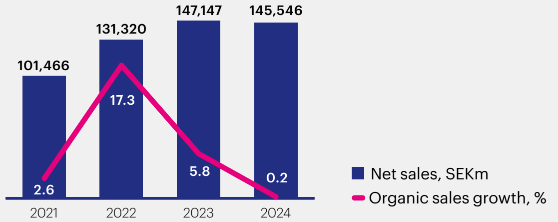
SEKm	2024	2023
Net sales	**145,546**	**147,147**
EBITA excl. IAC	**20,344**	**18,898**
EBITA	**19,475**	**16,607**
Operating profit excl. IAC	**19,234**	**17,789**
Items affecting comparability (IAC)	–939	–2,641
Operating profit	**18,295**	**15,148**
Financial items	–1,931	–2,356
Profit before tax excl. IAC	**17,303**	**15,433**
Profit before tax	**16,364**	**12,792**
Income taxes excl. IAC	–4,525	–3,799
Income taxes	–4,331	–3,275
Profit before tax excl. IAC	**12,778**	**11,634**
Profit for the period[1]	**12,033**	**9,517**
Profit for the period[2]	**21,048**	**9,796**
Organic sales growth, %	0.2	5.8
Gross margin, %	32.4	29.3
Gross margin excl. IAC, %	32.7	30.3
EBITA margin, %	13.4	11.3
EBITA margin excl. IAC, %	14.0	12.8
Earnings per share, SEK[1]	17.09	13.44
Earnings per share excl. IAC, SEK[1) 2)]	19.29	17.56

1) Continuing operations.
2) Total operations.
3) Excluding amortization of acquisition-related intangible assets.

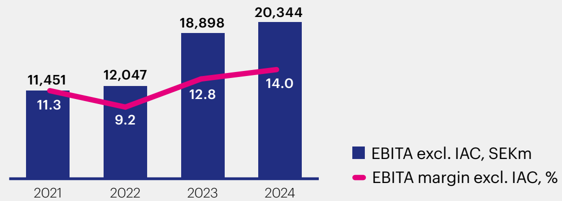
Change in net sales

%	2024 vs 2023
Total	**–1.1**
Volume	0.5
Price/Mix	–0.3
Organic growth	**0.2**
Acquisitions	0.0
Divestments	–0.9
Currency translation	–0.4

Net sales



EBITA excl. IAC



Tax

The tax expense amounted to SEK 4,331m (3,275), corresponding to a tax rate of 26.5% (25.6). The tax expense excl. IAC amounted to SEK 4,525m (3,799), corresponding to a tax rate of 26.2% (24.6). The tax rate amounted to negatively affected by non-recurring items.

Profit for the period

Profit for the period, total operations, amounted to SEK 21,048m (9,796). Earnings were impacted positively by the capital gain of approximately SEK 9bn from the divestment of the holding in Vinda. Profit for the period, continuing operations, amounted to SEK 12,033m (9,517).

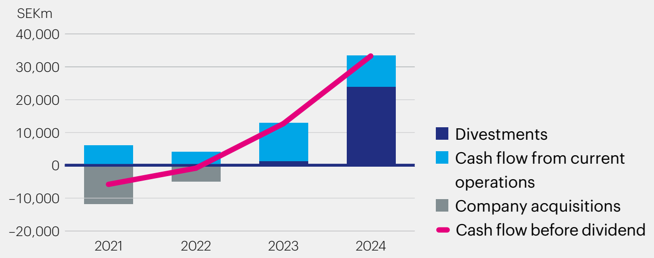
Cash flow

Operating cash flow amounted to SEK 17,242m (17,685). Net cash flow for continuing operations was SEK 25,635m (7,598), and for discontinued operations it amounted to SEK –467m (866).

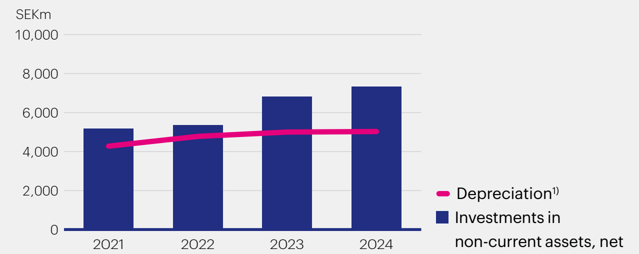
Operating cash flow statement

SEKm	2024	2023
Operating cash surplus	26,998	25,569
Change in inventories	–946	2,505
Change in operating receivables	–2,218	–19
Change in operating liabilities	2,756	–1,401
Investments in non-current assets, net	–7,332	–6,819
Restructuring costs, etc.	–1,456	–1,542
Investments in operating assets through leases	–560	–608
Operating cash flow	**17,242**	**17,685**
Financial items	–1,931	–2,356
Income taxes paid	–5,860	–3,615
Other	34	–89
Cash flow from current operations	**9,485**	**11,625**
Acquisitions of Group companies and other operations	–68	–182
Divestments of Group companies and other operations	23,908	1,249
Cash flow before transactions with shareholders	**33,325**	**12,692**
Dividend	–5,443	–5,092
Dividend to non-controlling interests	–23	–2
Buyback of own shares	–2,224	–
Net cash flow, continuing operations	**25,635**	**7,598**
Net cash flow, discontinued operations	–467	866
Net cash flow, total operations	**25,168**	**8,464**

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 by SEK 22,934m compared with December 31, 2023 and amounted to SEK 30,769m, primarily driven by the divestment of Vinda, which contributed SEK 19,360m, and strong operating cash flow. The Group's interest-bearing gross debt amounted to SEK 42,749m (56,846) at year-end. The average maturity period was 3.8 (3.5) years. Compared with December 31, 2023, working capital increased to SEK 10,746m, mainly due to higher inventory levels and trade receivables. Higher trade payables reduced working capital. Working capital amounted to 7% (6) of net sales. Equity attributable to owners of the Parent company increased SEK 17,468m compared with December 31, 2023. Profit for the period attributable to owners of the Parent company increased the equity of owners of the Parent company by SEK 20,888m, mainly related to the divestment of Vinda. The dividend of SEK 5,443m and the buyback of own shares of SEK 2,224m reduced equity attributable to owners of the Parent company. The Group's total equity increased SEK 9,336m during the year.

Consolidated balance sheet

SEKm	2024	2023
Intangible assets	61,871	60,682
Property, plant and equipment	52,392	48,843
Other non-current assets	6,112	6,577
Total non-current assets	**120,375**	**116,102**
Current assets	64,909	54,564
Assets held for sale	–	32,327
Total assets	**185,284**	**202,993**
Equity	88,741	79,405
Non-current liabilities	51,253	56,397
Current liabilities	45,290	53,483
Liabilities directly attributable to assets held for sale	–	13,708
Total equity and liabilities	**185,284**	**202,993**

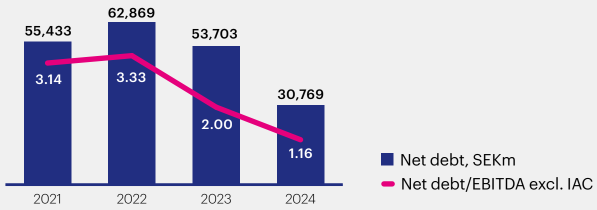
Financial position

	2024	2023
Working capital, SEKm	10,746	8,771
Capital employed, SEKm	119,510	110,750
Net debt, SEKm	30,769	53,703
Debt/equity ratio, multiple	0.35	0.68
Debt payment capacity, %	59	34
Net debt/EBITDA	1.19	2.16
Net debt/EBITDA excl. IAC	1.16	2.00

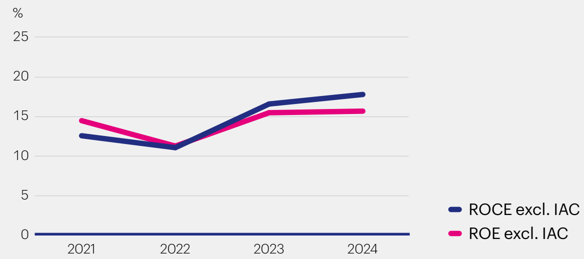
Change in net debt

SEKm	2024	2023
Net debt, January 1	**–53,703**	**–62,869**
Net cash flow	25,168	8,464
Remeasurements to equity	96	1,339
Investments in non-operating assets through leases	–581	–491
Translation differences	–1,749	–146
Net debt, December 31	**–30,769**	**–53,703**

Net debt



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 2024 amounted to SEK 688m (382), profit before appropriations and tax to SEK 18,242m (1,821) and the net profit for the year to SEK 18,151m (376). Investments in property, plant and equipment totaled SEK 4m (1) 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	63,862,307,344
net profit for the year	18,150,845,487
Total	**82,013,152,831**
The Board of Directors and the President propose:	
to distribute to shareholders, a dividend of SEK 8.25 per share	5,733,292,034[1]
to be carried forward	76,279,860,797[2]
Total	**82,013,152,831**

1) Based on the number of shares outstanding, December 31, 2024. The final dividend amount will be based on the number of shares outstanding on the record date, March 31, 2025.
2) The company's equity would have been SEK 592,566,774 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.

Sustainability statements
Essity's statutory sustainability statements, in accordance with the requirements of the Swedish Annual Accounts Act, can be found on pages 47–99 in the Board of Directors' Report. This sustainability statements for Essity Aktiebolag (publ) encompasses the entire Group. Further information on the reporting principles for sustainability can be found on page 48.

Guidelines for remuneration of senior executives
The most recent guidelines approved by the Annual General Meeting can be found under Note C2 on pages 145–146. The company's application of the guidelines can be found under Note C2 and in the remuneration report for 2024, which is available at essity.com.

For information on the company's expenses for remuneration of senior executives, see Note C2 on page 147.

Brands:

TORK TENA Leukoplast JOBST Actimove Cutimed Tempo Lotus Zewa Libero Libresse Saba Nosotras TOM ORGANIC knix modibodi

Risks and risk management

Essity is exposed to a number of strategic, operational and financial business risks, which could have a negative impact on the Group's operations. Accordingly, it is of major importance that the company has a systematic and effective process to identify, manage and mitigate the effects of these risks.

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 macroeconomic 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 business-to-business (B2B). 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 facilitates 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, 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. Institutional structures and dialogues between countries may impact Essity and its operations. Various political changes and decisions, as well as amended legislation and regulations, could have a negative impact on Essity's operations in the form of higher costs or some other obstruction. In general, the regulatory requirements imposed on Essity's operations are increasing.

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. Environmental impact and the impact of climate change are part of the annual strategy process, which includes the identification, assessment and actions for managing these types of risks. These are managed, for example, through preventive work in the form of certified environmental management systems, environmental risk inspections in conjunction with acquisitions, and remediation projects in connection with plant closures. Essity has integrated a risk assessment of biodiversity into its risk management process. The use of energy, water, transport, production waste and raw materials is controlled using the company's Resource Management System (RMS). The system also enables the simulation of investments on the basis of climate aspects. The data is used for internal control and follow-up of established targets. Essity also works continuously to reduce the volume of production waste.

❯ Read more about Essity's actions 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.

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.

Competition

Risk: Essity is subject to considerable competition from other industry players offering similar products. Essity is also exposed to the risk that alternative products, solutions, 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 21.

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.

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 2024, Essity's ten largest customers, most of them retail companies and distributors, accounted for 24.3% 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 participating by increasing the share of e-commerce by driving omnichannel in B2B sales.

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. The program is based on a Code of Conduct adopted by the Board of Directors. Within certain areas, such as human rights, corruption and competition regulations, Essity has an in-depth program for risk evaluations, audits of third parties and various training courses for employees. The implementation of the regulatory compliance program is reported continuously to the Compliance Council, which includes parts of Essity's senior management and where internal audit has an opportunity to participate.

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 19 and 83–90.

Suppliers

Risk: Essity is dependent on a large number of suppliers. A sudden shortage of key input goods could result in increased costs and disruptions to the company's production. 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 enters into supply contracts of various durations that ensure the supply 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.

Information and IT

Risk: Essity is increasingly dependent on information and IT systems and information security. Disruptions or faults in critical systems, as well as the increasing prevalence of cyber-attacks and attempted fraud, may have financial implications and lead to production disruptions and negative consequences for other business processes. Errors in financial systems may affect the company's reporting of results. Weaknesses in information security may lead to legal action.

Action: Essity's IT organization has a framework for governance and quality describing how changes in IT systems and the daily operations are carried out through standardized processes. A management system for information security has been implemented and is continuously adapted based on risk assessments, digital development and demands from external stakeholders. Technical protection, such as preventive, detective, responsive and restorative measures are implemented, in addition to regular security training courses for each employee. The head of Global Digital & Business Services, who is a member of the Executive Management Team, is responsible for managing information security-related risks.

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 addresses any legal risks that arise in cooperation with external advisers. Legal issues are often national, which means that local experts are also often engaged by Essity in various issues.

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.

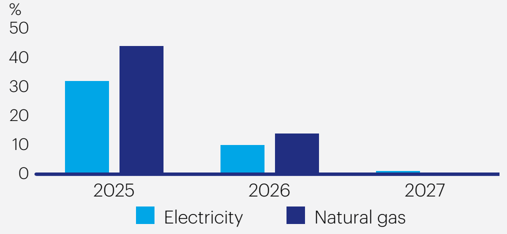
Action: Essity centrally manages the energy price risk related to electricity and natural gas. According to Essity's Energy Risk Policy, these price risks can be hedged for a period of up to 36 months. Exceptions are made for regulated and non-hedgeable markets. Essity also monitors the developments 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 2024, Essity purchased about 4 TWh (4; 4) of electricity and about 7 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 160.

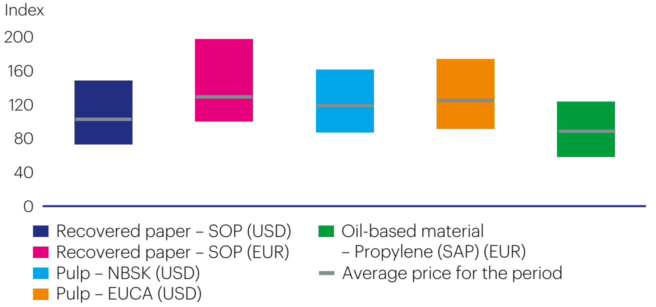
Energy price hedges in relation to forecast consumption, December 31, 2024



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) 2014–2024 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, such as straw from wheat 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.

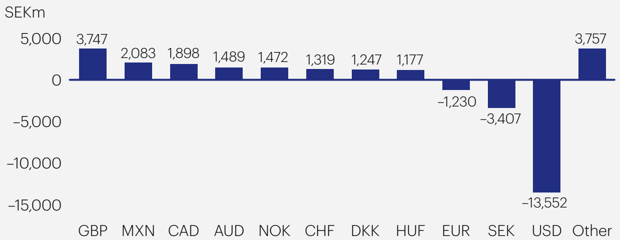
Currency

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 3.1 months, GBP 1.2 months and MXN 6.2 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 2025.

Net flows in 2024



❯ For further information relating to hedging of transaction exposure, see Note E6 Derivatives and hedge accounting on page 160.

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. Translation exposure in the income statements of foreign Group companies is not hedged. At December 31, 2024, net debt amounted to SEK 30,769m (49,964; 62,869).

Net debt distributed by currency

		Share of net debt, %		
Currency	**Net debt, SEKm**	**2024**	**2023**	**2022**
EUR	15,587	51	48	32
SEK	5,090	17	24	18
USD	3,900	13	13	11
GBP	2,938	10	3	12
MXN	2,240	7	4	4
AUD	1,861	6	12	11
CAD	1,410	5	1	1
PLN	797	3	1	–1
Other	–3,054	–12	–6	12
Total	**30,769**	**100**	**100**	**100**

❯ For further information relating to hedging of translation exposure, see Note E6 Derivatives and hedge accounting on page 160.

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 158.

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 1,102m (1,989; 4,416), gross. Taking net calculation agreements per counterparty into consideration, credit exposure of derivatives amounted to SEK 355m (540; 1,096). At year-end, the total credit exposure was SEK 13,817m (5,847; 6,891). This exposure includes credit risk of SEK 13,318m (5,318; 4,461) for financial investments. Refer to the table below for the distribution of credit risk by category.

Financial credit exposure

	Category[1]			
SEKm	A	B	C	Total
Financial assets measured at fair value through other comprehensive income			109	109
Financial assets measured at amortized cost			26	26
Cash and bank balances	8,633	1,116	1,213	10,962
Derivative assets, net	274	6	84	364
Current investments	2,356			2,356
Total	**11,263**	**1,122**	**1,432**	**13,817**

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 19,195m in 2024. At year-end, the average maturity of gross debt (excluding leases and pensions) was 3.8 years (3.5; 3.9). If short-term loans would be replaced with long-term unutilized credit facilities, the average maturity would amount to 4.2 years. Unutilized short- and long-term credit facilities amounted to SEK 57,303m at year-end. In addition, cash and cash equivalents totaled SEK 10,962m.

Liquidity reserve

SEKm	2024	2023	2022
Unutilized credit facilities	57,303	66,340	22,245
Cash and cash equivalents	10,962	5,159	4,288
Total	**68,265**	**71,499**	**26,533**

SEKm	2024	2023	2022
Net sales	145,546	147,147	131,320
Liquidity reserve[1]	47	49	20

1) Liquidity reserve as a percentage of net sales.

› For further information, see Note E2 Financial assets, cash and cash equivalents on page 157, Note E4 Financial liabilities on page 159 and Note E5 Liquidity risk on page 160.

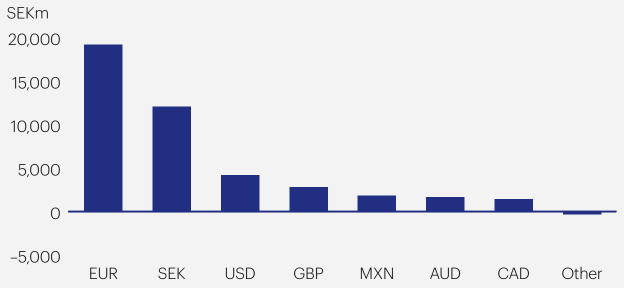
Interest rate

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 three months and a maximum of 36 months. Essity's financial items decreased in 2024. 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 11.5 months (10.7; 13.9) at year-end.

The average interest rate for the total outstanding net debt including derivatives, amounted to 4.70% (4.07; 3.48) at year-end.

Gross debt distributed by currency



› Read about climate-related risks and opportunities on pages 59 and 68–69.

Sustainability statements

Essity is committed to improve hygiene and health while responsibly managing company resources as basis for lasting value creation for its stakeholders. One of Essity's overall ambitions is to be a business with net zero emissions by 2050.

The following pages outline the actions taken and the progress made by Essity toward reaching its sustainability targets and ambitions.

Contents

Basis for preparation

General basis for preparation of these sustainability statements

Sustainability reporting frameworks and assurance

These sustainability statements are part of Essity's Annual Report 2024 and in accordance with the requirements for the statutory sustainability report stated in the Annual Accounts Act and the Global Reporting Initiative (GRI) Standards 2021. As no applicable GRI sector standard is currently available for Essity's industry, Essity's sustainability statements concentrate on the universal and topical standards. In line with GRI reporting principles, the content of Essity's sustainability statements is determined by the topics most material to Essity and its stakeholders.

The structure of the sustainability statements, the description of the value chain and the double materiality assessment are inspired by the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS) which will be mandatory for Essity to report in accordance with from the financial year 2025.

The topics identified in the double materiality assessment are matched against GRI disclosure requirements and determine the selection of disclosures that Essity presents in these statements. Essity reports in accordance with all GRI disclosures identified as material and for which material data can be reported. Any omissions or incomplete data are commented on directly in the GRI index. The GRI index can be found on pages 100–102. The sustainability statements have been reviewed by Essity's auditors Ernst & Young AB.

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

Boundaries

These sustainability statements for 2024 are prepared on a consolidated basis and include data for all companies of which Essity owns at least 50%. 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 company regardless of the ownership structure. Any deviations from these principles are stated in these sustainability statements.

In March 2024, Essity divested its shares in the Asian hygiene company Vinda. Any inclusion of Vinda related data in comparative periods is stated with the respective data.

An overview of the upstream and downstream value chain can be found in the result of the double materiality assessment, see pages 59–60.

Reliability, estimates and uncertainty

The main source for estimations and uncertainties within Essity's sustainability statements is greenhouse gas emissions data.

Estimation methods:

- **Scope 1 and 2 emissions** – Direct and indirect emissions from Essity's own production facilities are calculated using own primary activity data and corresponding emission factors for fuels and electricity. Therefore, the accuracy of these greenhouse gas emissions is assessed as high.
- **Scope 3 emissions** – Other indirect emissions that occur in the value chain, including both upstream and downstream emissions, are estimated using a combination of primary and secondary supplier-specific data, industry averages and proxy data. This entails a higher level of uncertainty due to the variability and lack of availability of data from third parties.

Sources of uncertainty (Scope 3):

- **Data quality** – The accuracy of our greenhouse gas emissions data is dependent on the quality and completeness of data provided by our suppliers and other third parties. Generally, where activity data comprises Essity's own primary data, accuracy is high. In some cases where direct data is unavailable we rely on estimates and proxies.
- **Emission factors** – The emission factors used in our calculations are based on combinations of supplier-specific information, internally calculated emission factors from life-cycle assessments (LCAs) and industry standards. Factors may represent different geographical regions and are regularly updated.
- **Methodological choices** – Following the Greenhouse Gas Protocol (GHG Protocol), several methods for calculations of Scope 3 emissions are used, including the supplier-specific method, hybrid method, average data method and spend-based method.

Improvement measures:

We are committed to continuously improving the accuracy and reliability of our greenhouse gas emissions data. This commitment includes enhancing data collection processes, engaging with suppliers to obtain more precise data and regularly reviewing and updating our estimation methodologies.

I Basis for preparation

Reliable management systems

Essity has an ISO 27001 certified Information Security Management System (ISMS) in place to meet internal and external requirements on information security. Selected products and services have also been certified according to the ISO/IEC 27001:2013 standard. Reliable management systems, certified by a third party, play an essential role in Essity's sustainability work. Essity uses ISO 14001 and the EU's Eco-Management and Audit Scheme (EMAS) as certified environmental management systems. Many production facilities are certified in accordance with ISO and/or EMAS. For design, development and manufacturing of products classified as medical devices, Essity has certified relevant quality management systems according to ISO 13485, other sites are certified according to ISO 9001. The company continues to implement ISO 45001 (occupational health and safety management systems) to ensure that uniform processes are used and that Essity's production facilities continuously strive to improve workplace-related health and safety.

Certification, Essity's main sites[1], %

	2024
ISO 14001	76
ISO 45001	78
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 produces for the EU.

Timeframe, comparability and restatements

Unless otherwise stated, Essity's sustainability statements 2024 relate to the calendar year ending on December 31, 2024. For Scope 3 emissions, Essity is disclosing information with one year delay as underlying activity data and emission factors are not available at the time of Essity's reporting. No significant events and changes during 2024 have come to our attention that would require updates of our estimates and calculations of Scope 3 emissions.

The sustainability statements were published on March 3, 2025. Figures from previous years are included as comparatives in tables or in parentheses.

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 and up to ten years

Essity limits its long-term time horizon to a maximum of ten years since forecasts longer than ten years can be highly uncertain due to various external factors.

The following principles and adjustments of environmental and health and safety data for comparative years apply:
- Newly acquired businesses are included in 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. In those tables where historic information has been adjusted because of the reasons above, this has been stated and explained.

Comparative sustainability data not impacted by the previously stated reasons is unchanged. Reported weights are disclosed in metric tons.

Changes in the preparation and the presentation of sustainability information are described together with the relevant metrics. When changes occur, Essity explains the changes and why the adjusted replaced metrics provide more useful information. If Essity should not be able to provide revised comparatives this is mentioned together with the relevant metrics.

Essity has not identified any material errors in prior periods. The structure and the tonality of the sustainability statements for 2023 were in line with Essity's Sustainability Playing Field which defines Essity's priorities within social and environmental sustainability. For 2024, structure and tonality have been inspired by the upcoming ESRS reporting standards.

I Governance

Governance

The role of the administrative, management and supervisory bodies

The responsibilities of the Board of Directors and Executive Management Team

Sustainability is incorporated throughout Essity's operations and forms an integrated part of the Group's overall governance. 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 104–113.

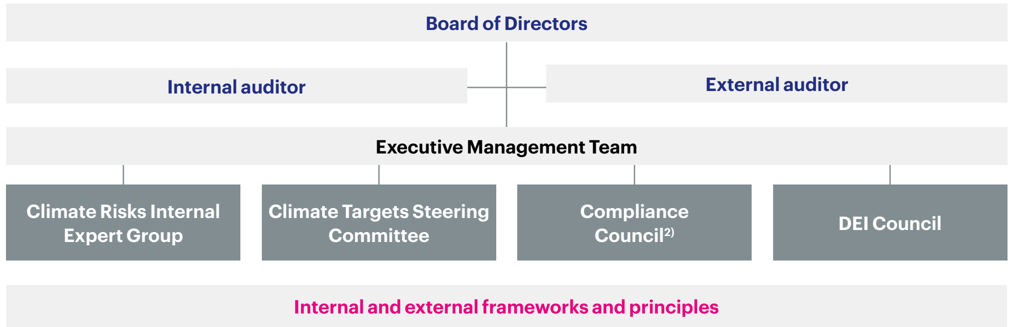
The Board of Directors is the highest governing body overseeing and approving Essity's strategy which includes sustainability. The double materiality assessment as well as the material sustainability matters and related impacts, risks and opportunities are reported to the Board.

The Board approves the Group Sustainability Policy and the Code of Conduct. Other overarching Group policies related to Essity's material sustainability matters, impacts, risks and opportunities are delegated to Essity's President and CEO. The CEO is responsible for the day-to-day administration of the Group and follows the Board's guidelines and instructions with the support from the Executive Management Team. The CEO holds the responsibility for the execution of the sustainability strategy and for the implementation of Group policies. This responsibility is further delegated to the relevant function, global unit or business unit respectively.

Sustainability governance

The purpose, implementation and follow-up of Essity's sustainability governance aims to ensure the company's commitments to its stakeholders, including customers, consumers, employees, suppliers, investors, decision-makers and representatives from society. The company's commitments are expressed in strategies, policies, actions and targets. Those that have been 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 tackle the growing sustainability challenges, for more information see pages 12–24. As sustainability is an integrated part of Essity's strategy and operations, the sustainability matters, impacts, risks and opportunities are covered by internal audits.

Essity's sustainability governance[1)]



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

1) Significant functions in the company that influence sustainability work. For complete information on corporate governance, see page 104.
2) The Compliance Council also reports regularly to the Board of Directors.

I Governance

Sustainability-related policies

Essity has created several policies to ensure that decisions and actions are consistent across the organization and that legal and regulatory requirements are met. These policies provide clear guidance to Essity's employees as well as other stakeholders in the value chain on expected behaviors, procedures and best practices and therefore help to reduce exposure to risk by reflecting and reinforcing the company's values and corporate culture.

Essity's Code of Conduct describes how the company operates, how employees should act and expectations stakeholders can have on Essity. It also determines Essity's commitment to human rights, including children's rights. The Code of Conduct is also consistent with the UN Convention against Corruption and related legislation. All Essity's wholly owned subsidiaries are bound by the Code of Conduct. Essity expects its joint ventures to implement a Code of Conduct and guidelines equivalent to those stipulated in Essity's Code of Conduct. The Supplier Code of Conduct expresses that all suppliers and identified stakeholders upstream in the value chain shall meet set requirements concerning Essity's commitments regarding responsible business conduct and the material sustainability matters that are addressed in the code.

All policies listed below except for the Renumeration Policy have been approved by the Board of Directors or the CEO and have been implemented by the Executive Management Team. The Remuneration Policy is approved at the Annual General Meeting by the shareholders. The policies are reviewed on a yearly basis and are available on essity.com. In addition, Essity has developed position papers stating the company's views on material sustainability matters. These are available on essity.com/sustainability.

Sustainability-related policies

Name	Content	Material sustainability matters[1]	Scope	External initiatives	Stakeholder interest and engagement
Sustainability Policy	Principles for value creation on environmental, social and economic perspectives by offering products that meet customer needs. The company emphasizes the use of renewable and recyclable raw materials as well as the continuous assessment and improvements of the environmental impact of its products throughout their lifecycle.	• Climate change • Resource use and circular economy	• All fully owned companies	• FSC/PEFC	• Nature (silent stakeholder)
Global RESH Policy (Risk, Environment, Safety and Health)	Included topics: • Zero incident mentality • Stakeholders needs and expectations • Identification of risks and opportunities • Protect people, assets, reputation and business continuity • Provide safe and healthy physical and environmental conditions • Protect the environment • Legal compliance • Training programs and continuous improvement • Management systems	• Climate change • Water • Own workforce	• All activities and all employees, contractors and visitors	• ISO 14001 • ISO 45001	• Nature (silent stakeholder) • Own employees
Fresh Wood-based Fiber Procurement Policy	Essity's requirements on suppliers in relation to the delivery of fresh wood-based fiber materials, including certification, transparency and sustainable forest management practices	• Forest and fiber	• All fully owned companies and all suppliers of fresh wood-based fiber materials	• FSC/PEFC • Global Diversity Framework • UN Intergovernmental Panel on Climate Change (IPCC)	• Nature (silent stakeholder)
Global Supplier Standard incl. Supplier Code of Conduct	Minimum requirements on suppliers with regards to Code of Conduct, quality, product safety, environment and chemicals	• Resource use and circular economy • Management of relationships with suppliers • Workers in the value chain – working conditions • Workers in the value chain – other work-related rights	• All Essity's suppliers	• UN Universal Declaration of Human Rights • ILO Core Conventions • UN Global Compact • UN Guiding Principles on Business and Human Rights (UNGP) • OECD Guidelines for Multinational Enterprises	• Vulnerable stakeholders in our upstream supply chain, such as local communities, children, workers including immigrant workers

1) The listed sustainability matters are only covering those matters that were assessed as material in Essity's double materiality assessment.

I Governance

Sustainability-related policies, cont.

Name	Content	Material sustainability matters[1]	Scope	External initiatives	Stakeholder interest and engagement
Business Partner Code of Conduct	Requirements on responsible business operations which Essity's business partners must comply with. It addresses areas of business ethics, human rights, health and safety, employee relations, business practices and community involvement.	• Workers in the value chain	• Distributors, wholesalers, resellers, sales agents and other business partners	• UN Global Compact • UNGP • ILO Core Conventions	• Stakeholders in Essity's downstream value chain
Code of Conduct	How Essity does business and how we act as employees. The Code of Conduct is outlining what stakeholders can expect from us.	• Business conduct – corporate culture • Own workforce – working conditions • Own workforce – equal opportunities	• All Essity employees worldwide	• UN Global Compact • International Bill of Human Rights • ILO Core Conventions • OECD Guidelines for Multinational Enterprises	• Stakeholders in the whole value chain
Diversity Policy	The policy describes, defines and highlights the importance of diversity, equity and inclusion (DEI). It also includes the prevention and reporting of harassment and discriminatory practices.	• Own workforce – equal opportunities	• All legal entities within the Group	• Catalyst Partnership[2] • Leading Executive Advancing Diversity Network (LEAD)[2] • Unstereotype Alliance[2]	• Own employees
Anti-bribery and Corruption Policy	The rules to be applied at Essity to prevent corruption in all activities under Essity's control. Essity does not tolerate any form of corruption or bribery and the overall objective is to prevent any manager, board member, agent or person performing services for the company or in Essity's name, from giving or receiving bribes of any kind.	• Business conduct – corruption and bribery	• All employees and companies within the Group	• UN Convention against corruption	• Stakeholders in the whole value chain
Human Rights Policy	Essity's principles and commitment to ensure respect for human rights	• Business conduct – corporate culture	• All legal entities within the Group with the exception of joint ventures	• UN Universal Declaration of Human Rights • ILO Core Conventions • UN Global Compact	• Vulnerable stakeholders in the whole value chain

1) The listed sustainability matters are only covering those matters that were assessed as material in Essity's double materiality assessment.
2) See page 84 for more details about these organizations.

Integration of sustainability-related performance in incentive schemes

For information on the integration of sustainability-related performance incentive schemes, see pages 145–147.

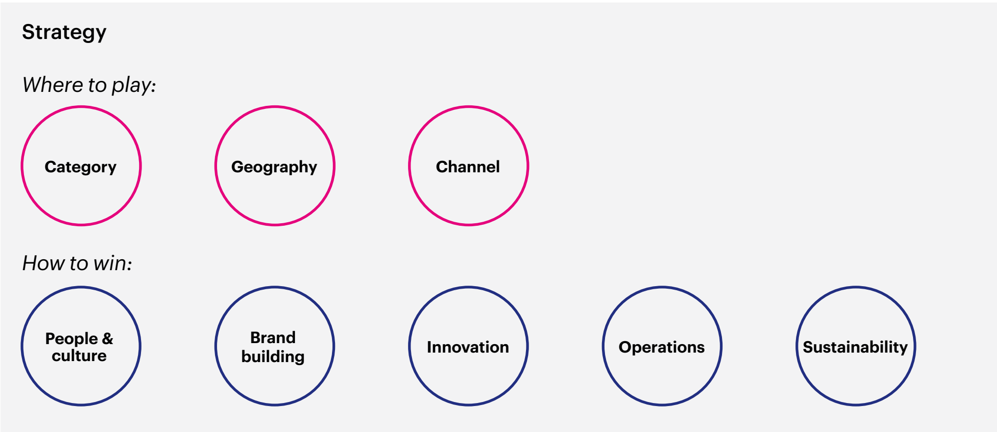
I Strategy and business model

Strategy and business model

Strategy, business model and value chain

For more details on significant groups of products, markets served and headcount of employees by geographic areas and total revenues read pages 28–34.

Strategy and relation to sustainability matters
Essity's strategy and sustainability matters are deeply connected. Our purpose is breaking barriers to well-being for the benefit of consumers, patients, caregivers and customers across the globe, as well as for the benefit of society and the planet. We aspire to be the undisputed global leader in hygiene and health.



Our strategic framework summarizes our "where to play" and "how to win" choices to enable aspired leadership. We concentrate on the hygiene and health categories, where product performance and brand preference are crucial. We strive for growing positions in North America, Latin America and East Asia while leveraging our positions in Europe. Essity is to be present in all relevant channels for consumers, patients, caregivers and customers.

Sustainability matters are built into and addressed in all our "how to win" choices, not only limited to "sustainability".

People & culture: At Essity, our ambition is to create an organization and culture where people and business thrive. We offer safe, attractive, inclusive and sustainable workplaces with committed employees that help break barriers to well-being in a unique corporate culture. We focus on growing talents, with a healthy talent flow across functions and organizations. The continuous development of employees and leaders is crucial for Essity's long-term success and learning and development is a fundamental part of our employee's everyday life.

Brand building: Essity has a strong portfolio of leading brands with significant brand equity. By leveraging the impact and broad reach of our brands, we focus on effective marketing campaigns aimed at breaking barriers to well-being, build self-esteem of our consumers and remove stigmas in the hygiene and health areas where we operate.

Innovation: Innovation at Essity focuses on sustainable innovations that increase hygiene and health standards and reduce the company's environmental impact while contributing to profitable growth. Our target is that at least 50% of Essity's innovations are to generate social and/or environmental improvements. All our innovations brought to markets fulfill the highest product safety standards.

Operations: Essity drives operational efficiency across all aspects of the business through an agile organization focused on continuous improvements. Health and safety of our employees is one of our highest priorities as is lowering our environmental- and climate-related impact through the whole value chain.

Sustainability: Essity's cross-functional priorities to drive change in sustainability follow the Sustainability Playing Field. We are breaking barriers and driving societal change in hygiene and health focusing on women+'s health, infection prevention and control, hygiene and sanitation as well as the care economy. We are committed to conduct a responsible business via diversity, equity and inclusion (DEI), occupational health and safety, product safety, business ethics and human rights. When it comes to minimizing our environmental impact, we focus on reducing our emissions along the entire value chain and we are committed to achieve a business with net zero emissions by 2050. We innovate the hygiene and health solutions of the future made from responsibly sourced, recycled and alternative fibers, as well as less fossil-based plastics. We aim to reduce product waste after use. We work to increase water efficiency in our production facilities and aim to reduce water use throughout our products' life cycles.

The Group continuously develops its ambitions, strategies, policies and approaches to tackle the growing sustainability challenges and introduces targets, roadmaps and initiatives accordingly.

I Strategy and business model

Sustainability targets and assessment of outcome

Science-based targets

Scope 1 & 2 Target 2030 **–35%**

Scope 3 Target 2030 **–35%**

Reduction of absolute greenhouse gas emissions Scope 1, 2 and 3 compared with 2016

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

Sustainable innovations

Target (annual) >**50%**

Share that yielded social and/or environmental improvements

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

Target 2025 **–75%**

Decrease in total recordable incident rate compared with 2019

The Total recordable injury (TRI) rate comprises Lost time accidents (LTA), Restricted work cases (RWC) and Medical treatment cases (MTC). All of Essity's production facilities are conducting purposeful and systematic work with safety issues.

Gender distribution at management levels

Target (annual) **40/60%**

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

Essity's target 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 target is reported at an aggregate outcome level for the three management levels.

Water

Target 2032 **–25%**

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

In 2024, Essity's target was set to reduce freshwater intake by 25% at eight tissue sites in water-stressed regions by 2032, using 2022 as the baseline. The target addresses the water consumption at sites with the highest risk of water stress and focuses on reduction of water intake.

Fresh fiber

Target (annual) **100%**

Share of FSC – or PEFC-certified fresh fiber

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

Production waste

Target 2030 **100%**

Subject to material or energy recovery

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

Target 2025 **85%**

Share of packaging manufactured from renewable and/or recycled material

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

Target 2025 **95%**

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

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

Target (annual) **100%**

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

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.

I Strategy and business model

Business and value creation model

Business model

Essity develops, supplies and sells products, solutions and services that enable superior hygiene and health standards, at home and away from home, by supporting the effectiveness and efficiency of hygiene routines and by preventing, treating and monitoring health conditions. Essity's business model aims to achieve profitable growth and create additional value in line with its mission.

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 based on customer and consumer needs. These business areas are Health & Medical, Consumer Goods and Professional Hygiene. For a definition of the operating segments for financial reporting, see Note B2 on page 130.

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 Delta-Cast. Distribution channels are pharmacies, medical device stores, hospitals, distributors, care institutions and e-commerce.

Essity's offering in Consumer Goods includes the categories 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 are 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 are distributors and e-commerce.

Resources

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

- **Financial capital** – In 2024, Essity's equity amounted to approximately SEK 88.7bn and net debt reached approximately SEK 30.8bn.
- **Human capital** – Essity has been able to use the experience and expertise of 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 are prerequisites for the company's progress.
- **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 about people's daily needs and challenges is the basis for Essity's product offering which aims to improve people's well-being and quality of life. Cooperation with all of Essity's key stakeholders is crucial for understanding perspectives, improving decision-making and enhancing the overall organizational performance. See the section on stakeholder interests and views on pages 57–58 for further details.

Innovations

Essity's insights into customer and consumer needs and perspectives are key assets that we use to drive sustainable innovations. Continuous innovations are crucial to improve people's hygiene, health and well-being and contribute to a more sustainable and circular society. Essity has a global unit that works with brands and innovation and has innovation centers in France, Mexico, Sweden, Germany and the USA. The reported costs for research and development in 2024 amounted to SEK 1.9bn, corresponding to about 1.3% of the Group's net sales.

Procurement and manufacturing

The innovation process drives manufacturing within Essity which employs responsible sourcing practices. Essity has around 70 production facilities worldwide. Efficiency improvement, which includes digitalization and automation with the aim to achieve a sustainable world-class production, is a continuous process in these facilities.

Marketing and sales

Through marketing and sales, Essity strives to build awareness of the company's brand, purpose and product brands and pursues global and local initiatives to raise awareness and standards for hygiene and health.

Leading hygiene and health products, solutions and services

Essity produces and sells leading hygiene and health solutions 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

Customer and consumer value is created through leading sustainable solutions that provide increased well-being and quality of life. Value is created for employees and their families, suppliers, governments, decision-makers and society through, for example, jobs across the value chain, compensation, tax, increased well-being, sustainability work and community engagement. Through dividends and positive development of Essity's share price, returns are generated for the company's shareholders. Essity aims to maximize long-term value creation by including financial, environmental and social aspects into all business decisions.

Value chain

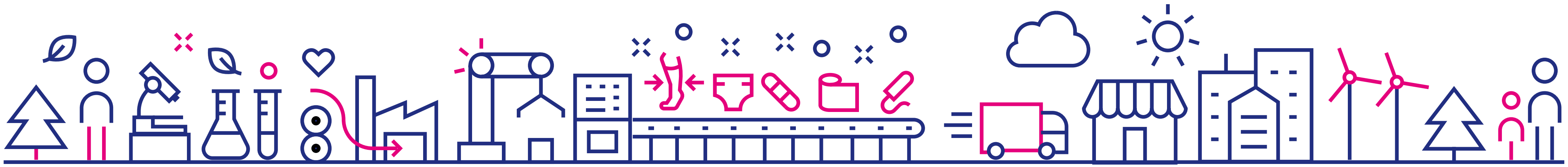
Essity's value chain assessment forms the basis of our double materiality assessment. A deep understanding of Essity's activities across the entire value chain is essential for the further analysis of sustainability matters, impacts, risks and opportunities.

Essity performed the first value chain assessment in 2023 which was updated in 2024. For this exercise, internal experts were interviewed. The value chain assessment covers the whole value chain: upstream activities, such as those of our suppliers, own operations, as well as downstream activities, such as customer sales. The value chain assessment illustrates the company from a supplier and resource perspective and is therefore based on summarized product segments: Tissue, Personal Care and Medical.

I Strategy and business model

Business model

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



Value chain

Upstream activities

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

Own operations

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

Downstream activities

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

Upstream activities

Essity is a major purchaser of input materials for its production processes, engaging more than 32,000 suppliers for raw materials, products and services. The materials purchased vary for different product categories, with responsibly procured fresh pulp and recovered paper being a key raw material from a Group perspective. In addition, plastic materials are included in Personal Care and Medical products to provide better performance. The remaining upstream activities are of a minor nature in relation to emissions, energy and packaging materials. Over half of Essity's suppliers are in Europe, a third in North and South America and the remainder in Asia and Africa, indicating the widespread impact Essity might have on workers in the supply chain.

Essity adopts a proactive and risk-based approach, in line with OECD guidelines and relevant human rights legislation, in our choice of suppliers and raw materials to guarantee responsible procurement.

Own operations

The core of Essity's value chain is its own operations, with production being the driving activity. Nearly 30% of the greenhouse gas emissions along the value chain are derived from Essity's production. Essity conducts operations that require various permits for its production facilities. Such operations impact the environment through emissions to air and water, solid waste and noise. Essity has approximately 70 production facilities in 28 countries worldwide. Production is accompanied by warehousing, sales, marketing, as well as general and administrative activities. Essity also conducts research and development activities to create new and more sustainable products. Around 36,000 employees in about 60 countries are employed by Essity, indicating the direct impact Essity has on people. See Note B.2.b. on pages 137–138 for a detailed overview of which countries Essity's workforce is located in. In the year 2024, Essity generated about SEK 146bn revenue.

Downstream activities

Essity conducts sales in around 150 countries, reaching one billion people daily through our solutions and brands. Service providers who are engaged in product distribution generate emissions and use energy in the distribution process. Most of our products reach consumers via retail businesses and distributors. However, Essity also serves a broad spectrum of 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 energy recovery. During the use and disposal of most of Essity's products, water is used, for example, when washing hands or flushing toilet paper. Essity is actively working on moving from a linear to a more circular value chain.

I Strategy and business model

Interests and views of stakeholders

How stakeholder views inform Essity's strategy and business model

Stakeholder interests and views are crucial for Essity since they influence Essity's long-term success. By understanding and addressing stakeholder concerns and questions, Essity builds stronger relationships, mitigates risks, seizes new opportunities and enhances its overall value proposition.

Through stakeholder dialogues, stakeholders' views and expectations are identified, which are integrated into Essity's strategy and business model. The company's long-term commitment of reaching net zero emissions by 2050 as well as the remaining sustainability targets, are the result of ongoing dialogues that are linked to the business strategy, the sustainability strategy and the value creation model.

The outcome of the systematic stakeholder dialogues is assessed in the separate responsibility areas. Material views and expectations with impacts on our 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 Essity's exchange with key stakeholders are mirrored in Essity's double materiality assessment.

Interaction with key stakeholders

	Employees and their families	Suppliers and other business partners	Customers and consumers	Governments and decision-makers	Local communities and society at large	Investors and analysts
Why we engage	Essity strives to create a culture where people thrive through providing opportunities to grow in a safe, sustainable and healthy environment	Essity encourages a strong relationship across the company's network of suppliers, to ensure compliance with the Supplier Code of Conduct and Business Partner Code of Conduct. By doing this, Essity fulfills customer requirements, fosters stable supplier relationships and secures access to sustainable raw materials.	By understanding customers' and consumers' needs and challenges, Essity ensures the delivery of superior products and solutions that meet those needs	Essity strives to anticipate and contribute to public policy (political decisions, legislative framework) to create a favorable business environment and to establish Essity as a credible contributor in matters of public policy and societal interest. Through partnerships Essity's reputation is enhanced.	We strive to be a dedicated partner in the communities in which we operate. By partnering with non-governmental organizations and civil society organizations we provide education, solutions and resources that empower individuals to participate fully in society at both local and global level.	Essity strives for transparency and understanding of the company's business, strategy, performance, risks and opportunities to facilitate informed decisions among current and potential investors. A proactive and continuous dialogue with investors and analysts allows Essity to capture expectations and questions and to build credibility and trust. Essity provides full and fair disclosure to the market on timely and impartial basis on matters that could affect the value of the Essity share.
Key collaboration topics	• Health and safety • Business ethics • Social dialogue • Employee well-being, experience and engagement • Diversity, Equity and Inclusion (DEI) • Training, development and career path • Code of Conduct	• Supplier Code of Conduct • Code of Conduct for Business Partners • 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	• Market share • Brand health • Customers' and consumers' insights • Innovation and product development • Quality • Sustainability	• Business environment (geopolitics, trade, industry competitiveness, digital) • Hygiene and health (care economy, women+'s health, antimicrobial resistance (AMR)) • Environment and Climate Policy	• Business environment (geopolitics, trade, industry competitiveness, digital) • Hygiene and health (care economy, women+'s health, AMR) • Environment and Climate Policy	• Strategy and targets • Financial and business performance • Sustainability related disclosures and performance • Risks and opportunities • Capital structure

Strategy and business model

Interaction with key stakeholders, cont.

	Employees and their families	Suppliers and other business partners	Customers and consumers	Governments and decision-makers	Local communities and society at large	Investors and analysts
Engagement channels	• Whistleblower system managed by external party available 24/7 in more than 25 languages • Ethics and compliance communication • Employee engagement survey • Individual development plans • Global and local newsletters • Messages from the CEO • Continuous constructive dialogues with employee representatives, both globally and locally • DEI initiatives such as Courageous Conversations, DEI leadership boards, DEI councils, DEI working groups • Company's RESH Committee	• Regular self-assessment through Sedex • Regular quality screening, due diligence and collaboration • Climate impact working groups • Capacity building initiatives • Ethical audits	• Sales representatives • Website and social media • Consumer in-home visits as well as usage and attitude tests • Consumer contact via phone and email • Brand health surveys • Customer satisfaction ratings • Consumer product testing • Lab testing • Trade shows and exhibitions • Market shares and household panels	• Stakeholder platforms and policy maker consultations • Regular meetings, dialogues and events • Position papers and case studies • Industry associations • Dialogue on industry wider topics	• Various programs in support of our communities around the world • Partnerships with non-governmental organizations • Contribution to research projects • Foundations, donations, volunteering and sponsorships • Website and social media	• Interim reports and presentations • Press releases, website and social media • Investor conferences and roadshows • Annual General Meeting • Annual report • Capital market days
Outcomes	• Considering employee perspectives in decision-making • Talent management strategy • High awareness of the whistleblower system among employees • Address concerns through dialogues with employee representatives • Essity Learning Compass (internal training platform) • I Care: Our safe and healthy workplace environment • Diversity Policy, DEI strategy and roadmap as well as target progression • Internal policy updates	• Compliance with the Supplier Code of Conduct and Code of Conduct for Business Partners • Reduced ethical and human rights risk in the value chain • Long-term relations with like-minded and strategically aligned suppliers	• A clear understanding of the needs of Essity's customers • Clear understanding of the company performance in comparison to competitors	• Understand the impact of public policy developments on Essity • Contribute to shape better policy outcome • Early warning to prepare business for impacts from the development of public policy decisions • Support the business in adapting strategies to meet or gain competitive advantages from public policy changes • Position Essity to be able to do any of the above/get government endorsement	• Availability of our products, solutions and services where needed • Understand society and public policy development impacts on Essity	• Understanding among the investors and analysts of Essity's business, strategy, performance, opportunities and risks • Understanding in Essity of investors' and analysts' views and questions related to Essity's business, strategy, performance, opportunities and risks

I Strategy and business model

Material impacts, risks and opportunities and their interaction with our strategy and business model

Essity has identified several sustainability matters in which the company has a significant impact on people and the environment from its own operations or from other parts of the value chain or where risks and opportunities linked to sustainability matters have a significant impact on the company's financial position.

For information on how the essential sustainability matters are related to Essity's strategy and business model, see pages 53–56.

In essence, the identified environmental, social and governance matters are all anchored and managed within Essity's strategic "how to win" pillars.

Material sustainability matters, impacts, risks and opportunities

Essity's double materiality assessment concluded that the sustainability matters highlighted in the tables below are material with regards to impacts, risks and opportunities.

The identification and assessment of climate-related risks and opportunities are an integral part of Essity's strategy development, which has the overall goal of creating a competitive advantage by developing sustainable innovations. Essity's operations are affected by increased transparency and design requirements stated in applicable industry directives, resulting in the need to develop its business model accordingly. Essity sees this as an opportunity to promote resource-efficient, low carbon and circular design. It also creates opportunities for new partnerships that enable the development of materials best suited to fit our purpose and achieve our goals. Climate-related risks and opportunities are evaluated in each business unit and in a centrally coordinated internal expert group that represents key functional competencies for climate-related matters in Essity.

Material impacts related to our own workforce arise through the need for human capital in Essity's business model, whilst material impacts on workers in the value chain are linked to Essity's need to purchase raw materials and finished goods as well as other goods and services.

A clear positive impact has been identified, linked to Essity's corporate culture and its approach to supplier management. However, potential negative impacts have been recognized, including risks related to corruption, bribery and the protection of whistleblowers.

For information on the identification of material impacts, risks and opportunities and how they were assessed, see page 61.

Material sustainability matters

E Environmental matters	Materiality characteristics: Value chain	Material impact	Financial effect	Assessment
Climate change: Adaptation		No material impact	Potential negative effect (risk)	Potential negative financial effect in the form of increased insurance and investments to respond to extreme weather such as heatwaves and flooding. Essity's dependence on natural resources deriving from forests may be increasingly at risk if climate change continues to evolve over time.
Climate change: Mitigation and greenhouse gas emissions		Actual negative impact	Potential negative effect (risk)	Actual negative impact in own operations, upstream and downstream due to greenhouse gas emissions generated in Scopes 1, 2 and 3 which impact climate change. Potential negative financial effect due to transitional climate-related risks such as regulation. Investments are needed to reduce greenhouse gas emissions, mitigate climate change and secure delivery against Essity's commitment to net zero emissions. Potential financial risks in increased carbon taxes may trigger further financial impacts.
Climate change: Energy		Actual negative impact	Potential negative effect (risk)	Actual negative impact in own operations and upstream due to energy-intensive processes where Essity and its suppliers are dependent on energy, both fossil-fuel based and renewables, when performing key business activities. Potential negative financial effect from dependencies in the form of price volatility and transitional risks such as energy shortages as well as risks related to regulation. Investments in energy efficiency and resilience may generate negative financial effects over time.
Water: Consumption, withdrawals and discharges		Actual negative impact	Potential negative effect (risk)	Actual negative impact in own operations due to water being consumed, withdrawn and discharged in production processes. Potential negative financial effect due to dependencies and physical water-related risks such as water scarcity.
Biodiversity loss, forest and fiber: Regulatory changes, shortage of fiber and alternative fibers		Potential negative impact	Potential negative effect (risk)	Potential negative impact upstream on forests and ecosystems via wood fiber and pulp sourcing. There is an indirect impact via suppliers if forests are not well managed. The identified risks are deforestation, habitat degradation, climate change, pollution and negative impacts on local communities. Potential negative financial effect with regulatory changes such as the EU Deforestation Directive and Kunming-Montreal Global Biodiversity Framework which may negatively impact availability and cost.
Circularity: Resource inflows, use of natural resources		Actual negative impact	No financial effect	Actual negative impact upstream due to the use of primary fossil fuel-based plastics and products in Essity's portfolio that contribute to negative climate impact. Essity's hygiene and health products include plastics to ensure necessary levels of sanitation, safety and functionality. These plastics end up as waste.
Circularity: Resource outflows, products and services		Actual negative impact	Potential negative effect (risk)	Actual negative impact downstream due to sales of consumables that are mostly linear relating to plastic pollution and waste on landfills. Potential negative financial effect related to transitional risks and regulatory changes, for example concerning single-use products and extended producer responsibility, which leads to increased costs.

Upstream activities Own operations Downstream activities

Strategy and business model

Material sustainability matters, cont.

Social matters	Materiality characteristics: Value chain	Material impact	Financial effect	Assessment
Own workforce: Work conditions, health and safety	Own operations	Actual negative impact Potential negative impact	No financial effect	An actual negative impact on own workforce has been identified due to minor incidents and ergonomic hazards leading to lost time (LTA). Potential negative impact due to the risk of life-threatening or permanent injuries. Impacts of such scale would be impossible or difficult to remediate. Although incidents of such nature are not likely to take place, Essity assesses health and safety as a material matter since it has a negative impact related to human rights.
Own workforce: Equal opportunity, diversity	Own operations	Potential positive impact	No financial effect	Potential positive impact related to diversity. Essity has several ambitions related to diversity, equity and inclusion that have shown good results. Essity also provides inclusive leadership trainings for managers, learning and engagement opportunities on diversity, equity and inclusion for all employees and leadership development programs for women in areas where they are underrepresented.
Own workforce: Equal opportunity, training and skills development	Own operations	Potential positive impact	No financial effect	Potential positive impact related to training and skills development. Essity supports continuous personal development through annual performance reviews and individual development plans. Essity manages academies that address both leadership and functional capabilities in addition to a range of different mentorship and coaching programs.
Own workforce: Equal opportunity, gender equality and equal pay	Own operations	Potential negative impact	No financial effect	Potential negative impact due to potential gender-related pay gaps between workers and an under-representation of women within the workforce. Essity addresses this by setting a gender-related target on management level.
Workers in the value chain: Work conditions, working time and health and safety	Upstream activities	Actual negative impact	No financial effect	Actual negative impact upstream related to working time as well as health and safety. Essity cooperates with suppliers in high-risk countries and high-risk sectors, such as service and logistics, that operate in accordance with our labor rights values. Whilst suppliers in high-risk countries are limited, Essity considers the matter since there is a potential negative human rights-related impact that has been concluded material.
Workers in the value chain: Other rights and forced labor	Upstream activities	Potential negative impact	No financial effect	Potential negative impact upstream due to suppliers operating in high-risk sectors and high-risk countries. Although the number of suppliers is limited, Essity still considers its impact as material since the irremediability is higher as Essity only has an indirect influence on its suppliers.
Consumers and end-users: Hygiene and health	Downstream activities	Actual positive impact	Actual positive financial effect (opportunity)	Actual positive impact related to consumers and end-users. Essity's products and services help people to live healthier and more active lives with the focus areas being women+'s health, the care economy, hygiene and sanitation as well as infection prevention and control. The impact generates revenue for every product sold and creates an actual financial opportunity.

Upstream activities | Own operations | Downstream activities

Governance matters	Materiality characteristics: Value chain	Material impact	Financial effect	Assessment
Governance: Corporate culture	Own operations	Actual positive impact	No financial effect	Actual positive impact in own operations by creating a positive work environment and corporate culture grounded in common values, procedures and behaviors set in policies and the company's Code of Conduct.
Governance: Protection of whistleblowers	Upstream activities, Own operations, Downstream activities	Potential negative impact	No financial effect	Potential negative impact in the whole value chain. Although Essity has an effective whistleblower system that includes the whole value chain, the potential impact is high because eventual incidents might be difficult to remediate.
Governance: Management of relationships with suppliers	Upstream activities	Actual positive impact	No financial effect	Actual positive impact upstream due to continuous involvement and collaboration with suppliers and traceability and enforcement of Global Supplier Code of Conduct.
Corruption and bribery: Prevention, detection, training and incidents	Upstream activities, Downstream activities	Potential negative impact	No financial effect	Potential negative impact upstream and downstream due to the risk of corruption and bribery in business relationships mainly in high-risk sectors and high-risk countries.

Upstream activities | Own operations | Downstream activities

I Impact, risk and opportunity management

Impact, risk and opportunity management

Description of the processes to identify and assess material impacts, risks and opportunities

Essity's initial double materiality assessment was conducted in 2023 and the basis for last year's sustainability reporting. In 2024, all steps of the assessment process were revisited. Essity's management and key internal stakeholders were consulted in the revisiting of the double materiality assessment.

For information about the matters that were identified as being material, see pages 59–60.

The double materiality process was applied on the time horizons presented on page 49. Essity forecasts the development of its double materiality assessment for the time horizons further in the future to be stable, with a few minor exceptions.

Double materiality assessment process

	1. Understanding	2. Identification	3. Assessment	4. Determination
Aim	**Review and update** the previous year's deep dive into Essity's business model and value chain to identify key stakeholders, related activities and relevant sustainability matters	**Identification** and description of potential material sustainability matters and their related impacts, risks and opportunities	**Assessment** of Essity's identified sustainability matters from the perspective of impact and financial materiality based on the insights gained in the preceding steps	**Determination** of material sustainability matters and impacts, risks and opportunities based on a defined threshold
Key activities	**1.1 Stakeholders** – Review identified key stakeholders to be engaged in the assessment process	**2.1 Identification of impacts, risks and opportunities** – Identifying and describing actual and potential material sustainability matters and their related impacts, risks and opportunities based on previously published reports, internal documents, external sources and the input from stakeholders and stakeholder experts	**3.1 Impact and financial materiality assessment workshops** – Quantitative assessment of the identified impacts and financial effects with stakeholder experts. For positive impacts, the scale and the scope of the impact have been considered, the level of irremediability was as well considered for negative impacts. Likelihoods have been analyzed for impacts that were of a potential nature. In addition to the impact materiality assessment, a financial materiality assessment has been performed, scoring the size and the likelihood of identified risks and opportunities.	**4.1 Consolidation of assessment results** – Aggregation and review of the results to determine Essity's final list of impacts, risks and opportunities along the value chain
	1.2 Value chain analysis – Mapping of Essity's activities along the value chain (i.e. upstream, own operations and downstream)			**4.2 Application of materiality threshold** – To further concentrate on the topics most essential to Essity, a materiality threshold has been applied to the identified impacts, risks and opportunities
	1.3 Identification of entity-specific disclosures – Analysis of Essity's business model, previously reported topics and industry-specific sustainability matters	**2.2 Review of scoring mechanism** – The scoring mechanism which has been used in the previous year and is linked to pre-existing risk and impact assessments has been reviewed		**4.3 Involvement of Executive Management Team and Board of Directors** – The aggregated results of the double materiality assessment were validated by the Executive Management Team, discussed with the Audit Committee and subsequently reported to the Board of Directors

Stakeholder engagement and validation →

E EU taxonomy report

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. The EU has for this industry and the subordinated economic activities not yet determined any technical screening criteria to define environmentally sustainable economic activities.

Consequently, Essity's turnover, capital expenditure and operating expenditure are not covered by the taxonomy regulation for this accounting period. Nevertheless, Essity is obligated to report on its respective KPIs for turnover, CapEx (capital expenditures) and OpEx (operating expenditures).

Based on guidance from the FAR, the institute for the accountancy profession in Sweden, all companies that are required to report on the EU taxonomy must present the first table in Annex 12 of the Nuclear Power and Gas Delegated Act regardless of the company conducting any nuclear/gas activities or not. Essity has no nuclear energy power operations to report. In this report, gas has not been reported as Essity uses gas only for own use. Thus, nuclear power and gas operations are not included in Essity's key figures.

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosures covering year 2024

	2024			Substantial Contribution Criteria						DNSH criteria (Do No Significant Harm)									
Financial Year 2024 Economic Activities (1)	**Code (2)**	**Turnover (3)**	**Portion of turnover, 2024 (4)**	**Climate Change Mitigation (5)**	**Climate Change Adaptation (6)**	**Water (7)**	**Pollution (8)**	**Circular Economy (9)**	**Biodiversity (10)**	**Climate Change Mitigation (11)**	**Climate Change Adaptation (12)**	**Water (13)**	**Pollution (14)**	**Circular Economy (15)**	**Biodiversity (16)**	**Minimum Safeguard (17)**	**Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) turnover, year 2023 (18)**	**Category enabling activity (19)**	**Category transitional activity (20)**
		SEKm	%	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)[1]																			
No economic activities		–	–	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N	N	N	N	N	N	–	–	–	–
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–		
Of which Enabling		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	E	
Of which Transitional		–	–	–						–	–	–	–	–	–	–	–		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)[1]																			
				EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL										
No economic activities		–	–	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		–	–	–	–	–	–	–	–								–		
A. Turnover of Taxonomy eligible activities (A.1. + A.2.)		–	–	–	–	–	–	–	–								–		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities (B)		145,546	100%																
TOTAL		145,546	100%																

For further information on turnover, please refer to the consolidated income statement on page 116 or Note B1 Net sales – Revenues from contracts with customers on page 129.

Abbreviations used in the table: Y: Yes, N: No, EL: Taxonomy eligible, N/EL: Not taxonomy eligible, E: Enabling activities, T: Transitional activities.

1) The shaded area is not to be reported in accordance with Delegated Regulation (EU) 2023/2486.

E EU taxonomy report

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosures covering year 2024

	2024			Substantial Contribution Criteria						DNSH criteria (Do No Significant Harm)									
Financial Year 2024 Economic Activities (1)	**Code (2)**	**CapEx (3)**	**Portion of CapEx, 2024 (4)**	**Climate Change Mitigation (5)**	**Climate Change Adaptation (6)**	**Water (7)**	**Pollution (8)**	**Circular Economy (9)**	**Biodiversity (10)**	**Climate Change Mitigation (11)**	**Climate Change Adaptation (12)**	**Water (13)**	**Pollution (14)**	**Circular Economy (15)**	**Biodiversity (16)**	**Minimum Safeguard (17)**	**Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) CapEx, year 2023 (18)**	**Category enabling activity (19)**	**Category transitional activity (20)**
		SEKm	%	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)[1]																			
No economic activities		–	–	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N	N	N	N	N	N	–	–	–	–
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–		
Of which Enabling		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	E	
Of which Transitional		–	–	–						–	–	–	–	–	–	–	–		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)[1]																			
				EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL										
No economic activities		–	–	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL										
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		–	–	–	–	–	–	–	–								–		
A. CapEx of Taxonomy eligible activities (A.1. + A.2.)		–	–	–	–	–	–	–	–								–		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		8,543	100%																
TOTAL		8,543	100%																

The key figure for capital expenditure comprises investments in intangible asset SEK 498m, in property, plant and equipment of SEK 6,904m and additions to right-of-use assets of SEK 1,141m. Refer to Notes D1, D2 and G1 on pages 151, 153 and 171. Abbreviations used in the table: Y: Yes, N: No, EL: Taxonomy eligible, N/EL: Not taxonomy eligible, E: Enabling activities, T: Transitional activities.

1) The shaded area is not to be reported in accordance with Delegated Regulation (EU) 2023/2486.

E EU taxonomy report

Proportion of OpEx from products or services associated with economic activities – disclosures covering year 2024

Financial Year 2024 Economic Activities (1)	2024			Substantial Contribution Criteria						DNSH criteria (Do No Significant Harm)									
	Code (2)	OpEx (3)	Portion of OpEx, 2024 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguard (17)	Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) OpEx, year 2023 (18)	Category enabling activity (19)	Category transitional activity (20)
		SEKm	%	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)[1]																			
No economic activities		–	–	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N	N	N	N	N	N	–	–	–	–
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–		
Of which Enabling		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	E	
Of which Transitional		–	–	–						–	–	–	–	–	–	–	–		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)[1]																			
				EL,N/EL	EL,N/EL	EL,N/EL	EL,N/EL	EL,N/EL	EL,N/EL										
No economic activities		–	–	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL										
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		–	–	–	–	–	–	–	–								–		
Total (A.1. + A.2.)		–	–	–	–	–	–	–	–								–		

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES		
OpEx of Taxonomy-non-eligible activities	5,523	100%
TOTAL	5,523	100%

Applies to costs for research and development as well as short-term leases where the underlying assets have a low value.
Abbreviations used in the table: Y: Yes, N: No, EL: Taxonomy eligible, N/EL: Not taxonomy eligible, E: Enabling activities, T: Transitional activities.

1) The shaded area is not to be reported in accordance with Delegated Regulation (EU) 2023/2486.

E EU taxonomy report

Nuclear and fossil gas related activities

Nuclear energy related activities	YES/NO
The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
The undertaking carries out, funds or has exposure to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO

Fossil gas related activities	YES/NO
The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
The undertaking carries out, funds or has exposures to construction, refurbishment and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

E Climate change

Climate change

Why combating climate change matters

Greenhouse gas emissions drive rising global temperatures, leading to severe environmental consequences such as glacial melting, rising sea levels, extreme weather events and biodiversity loss. About 30% of Essity's greenhouse gas emissions originate from our own production. Reducing emissions from our own operations and throughout our entire value chain is a priority. Essity has the scale and reach to act and contribute to a collective transformation, which is crucial to prevent the severe global effects on individuals, Essity's business and societies.

Sustainability matters	Value chain	Material impact	Financial effect
Climate change adaptation		No impact	Potential negative effect (transitional risk)
Climate change mitigation		Actual negative impact	Potential negative effect (physical and transitional risk)
Energy		Actual negative impact	Potential negative effect (physical and transitional risk)

Upstream activities Own operations Downstream activities

Journey to net zero emissions– climate transition

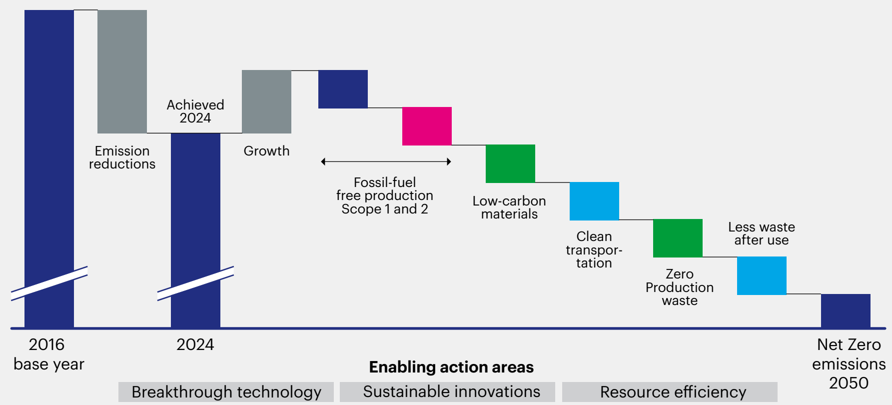


Illustration of climate transition plan

Governance

Integration of sustainability-related performance incentive schemes

For information on the integration of climate-related targets in incentive programs, see page 145.

Strategy

Transition plan for climate change mitigation

Resource consumption, consequential climate change and sustainability challenges are all deeply interconnected with far-reaching impacts on communities and businesses. Essity has initiated work on a comprehensive transition plan to achieve net zero emissions by 2050, consisting of eight key action areas. Building a sustainable future requires collective action. Essity is well-positioned, through its scale and reach, to contribute to the net zero transformation and address this global challenge.

Aligned with the Paris Agreement

Essity's ambition is consolidated in an initial climate transition plan that continuously evolves. The ambition is accompanied by science-based targets for Scope 1, 2 and 3, which have been validated by the Science Based Targets initiative (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 plans 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 delivery of the science-based targets along specific roadmaps with key focus areas according to the highest environmental impact of the respective area of the business. A central steering group is established, coordinating activities and continuously tracking progress.

Climate change

The climate transition plan to reduce Essity's greenhouse gas emissions and achieve our targets, consists of the following eight key action areas:

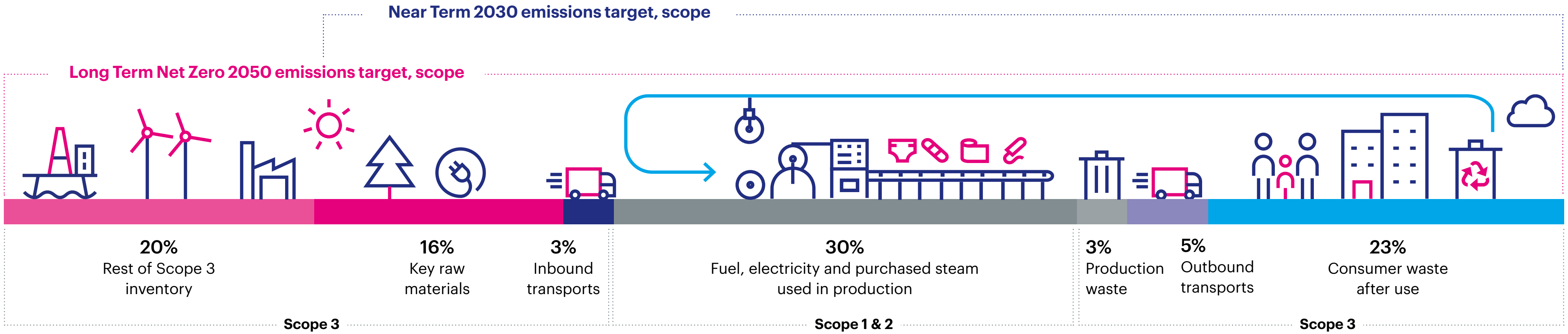
- **Sustainable innovations** – We develop products and solutions that require less material and that use low carbon materials in their production. Our key strategies focus on reusable products and designing to reduce consumption.
- **Low-carbon materials** – Essity strives to use materials resulting in lower greenhouse gas emissions. The largest share of greenhouse gas emissions from purchased raw materials is from fresh fiber, and fossil fuel-based plastic used in our products and packaging. Here, collaborations with suppliers aiming to encourage them to increase usage of renewable energy and develop renewable products is key.
- **Fossil fuel free tissue production** – Because our tissue manufacturing is an energy-intensive process, transitioning to fossil fuel free tissue production is one of our most crucial tasks for achieving net zero emissions by 2050.
- **Resource efficiency** – Essity has extensive experience working with resource efficiency across the value chain, including our M-Save and E-Save programs that are focused on material and energy efficiency in our production process.
- **Breakthrough technology** – Essity explores future tissue technology to reduce resources such as water and energy currently used in tissue production.
- **Zero production waste** – To reduce waste to landfill by increasing the recovery and recycling of our production waste, Essity turns, where possible, production waste into a valuable resource.
- **Clean transportation** – Sustainability is integrated into Essity's global transportation model. Emission factors are used as criteria for optimizing load planning and carrier selection.
- **Less waste after use** – We take action to reduce waste after use through our packaging commitments and by innovating recycling processes to create new life after use.

For information on our progress towards implementing the transition plan, see pages 70–71.

Compliance with EU Paris-aligned benchmarks

Based on available information, Essity is not excluded from any EU Paris-aligned benchmarks since the nature of Essity's business is not defined by any of the exclusion criteria.

Essity's greenhouse gas emissions inventory (10.1 million ton CO_2e, base year 2016)



E Climate change

We have come far and we will not stop here
A healthy environment is crucial for the well-being of individuals and communities. Essity, therefore, strives to meet the increasing demand for hygiene and health while minimizing the climate-related footprint through the entire value chain. Our success depends on adapting to climate change, mitigating climate impact throughout the value chain and becoming energy efficient. We must reduce emissions to secure long-term commercial viability. This includes reusing and sourcing new renewable raw materials, optimizing production to use fewer resources, improving transportation efficiency and adopting reusable or recyclable packaging. By minimizing material use, embracing innovative designs and prioritizing recycling, we can reduce waste and contribute to a more sustainable future.

Material impacts, risks and opportunities and their interaction with our strategy and business model

Climate change adaptation

Essity has identified a potential negative financial risk in the form of increased insurance costs and increased investments, as a response to extreme weather such as heatwaves and flooding. Essity is dependent on natural resources, of which especially forests, may be at risk if climate change continues to evolve over time.

Inability to reduce greenhouse gas emissions may lead to increased restrictions and/or taxes on emissions that could impact overall costs. Potential changes in consumption patterns may negatively affect future income.

Climate change mitigation

There is an actual negative impact regarding climate change mitigation in Essity's own operations and in activities along the full value chain as these emits greenhouse gas emissions. Transitional climate change risks such as regulations can potentially have a negative financial effect. To mitigate climate change, additional investments are needed to reduce greenhouse gas emissions and to continue to deliver on Essity's commitments to achieve net zero.

Essity's commitment to achieve net zero emissions by 2050 is accompanied by science-based targets for Scope 1, 2 and 3, encompassing the entire value chain. Not achieving these targets constitutes a risk for Essity, potentially resulting in reputational loss and/or revenue losses. It may also lead to challenges in connection with raising and gaining access to capital and financing.

Energy

Energy-intensive processes in the operations for Essity and our suppliers result in an actual negative impact on our own operations and our upstream value chain. Dependencies on energy can lead to price volatility and transitional risks, which potentially can lead to negative financial effects, for example related to new regulations. Investments in energy transition may lead to negative financial effects on the operations.

There are opportunities for Essity to increase energy efficiency during the production phase and use fossil-free energy to limit emissions. Greenhouse gas emissions in the value chain can be reduced by focusing on the design of products and waste after use. These measures pose opportunities to attract customers and consumers through new products while maintaining performance with a reduced carbon footprint.

Essity's strategy is aligned with the global trend of policymakers implementing increasingly rigorous climate targets and demands, while promoting a significant increase in investment in fossil-free energy. Essity must commit to progressively increase efforts to meet more ambitious climate targets. We continue to execute our energy transition according to the science-based targets.

For additional information on material impacts, risks and opportunities, see pages 59–60.

Impact, risk and opportunity management

Description of the processes to identify and assess material climate-related impacts, risks and opportunities

Essity's detailed climate-risk analysis is based on the recommendations of the framework of the Task Force on Climate-related Financial Disclosures (TCFD) and it was first conducted in 2020.

In 2022, a more in-depth scenario analysis was conducted based on two different climate scenarios, valid for the operations as well as for business continuity. This is performed with a ten-year perspective to enable identification of long-term strategic actions and priorities. Conclusions from the climate-risk analysis have been continuously confirmed.

The two key scenarios are:
- **Scenario 1** – Global warming of 1.5°C
- **Scenario 2** – Global warming of 4°C

The climate-risk analysis has informed the development of the transition plan for climate change as well as the activities and roadmaps related to the eight key action areas. It has also had an impact on Essity's strategy and the Sustainability Playing Field.

E Climate change

Scenario 1: Global warming of 1.5°C[1)]
In this scenario, global warming is limited to no more than 1.5°C by 2100 through, for example, global collaboration between governments, industries, companies and individuals pushing for tougher legislation, green innovations and rising demand for environmentally friendly products, solutions and services. Carbon emissions are strictly limited, and carbon tax is 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 post-use solutions for single-use products to reduce waste impact operational costs • Limitations on water use in production impacts production costs • Consumer behavior and preferences move toward lower use of plastics • Continued increase in demand leads to shortage of fresh wood-based fiber, in turn resulting in raw materials 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 solutions 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 solutions

Scenario 2: Global warming of 4°C[2)]
In this scenario, global warming will reach 4°C by 2100, for example, due to the failure to effectively reduce emissions and other negative environmental impacts. Extreme weather becomes more frequent, with rising sea levels, and the progressing of desertification and deforestation. Sea levels continue to rise, desertification and deforestation continue. Access to key resources such as raw materials, energy, water and food declines, resulting in greater volatility and uncertainty for prices and food security.

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 behavior • 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 solutions are prioritized	• Safeguarded production and sourcing in regions at risk builds trust in and loyalty to Essity's brands

Essity's overall approach to identify and assess material climate-related impacts, risks and opportunities is described on page 61.

1) The scenario includes consideration of Shared Socioeconomic Pathways (SSP) scenarios 1-1.9 and the International Panel for Climate Change (IPCC) scenario (RCP scenario 2.6).
2) The scenario includes consideration of Shared Socioeconomic Pathways (SSP) scenarios 3-7.0 and the International Panel for Climate Change (IPCC) scenario (RCP scenario 6-8.5).

E Climate change

Policies related to climate change mitigation and adaptation

Activities related to climate change adaptation, climate change mitigation and energy are aligned with several governing documents and policies 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 environmental, social and economic value creation. Essity continuously reviews and challenges its targets to reduce its global impact on the climate. We promote appropriate, recognized environmental management systems throughout the organization. Essity has a long-term commitment to sustainable forestry practices and preservation of biological diversity to contribute to the limiting of climate change. Through responsible fiber sourcing Essity ensures that none of the wood fiber in the Group's products stems from controversial sources. All fresh wood fiber-based raw material in our products should be FSC or PEFC certified or fulfill the FSC standard for controlled wood.

The Essity GHG Accounting Manual outlines the accounting and reporting approach for Scope 1, 2 and 3 greenhouse gas emissions for Essity at a corporate inventory level to implement the requirements of the GHG Protocol Corporate Accounting and Reporting Standard and the Corporate Value Chain (Scope 3) Standard. The GHG Accounting Manual is owned and approved by Group Finance and material changes are brought to the Audit Committee.

To ensure long-term success in a competitive and increasingly regulated environment, Essity conducts assessments and maps various greenhouse gas risks. Essity's efforts regarding its corporate greenhouse gas inventory serves several business goals, including but not limited to:
- Managing greenhouse gas risks and identifying reduction opportunities
- Participation in emission trading programs such as EU and UK ETS
- Public reporting and participation in voluntary greenhouse gas programs and initiatives such as the CDP and SBTi
- Mandatory reporting, such as ESRS and the EU Taxonomy

The Sustainability Policy and the GHG Accounting Manual are implemented throughout Essity. For information on Essity's Sustainability Policy, see page 51.

Actions and resources in relation to climate change policies

Essity is well on track to deliver absolute emission reductions of 35% for Scope 1 and 2 as part of its SBTi validated near-term targets. During 2024, Essity continued its efforts on global sharing, implementing best practices and digital follow-up of resource efficiency across production facilities. We also made major investments in state-of-the-art technology, such as heat and fiber recovery, and improved process controls and equipment.

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

Sustainable innovations

Through continuous development and improvements, Essity has reduced the carbon footprint of the company's different product offerings by up to 47% over a 15-year period in Europe. Essity's Group target is that at least 50% of the company's innovations are to yield social and/or environmental improvements. In 2024, the combined outcome was 87%, where several innovations met both social and environmental improvements. The environmental innovations in isolation accounted for 55%. Essity supports sustainable consumption through different activities. These include the expansion of reusable products, solutions and services that reduce volume consumption, such as absorbent underwear for menstrual health and incontinence, and digital services like the TENA SmartCare Change Indicator.

Low-carbon materials

We collaborate with our suppliers to develop sustainable products from alternative, renewable and recycled materials and encourage them to establish their own climate targets and increase the use of renewable energy.

Fossil fuel free tissue production

To achieve net zero emissions by 2050, Essity is taking measures that include the increased use of low-carbon hydrogen, biomass, biogas, geothermal steam, solar power and electrification for our tissue production processes.

In 2023, by using renewable hydrogen at the production facility in Mainz-Kostheim, Germany, we became the first company in the industry to produce tissue in a carbon-free production process. By completely replacing natural gas with biogas and shifting to certified renewable electricity, our Lilla Edet production facility in Sweden reduced its CO_2 emissions to zero during normal production, becoming the world's first large-scale tissue production facility capable of carbon-free production.

In 2024, among several other investments, we commissioned the world's first tissue production machine operating on geothermal steam in Kawerau, New Zealand.

Resource efficiency

Essity reduced greenhouse gas emissions per ton produced by 25% between 2005 and 2024, in part because of our M-Save and E-Save programs. We have also made major investments in state-of-the-art technology, such as heat and fiber recovery, and improved process controls and equipment.

Breakthrough technology

Since 2021, Essity has been manufacturing tissue using pulp made from wheat straw, and in 2022 we launched our first products containing wheat straw. Essity's facility in Mannheim, Germany, is the world's first facility in the tissue industry to use these agricultural by-products for large-scale production, which reduces the environmental impact by 20% compared to fresh fiber or recycled fiber.

Zero production waste

Some of the production waste by-products can be sold to other industries as a potential resource inflow. Essity is investing in waste valorization research and pilot projects to treat and transform the current production waste streams into more reusable forms, contributing to zero production waste.

Clean transportation

Within logistics we partner with our service providers to shift towards low-emission transportation options. We reduce emissions in our transportation network by maximizing load-fill, optimizing routes and transportation modes. Essity has continuously been introducing low emission vehicles such as multifuel vehicles using liquified natural gas, electricity and hydrotreated vegetable oil into our operations based on market availability.

E Climate change

Less waste after use
To reduce waste from our products and packaging across the entire life cycle, we follow our principles Reduce, Reuse and Recycle. In 2024, we continued to develop and launch our assortment of reusable and hybrid products. Within Feminine Care, fossil-free and plastic-free day pads, night pads, and panty liners were launched, resulting in a lower climate impact. In Consumer Tissue, a compostable household paper was introduced, and in Professional Hygiene, Tork OptiServe® Coreless was launched—a new toilet paper system focused on efficiency, sustainability, and an improved user experience.

Collaborations to reduce environmental impact
Essity works with various key stakeholders, such as public authorities or other policymakers. These include the EU and OECD, intergovernmental organizations and non-governmental organizations such as the Ellen MacArthur Foundation and the SBTi. Essity joined the UN Global Compact's Business Ambition for 1.5°C in 2021. The CDP, World Resources Institute and World Wide Fund for Nature support the platform. It allows collaboration between companies and critical stakeholders to address climate change mitigation and adaptation.

Metrics and targets

Targets related to climate change mitigation and adaptation

Essity's overall ambition to achieve net zero greenhouse gas emissions throughout the value chain by 2050 is applicable to wholly owned companies. Essity's energy efficiency program, E-Save, will remain a cornerstone of the company's work to reduce energy use and emissions. It is strongly linked to our commitment to science-based targets for Scopes 1 and 2.

We have set the following targets to achieve net zero greenhouse gas emissions throughout our value chain by 2050:

- Near-term absolute emissions reduction targets to reduce our Scope 1 and 2 emissions by 35% and Scope 3 emissions by 35% by 2030, relative to a 2016 baseline
- A long-term commitment to achieve net zero emissions covering Scope 1 and 2 and Scope 3 by 2050 in absolute terms

Essity's climate-affecting emissions are divided into three different Scopes depending on origin. Scope 1 and 2 are directly and indirectly linked to Essity's production. Scope 3 reports other indirect emissions in Essity's value chain. Our near-term target for Scope 1 and 2 is aligned with the SBTi WB2C (well-below 2°C) pathway. For Scope 1 and 2, both the near-term 2030 and long-term 2050 target has the same scope and boundary. 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 company's own production and product waste after use. These categories represent most of the total Scope 3 emissions in the value chain.

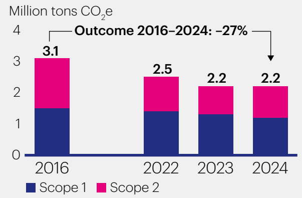
Essity's science-based targets for reduction of greenhouse gas emissions conform with the SBTi's Corporate Net-Zero Standard and have been validated by SBTi, aligning with the Paris Agreement to limit global warming to 1.5°C above pre-industrial levels.

Sustainability targets and assessment of outcome

Science-based emissions targets, near-term

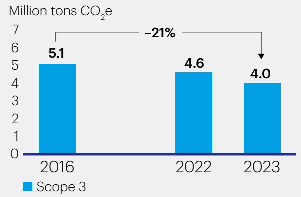
Scope 1 and 2

Target 2030: –35% Outcome: –27%



Scope 3[1)]

Target 2030: –35% Outcome: –21%[2)]



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 company's own production and product waste after use.
2) Outcome in 2023.

Energy consumption and mix

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. Surplus heat is created during the onsite combustion of fuel, some of which is reused by Essity in production processes, while a minor share is sold externally.

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.

E Climate change

Energy

	2024	2023	2022	2021	2020
Production, kton	**3,276**	**3,261**	**3,504**	**3,410**	**3,508**
Purchased electricity, GWh	**3,881**	**3,838**	**4,192**	**4,041**	**4,062**
Renewable electricity purchased	772	614	378	345	402
Grid electricity purchased	3,109	3,224	3,814	3,696	3,660
Photovoltaic electricity generated, GWh	**9**	**1**	–	–	–
Purchased Heat/steam, GWh	**219**	**233**	**182**	**195**	**206**
Heat/steam renewable	70	82	87	90	96
Geothermal steam	71	83	68	75	70
Heat/steam non-renewable	78	68	27	30	40
Total fuels, GWh	**7,088**	**7,132**	**7,845**	**7,767**	**7,884**
Biofuels	1,080	1,081	1,181	1,178	1,129
of which wood fuels	176	168	188	197	161
of which black liquor	773	787	862	901	884
of which other biofuels	131	126	131	80	84
Fossil fuels	6,008	6,051	6,664	6,589	6,755
of which natural gas	5,873	5,908	6,502	6,300	6,463
of which coal	6	5	6	159	164
of which oil	122	131	148	123	123
of which other fossil fuels	7	7	8	7	5
Total energy (gross), GWh	**11,197**	**11,204**	**12,219**	**12,003**	**12,153**
Total renewable energy (gross)	2,002	1,861	1,713	1,688	1,697
Total non-renewable energy and grid electricity (gross)	9,195	9,343	10,506	10,315	10,456
Energy sold, GWh	**149**	**45**	**251**	**249**	**248**
Renewable energy sold	40	0	135	166	167
Non-renewable energy sold	109	45	116	83	81
Total energy (net), GWh	**11,048**	**11,159**	**11,968**	**11,754**	**11,905**
Total renewable energy	1,962	1,861	1,578	1,522	1,530
Total non-renewable energy	9,086	9,298	10,390	10,232	10,375
Energy intensity, GWh/kton	**3.372**	**3.448**	**3.416**	**3.447**	**3.393**

Gross Scope 1, 2 and Scope 3 and total greenhouse gas emissions

Essity calculates its greenhouse gas emissions across Scope 1, 2 and Scope 3. We employ the operational control approach in line with the GHG Protocol. Scope 1 and 2 emissions involve calculations directly linked to Essity's production facilities and include direct emissions from fuel consumption (Scope 1) and indirect emissions from the use of purchased energy (Scope 2). Scope 3 consists of estimated indirect emissions in Essity's upstream and downstream value chain and are reported with a one-year delay to enable data collation from the 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 (CO_2), methane (CH_4) and nitrous oxide (N_2O).

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), 2021 (Scope 2 emissions, location-based and market-based)

For the Near-term emissions target for Scope 1 and 2, the emissions-reduction outcome in 2024 was –27% and for Scope 3, the emissions reduction outcome in 2023 was –21%, all measured against the base year 2016.

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 landfilling practices, including methane capture in each area.

For the other key Scope 3 emissions categories, Essity conducts estimates of emissions using the company'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

Greenhouse gas (GHG) emissions, kton CO_2e

	2024	2023	2022	2021	2020	2016 (Target Base year)
Scope 1 GHG emissions						
Gross Scope 1 GHG emissions	1,230	1,239	1,365	1,371	1,406	1,539
Scope 1 GHG emissions from regulated emissions trading schemes, %	59	59	61	59	59	
Scope 1 GHG emissions reduction (as of emissions of base year), %	20	19	11	11	9	
Scope 2 GHG emissions						
Gross market-based Scope 2 GHG emissions	1,219	1,267	1,496	1,353	1,273	1,819
Scope 2 GHG emissions (market-based) reduction (as of emissions of base year), %	33	30	18	26	30	
Gross location-based Scope 2 GHG emissions	1,011	993	1,154	1,203	1,270	1,513
Scope 2 GHG emissions (location-based) reduction (as of emissions of base year), %	33	34	24	20	16	
Total Scope 1 and 2 (location-based) GHG emissions	**2,241**	**2,232**	**2,519**	**2,574**	**2,676**	**3,052**
whereof CO_2	2,233	2,224	2,510	2,565	2,667	3,042
whereof N_2O	4	4	4	4	4	5
whereof CH_4	4	4	5	5	5	5
Prior year adjustment[1]		–13	89	184	254	
Total Scope 1 and 2 GHG emissions (location-based) reduction (as of emissions of base year), %	**27**	**27**	**17**	**16**	**12**	

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

Scope 3 GHG emissions, kton CO_2e

	2023	2022	2016
Significant Scope 3 GHG emissions, corresponding to SBTi Near-term target 2030			
Total indirect (Scope 3) GHG emissions	**3,996**	**4,540**	**5,050**
whereof SC 3.1 Purchased goods and services (key raw materials)	1,235	1,369	1,608
whereof SC 3.4 Upstream transport	712	815	861
whereof SC 3.5 Production waste	146	179	277
whereof SC 3.12 End-of-life treatment of sold products	1,903	2,177	2,304
Scope 3 GHG emissions reduction, Near-term target 2030 scope, %	**21**	**10**	
Other Scope 3 GHG emissions, included in Long-term SBTi target 2050	**2,139**	**2,117**	**2,003**
Total Scope 3 GHG emissions	**6,135**	**6,657**	**7,053**

Total Scope 1, 2 and 3 GHG emissions, kton CO_2e

	2023	2022	2016
Total Scope 1, 2 and 3 GHG emissions (location-based)	8,367	9,176	10,104
Percentage of total GHG emissions reduction from base year (location-based)	17	9	
Total Scope 1, 2 and 3 GHG emissions (market-based)	8,641	9,518	10,410
Percentage of total GHG emissions reduction from base year (market-based)	17	9	

Air emissions: GHG Biogenic CO_2-emissions, kton

	2024	2023	2022	2021	2020	2016
Scope 1, from biofuel use	417	431	469	475	455	526
Scope 2, from purchased steam	42	44	37	39	38	2

Other air emissions[1], ton

	2024	2023	2022	2021	2020
NOx as NO_2	1,143	1,330	1,450	1,587	1,740
SOx	113	197	189	463	488
Particulate matter	68	86	85	100	85

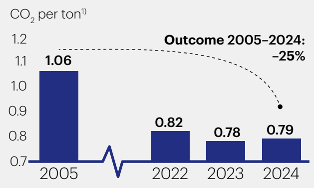
1) Other air emissions from use of fuel in production facilities.

Energy intensity per net revenue

	2024
Total Scope 1 and 2 GHG emissions (location-based) per net revenue (tCO_2e/SEKm)	**15**
Change compared with previous year (%)	2

CO_2–intensity

Outcome 2005–2024: –25%



1) Refers to wholly owned Essity Tissue production facilities.

E Water

Water

Why water matters

Water is essential for life and a prerequisite for diverse and healthy ecosystems, yet only 1% of the Earth's water is usable freshwater. As climate change intensifies, water stress increases, affecting people, societies, ecosystems and contributing to biodiversity loss. Water shortages and water contamination pose significant challenges and may also negatively impact on people, societies, and the environment. Inefficient water use not only exacerbates these challenges but also increases the risk of biodiversity loss. This intricate connection affects our global ecosystem. It also directly influences Essity's operations, emphasizing the crucial importance of responsible water management in our processes.

Sustainability matters	Value chain	Material impact	Financial effect
Water consumption, withdrawals and discharges	Own operations	Actual negative impact	Potential negative effect (risk)

Upstream activities Own operations Downstream activities

Impact, risk and opportunity management

Description of the processes to identify and assess material water related impacts, risks and opportunities

For information on the process to identify and assess material impacts, risks and opportunities related to water, see page 61.

Policies related to water

In areas where Essity has identified significant water risks, Essity is committed to reducing water consumption within our operations. According to Essity's RESH Policy, Essity shall meet or exceed applicable legal requirements for compliance with environmental issues, including water. Essity already has well-established local procedures and processes to meet these requirements. To ensure consistency across all facilities, we are currently developing a global water policy that covers water usage, water management, and wastewater treatment, as well as securing continuous wastewater treatment systems. The policy, together with the local procedures, will ensure sustainable use and sourcing of water in our operations.

For more information about Essity's RESH Policy, see page 51.

Actions and resources related to water

Essity's impact on water mainly comes from our tissue production, as water is necessary to transport fiber during the papermaking process. In areas with water-stress where Essity has tissue production facilities, water shortages could disrupt our operations and have a negative impact on local communities. This could risk Essity losing its social license to operate in these areas.

In 2023–2024, Essity conducted a detailed technical survey to analyze internal water use and to identify best practices based on the top-performing facilities. The aim was to establish a benchmark for water usage and identify sites located in water-stressed areas. The survey covered key aspects such as current water consumption, water risk identification, and the prioritization of actions.

Eight of Essity's tissue production facilities were identified as being in areas of high risk of water-related stress due to a combination of physical, regulatory and reputational factors.

We assess water-related risks for our tissue production facilities, considering geographical and operational factors and recognizing the diverse challenges water presents worldwide. Essity addresses its impact on water resources by taking a proactive stance so that it is ready to manage emerging contaminants and heightened regulatory requirements. Thereby, Essity continuously develop our existing wastewater treatment technologies.

Essity has installed wastewater treatment technology in the majority of our production facilities and we continue to invest in this area when new facilities are added. By recirculating water in our tissue production process several times, we reduce water intake and pollutant loadings within effluent water discharges, while also helping to reduce energy use for water heating needs. Water is treated after use, monitored and discharged to meet or exceed regulatory requirements.

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. Process water that is not directly discharged or which leaves the site untreated is sent to third parties, such as publicly or privately owned treatment facilities, prior to final discharge. This is completed in a manner that complies with regulatory requirements.

Another daily water use in the production facilities is cooling water. Cooling water has been heated through heat exchange to cool equipment or processes and is therefore considered noncontact.

Investments and partnerships

Essity continues to invest in research into technology, pilot projects and other water use and quality initiatives as appropriate to remain a sustainability leader. We will also increase our focus on compliance with expanded regulations, including those regarding emerging contaminants of concern. For many years Essity has worked to reduce the levels of suspended solids and biological oxygen demand (BOD) in discharged effluent water. We also keep abreast of upcoming regulations regarding emerging contaminants to be prepared to adjust operations and treatment needs accordingly. Essity has entered an exclusive partnership with the global technology company Voith to develop a tissue-making process that has the potential to reduce energy use and greenhouse gas emissions while cutting water consumption by up to 95%. In August 2024 Voith and Essity received funding to continue the project.

E Water

Targets and metrics

Targets related to water

The 2023 water baseline assessment was followed up in 2024 by a detailed study on water use, at the water-stressed and other sites, to identify best practices and to be able to set priorities. The study included sites that are exposed to an increased risk of extreme weather conditions that result in, for example, drought or flooding.

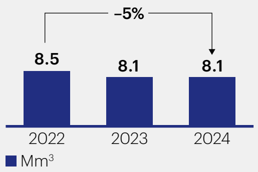
Based on the results of the 2024 water study, Essity set an ambitious target to reduce freshwater intake by 25% at eight tissue sites in water-stressed regions by 2032, using 2022 as the baseline. The target addresses the water consumption at sites with the highest risk of water stress and focuses on reduction of water intake at water-stressed sites where criteria for priority setting were established.

The study also identified over 100 best practices for water use applicable to Essity's manufacturing facilities. These practices go beyond water flow and volume to include water quality, minimum requirements for recirculating treated effluent, and optimizing water treatment to enhance wastewater quality. This initiative supports the development of a broader strategic vision for Essity to address water consumption and improve sustainability efforts in water-stressed regions.

Water

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

Target: –25% Outcome: –5%



Water consumption

In 2024, Essity's total water consumption was 8 million m³. Overall, the water intensity, water consumption in relation to production volumes, was 40% in the eight tissue production facilities located in water-stressed areas, compared with Essity's total water intensity for its tissue operations. The eight sites in water-stressed areas accounted for 9% of Essity's total water intake. The cooling water has been heated through heat exchange to cool down equipment or processes and is therefore considered indirect. Surface water, which represents the largest share of water intake, must sometimes be treated before use in production, for example, when it is purified from dissolved and suspended solid content.

Water

Water, Mm³	2024	2023	2022	2021	2020
Water intake	**93**	**97**	**97**	**93**	**92**
of which surface water	69	72	72	70	68
of which ground water	18	19	19	17	18
of which municipal water systems	6	6	6	6	6
of which rainwater and water from third party	–	–	–	–	–
Water discharge	**85**	**89**	**87**	**83**	**82**
of which surface water	78	83	80	77	76
of which water to a third party	7	6	7	6	6
of which ground water	–	–	–	–	–
Water consumption[1]	**8**	**8**	**10**	**10**	**10**

Water emissions, tons	2024	2023	2022	2021	2020
COD	6,472	6,474	7,210	6,686	6,483
BOD	803	919	1,009	937	852
Suspended solids	910	1,098	1,290	996	853
AOX	4	4	4	6	4
P	35	34	31	25	33
N	205	246	282	124	143

Water intensity, intake/production, m³/ton	2024	2023	2022	2021	2020
Tissue production facilities, total	35	36	34	34	32
Tissue production facilities, water-stressed areas	14	15	16	16	15

Essity's water target, water-stressed areas	2024	2023	2022
Water intake, Tissues sites, water-stressed areas, Mm³	8	8	9
Tissue sites, water-stressed areas, % change vs 2022	–5		

1) Water consumption is water intake minus water discharged.

E Forest and fiber

Forest and fiber

Why forest and fiber matter

Global forests are critical in the fight against climate change. They provide a habitat for a variety of species and help sustain rural livelihoods for local communities. Forest preservation is vital for functioning ecosystems. Fresh wood-based fiber is a key raw material for Essity and as a global purchaser of pulp and other fiber-based materials, we have a responsibility to minimize our potential impact on forests. A joint effort along the value chain between Essity, our suppliers and other stakeholders is needed to mitigate the risks of biodiversity loss, end deforestation and secure the responsible use of forest resources.

Sustainability matters	Value chain	Material impact	Financial effect
Regulatory changes, shortage of fiber and alternative fibers	Upstream activities	Potential negative impact	Potential negative effect (risk)

Upstream activities Own operations Downstream activities

Impact, risk and opportunity management

Material impacts, risks and opportunities and their interaction with our strategy and business model

Essity's impact on forests and biodiversity comes primarily from using fresh wood-based fiber. We are aware of the potential negative impact on people and the environment created through our operations and aim to use only fresh wood-based fiber certified through FSC and PEFC. If forests are not well-managed, there is a risk of deforestation, habitat degradation, climate change, pollution and negative impacts on local communities. The growing demand for forest resources is putting increased pressure on existing forests and supply chains. Stakeholders are placing higher demands on transparency and traceability within the supply chain, as well as compliance with certification standards. These requirements are further reinforced by new regulations, such as the EU Deforestation Regulation. Essity sees this as an opportunity to eliminate illegal and unsustainable practices from the supply chain.

Description of processes to identify and assess material forest and fiber related impacts, risks, dependencies and opportunities

For information on the process to identify and assess material impacts, risks and opportunities related to forest and fiber, see page 61.

Policies related to forest and fiber

Essity is a global user of both fresh and recycled wood-based fiber materials. We are committed to sourcing fresh wood-based fiber from responsibly managed forests. Our sustainability strategy includes a long-standing focus on responsible fiber procurement, including fresh wood-based fibers, recycled fibers and alternative fibers, which thereby supports our commitment for nature conservation and biodiversity.

Essity's Fresh Wood-based Fiber Procurement Policy describes the principles, intentions and requirements that we place on our supply chain regarding the delivery of fresh wood-based fiber materials, as well as the framework and tools we use to ensure compliance with the policy.

Most of the world's resources originate from nature. An understanding of the consequences and mitigation of extraction of these resources is crucial and is a key part of our sustainability strategy. There is a need to end deforestation, habitat degradation, climate change and pollution, as well as respect human rights. Essity aims to play an active role in preventing forest degradation and securing net zero deforestation as well as promoting and increasing the use of responsibly managed and certified forests. Responsible forest management is required to protect biodiversity in the Kunming-Montreal Global Biodiversity Framework and the UN's Intergovernmental Panel on Climate Change (IPCC). This is also a priority for Essity and we require our suppliers to maintain and safeguard responsible forest management based on the principles of biodiversity and forest conservation. Furthermore, our goal is to purchase all wood-fiber raw material as certified. All fresh wood-based fiber materials must be sourced through a publicly recognized third-party Chain-of-Custody system, and we have identified several categories as unacceptable sources of fresh wood-based fiber.

Essity supports, encourages and prioritizes best practices in sustainable forest management and wood fiber traceability in its supply chain of fresh wood-based fiber materials. It is our goal to eliminate illegal and unsustainable practices from the supply chain.

Through robust procurement policies and due diligence systems, we ensure products are procured legally, ethically and sustainably. Essity's Fresh Wood-based Fiber Procurement Policy was updated in 2023 to address our stakeholders' increased transparency requirements in the supply chain and to describe the company's expectations in relation to suppliers' performance and disclosures. We will continue to expand our public reporting about fiber supply and use, forest certification and other relevant information related to our forest and fiber-related targets, initiatives, engagement and traceability.

Through engagement with the Consumer Goods Forum, FSC and PEFC, as well as with key suppliers, we promote forest certification and drive sustainable forest management practices. Environmental transparency and accountability are vital for monitoring progress toward a deforestation-free future. The Procurement Policy is distributed to our pulp suppliers annually with a detailed pulp supplier questionnaire. The policy is also available on essity.com.

For more information on Essity's Fresh Wood-based Fiber Procurement Policy, see page 51.

E Forest and fiber

Actions and resources related to forest and fiber

Essity has set three focus areas to ensure responsible fiber procurement: partnerships with other organizations to gain and enhance knowledge, certifications and investment in innovations.

Partnerships

We use partnerships to gain knowledge and develop methods to measure impacts on forests and ecosystems. Essity participates, with other leading consumer goods companies, in the Consumer Goods Forum Forest Positive Coalition of Action initiative (CGF Forest Positive Coalition), which aims to combat global forest degradation and deforestation while preserving biodiversity. The coalition has developed a roadmap for pulp, paper and fiber-based packaging, which supports its members to source pulp, paper and fiber-based packaging materials from sustainably managed forests. It encourages the use of certifications, promotes recycling and the use of recycled materials, and encourages each member to implement commitments, actions and timebound targets.

In 2023, Essity reaffirmed its requirements for wood and fiber traceability from all pulp mill suppliers and our commitment to promote forest certification via the CGF Forest Positive Coalition. We continued the discussions on climate targets with our pulp suppliers to better understand emissions from forest management and land-based emission reductions and removals according to SBTi FLAG (Forest, Land and Agriculture).

To better understand how certification benefits biodiversity and develop monitoring tools for conservation objectives, Essity participates in a project run by the FSC on biodiversity impact assessment. We are also involved in a project run by the UK Woodland Trust that is studying afforestation and its impact on water flow and quality.

Certifications

We use international third-party certifications, FSC and PEFC, to ensure responsible fiber procurement from sustainably managed forests. Essity works with, and encourages, non-certified suppliers and forest owners to become certified. This secures our procurement of certified materials while increasing the availability of certified raw materials to other users. To further promote responsible forestry at the global, regional and national levels, we support further development of international certification systems. Preventing deforestation and promoting biodiversity throughout the entire value chain is crucial for Essity to achieve its forest and fiber-related targets. For its own operations, Essity uses ISO 14001 and EMAS as certified environmental management systems, providing a framework for the organization to follow to improve the environmental performance.

Investments in innovation

Essity invests in breakthrough technology to replace parts of our need for wood-based virgin pulp with recycled and alternative materials. In 2023, Essity, for example, inaugurated the world's first tissue production line in Hondouville, France, under the Tork brand, where the fiber raw material consists of recycled beverage cartons. Essity uses agricultural residues from wheat straw at its tissue plant in Mannheim, Germany. This initiative aims to reduce reliance on wood fiber while also contributing to lower energy and water consumption.

Targets and metrics

Targets related to forest and fiber

Nature conservation and respecting biodiversity through responsible forest and fiber management are priorities for Essity. Our goal is to ensure that all wood-fiber raw materials are certified and sourced through a recognized third-party Chain-of-Custody system. All raw materials derived from fresh wood-based fiber used in the company's products and packaging must be certified in accordance with FSC or PEFC. At a minimum, all fresh wood-based fiber must comply with the FSC Controlled Wood Standard to be eligible for purchase.

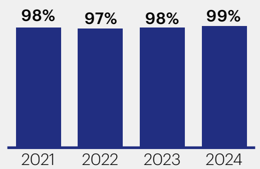
As part of the CGF Forest Positive Coalition, Essity will, in part, focus on initiating progress towards a Deforestation and Conversion Free (DCF) supply chain for all volumes by 2025. Active engagement with suppliers to drive improvement and increase engagement in landscape initiatives is an important step. The CGF Forest Positive Coalition roadmap promotes engagement with suppliers to ensure adherence to sustainable sourcing practices, the implementation of monitoring and reporting mechanisms to track progress and ensure accountability and investment in innovations. Essity is committed to reporting the KPIs for commodities that are material for our business to the CGF Forest Positive Coalition.

Fresh fiber

Share of FSC- and PEFC-certified fresh fiber

Target: 100% Outcome: 99%

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



Fiber use, pulp and recycled paper[1]

	2024	2023	2022	2021	2020
Fiber used, million tons	**3.5**	**3.6**	**5.2**	**5.0**	**5.1**
of which, pulp consumption	1.9	1.8	3.3	3.2	3.2
share of total fiber use, %	55	50	64	64	63
of which, recovered paper consumption	1.6	1.8	1.9	1.8	1.9
share of total fiber use, %	45	50	36	36	37

Fiber sourcing fresh wood-based fiber by certification[2], %

	2024	2023	2022	2021	2020
FSC	62	59	59	63	59
PEFC	37	39	38	35	36
FSC Controlled Wood standard[3]	1	2	3	2	5
Total	**100**	**100**	**100**	**100**	**100**
Target fulfillment	**99**	**98**	**97**	**98**	**95**

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

Resource use and circular economy

Why resource use and a circular economy matter

Essity's ambition to achieve net zero emissions by 2050 requires integrating climate action with circularity. By embedding resource efficiency throughout the product lifecycle, we prioritize low-carbon materials, sustainable production and innovative product design. Since the 1990s, our Life Cycle Management framework, including LCAs, has laid the groundwork for transitioning from linear to circular practices.

Our circularity principles – Reduce, Reuse and Recycle – guide Essity's development process. Reducing materials and resources strengthens environmental performance of our production and innovation. Reusable and hybrid products are still a smaller part of our portfolio but we are working to increase our offerings. Recycling products after use is a development area where we collaborate with partners to drive progress. By minimizing waste across life cycles, Essity reduces reliance on primary materials, promotes sustainable consumption, eases the strain on waste management and supports healthier ecosystems. This makes it vital to actively minimize waste across the value chain and explore circular solutions beyond the product lifecycle.

Our industry must reimagine design, recycling and consumer habits to transition from linear to circular business models. This requires creative thinking, innovative business models and strong partnerships. Together, we can drive efficient resource use, create better products and reduce waste after use.

Sustainability matters	Value chain	Material impact	Financial effect
Resource inflows (use of natural resources)	Upstream activities, Own operations	Actual negative impact	No financial effect
Resource outflows (products and services)	Downstream activities	Actual negative impact	Potential negative effect (risk)

Upstream activities Own operations Downstream activities

Impact, risk and opportunity management

Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities

For information on the process to identify material impacts, risks and opportunities related to resource use and circular economy, see page 61.

Policies related to resource use and circular economy

Essity focuses on improving well-being for people while reducing impact on the environment. The approach to issues relating to resource use and circular economy aims to reduce the use and increase the efficiency of materials that have a negative impact on the climate, the environment and people's health.

Our Sustainability Policy and Essity's Global Supplier Standard include requirements on responsible sourcing of all materials, low carbon resource use and circularity for us and our suppliers. Essity has established processes to maintain a high level of resource efficiency within our own operations such as the integration of low carbon and circularity principles into the company's business model. These include responsible raw material procurement, more resource-efficient production and sustainable solutions that enable customers and consumers to minimize material waste during and after use.

Essity aims to replace primary fossil-based plastics in our packaging with recycled plastics. For primary fossil-based plastics in our products, we collaborate with material suppliers to develop plastics from renewable resources. Collaboration with different stakeholders is also part of our Sustainability Policy.

For more information on Essity's Sustainability Policy, see page 51.

Actions and resources related to resource use and circular economy

Resource efficiency

Essity is committed to contributing to the development of a circular economy by being efficient in resource use throughout its own operations. Essity is working to identify more sustainable and circular solutions, accelerate development and create opportunities by cooperating with customers, consumers, suppliers and other partners. The principles we have implemented focus on achieving more with fewer resources, prioritizing low-carbon and circular approaches.

We conduct LCAs to measure the environmental impact throughout the entire life cycle of our products. Since the 1990s, we have used LCAs to develop smarter designs and reduce material usage in our products while maintaining functionality, product safety and quality. LCA covers the entire process – from raw material extraction, production of materials, products, and packaging, to transport and distribution, product use, and waste management after use. Environmental assessments are an integral part of our innovation process, helping us evaluate and reduce the environmental impact of our products and services across their entire life cycle.

Resource efficiency is well integrated into our development processes. We reduce material usage where possible by, for example, using lower grammages in plastic packaging or thinner hygiene products, while maintaining or improving functionality through developments in materials or design.

These principles are also embedded in our innovation process when we develop new products, solutions and services. In the research phase we evaluate opportunities, challenges and risks. In the development phase we assess the environmental impact with life cycle, circularity and social assessments. Results are used to improve the social and environmental impact of our innovations. Essity is committed to invest in innovations that aim to aid our target of being resource efficient as a company.

E Resource use and circular economy

Essity's strategy aims to reduce primary fossil-based plastics in absorbent hygiene products and hygiene packaging. The main topics of the strategy are summarized below:

- Reducing plastic materials in products and packaging
- Replacing primary fossil-based plastics with renewable or recycled materials in packaging and biomass-balanced resources in products
- Ensuring sustainable and controlled consumption during use
- Introducing reusable products

Primary and secondary renewable fibers

In personal care products we use fresh wood-based fiber in the absorbent core. We evaluate the use of fiber based on customer and consumer needs relating to performance, quality and cost, balanced with the environmental impact. We are committed to sourcing fresh wood-based fiber from responsibly managed forests and use a significant percentage of recycled fiber in our tissue products.

Reduce fossil-based primary plastics

Essity actively works to replace primary fossil-based plastics in our packaging with renewable or recycled plastics or new flexible paper-based packaging. We continue to improve current products with smarter designs that use less materials and we develop reusable and hybrid products. This remains the most significant way for Essity to reduce the carbon footprint and waste of our products. Reusable products are an effective way to reduce materials and waste in the long-term only if we can meet functional demands from the user.

Preventing waste generation through circular design

Single-use products and packaging waste are increasingly seen as unfavorable from a circularity perspective. Increased demands and more robust requirements around single-use products give Essity an opportunity to shift to other renewable or recycled materials and reusable products that reduce environmental impact. To deliver on our waste-related strategy and increase usage of circular design, we follow the circularity principles of Reduce, Reuse and Recycle.

We reduce waste in production and waste after the use of our products. Reducing waste in production is about identifying prevention possibilities and finding a second use for unavoidable production waste. Materials that can be feasibly recycled or recovered are handled in such a manner. Some of our products end up in landfills, but we want to change this, as it is regarded as a last resort. Essity strives to transform the largest of these waste streams so that these products can be recovered through our waste valorization initiatives. We employ an approach for our products that ensures smarter designs and resource efficiency. Through continuous development and improvements, Essity has reduced the carbon footprint of the company's product offerings in Europe by up to 47% over a 16-year period. It is essential that current products continue to be improved, with enhancements to the design to use less materials.

Essity is also committed to promoting sustainable consumption, which involves working together with the user. One example of this is TENA SmartCare, where care and product use is optimized and waste is reduced through digital monitoring and thin products. The monitoring makes it easier to replace the product at the right time which leads to fewer products used. Another example is our Tork dispensers where we reduce consumption as the user takes one napkin at a time, encouraging behavioral changes of consumers to reduce the number of products used at a time.

In recent years, we have launched several fully washable products and hybrid products where we can achieve the desired performance. We continue to introduce fully washable and reusable products or hybrid products where we can ensure performance and user acceptance while reducing the use of primary materials and creating less waste.

We have significantly enhanced the recyclability of our paper and plastic packaging. Our range includes compostable tissue products and Essity actively encourages consumers to compost food service items like Tork napkins and Consumer Tissue household towels. Tork Paper Circle® is our pioneering recycling service for hand towels and our next step is to use our learnings from it and evaluate if tissue products can be recycled in current recycling of other paper products. We are currently exploring alternative post-consumption solutions for absorbent hygiene products. The environmental assessments conducted throughout our innovation process provide deeper insights into how waste can be minimized, both during production and throughout the lifecycle of our products.

Optimization of waste management and circular business practices

To achieve common targets regarding waste management we work together with national and European trade associations. We are, therefore, actively involved in discussions with policymakers to establish new waste regulations and targets, often including extended producer responsibility schemes for both packaging and products, to ensure better collection and recycling. Globally, Essity is conducting research and trials on technologies needed to further reduce or transform the company's largest process waste streams.

We collaborate with different stakeholders to promote the use of sustainable and circular materials. For example, we support the development of certification systems such as the FSC, PEFC for fibers and International Sustainability and Carbon Certification (ISCC+) for biomass-balanced materials.

We also engage 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 and RecyClass, to promote the implementation of circular economy solutions designed to tackle waste. Essity is an Ellen MacArthur Foundation Network Partner and Circular Plastics Alliance stakeholder. Through the CGF's Coalition of Action on Plastic Waste, Essity works with customers, other companies and organizations to jointly reduce plastic waste and to strive to improve social systems so that no plastic waste is disposed of in nature.

The Ellen MacArthur Foundation

The Ellen MacArthur Foundation is working to create a circular economy that eliminates waste and pollution, circulates products and materials and regenerates nature. The Network provides a forum to share, learn and implement ideas to develop and scale circular economy solutions.

E Resource use and circular economy

Metrics and targets

Targets related to resource use and circular economy

Essity has established targets that aim to support our ambitions regarding resource efficiency and circularity. The targets relate to:
- Sustainable innovations – annually, 50% of Essity's innovations shall contribute to social and/or environmental improvements
- Reduce greenhouse gas emissions from product waste – product waste is part of Essity's Scope 3 emissions target to reduce by 35% by 2030
- Circular packaging – Essity aims for 100% recyclability and 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

Sustainable innovations

Our ambition is to develop innovative solutions that meet user needs, deliver commercial value and benefit social and environmental sustainability. We want to promote resource efficiency in the whole life cycle, sustainable consumption during use and contribute to less waste after use.

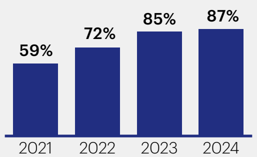
Our target for sustainable innovations is that at least 50% of Essity's innovations will yield social and/or environmental improvements. Essity tracks the sales from launched innovations, which are assessed against both social and environmental improvement criteria. Innovations can be assessed as sustainable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

Sustainable innovations

Share that yielded social and/or environmental improvements

Target: >50% Outcome: 87%

In 2024, we continued to develop and launch reusable and hybrid products, fossil plastic-free products within Feminine Care, compostable household towels from Consumer Tissue, as well as Tork OptiServe® Coreless within Professional Hygiene, a high-capacity toilet paper system designed for facilities where efficiency, sustainability, and an improved user experience are key priorities.



We are guided by a life cycle perspective for our social and environmental assessments. The environmental assessments are based on LCAs together with our circularity principles Reduce, Reuse and Recycle. An LCA is a scientific tool and includes the whole life cycle for a product or a service. We are guided by ISO 14040 series and Product Category rules for tissue and absorbent hygiene products when we perform LCAs. Improvement of the environmental and social performance is embedded in the innovation process for all products and services.

Sustainable innovations

	2024	2023	2022	2021	2020
Sustainable innovations[1], %	**87**	**85**	**72**	**59**	**65**
Whereof Social, %	54	48	56	47	58
Whereof Environmental, %	55	58	38	32	41

1) To avoid double counting, sustainable innovation will only be counted once, which means that the sum of the underlying KPIs for Social and Environmental can be higher than the total sustainable innovations target.

Reduce greenhouse gas emissions from product waste

Essity aims to reduce greenhouse gas emissions from product waste as part of Essity's total Scope 3 target to reduce emissions by 35% by 2030, from the base year 2016. To achieve this target, we need to decrease the use of primary fossil-based plastics in our products and packaging, increase the use of renewable or recycled plastic and ensure a sustainable and controlled consumption during usage of our products. Additional measures include increasing fully reusable and hybrid products to reduce materials and to support alternative waste management after use.

Circular packaging

Essity has set targets to increase the total amount of renewable or recycled materials in the company's packaging and to make all packaging recyclable. By 2025, we aim to achieve 100% technical recyclability in our packaging and 85% of our total packaging materials to come from renewable or recycled materials, whereof 25% of our plastic packaging to be based on recycled materials. The plastic part of our packaging target is part of our New Plastic Economy commitment with Ellen MacArthur Foundation. We are guided by external requirements for recyclability of plastic packaging. Recyclability and renewable or recycled content in our paper and plastic packaging is measured on a yearly basis.

Zero waste to landfill from production

Essity's waste target is for all production waste to be subject to material and energy recovery by 2030. This will reduce the waste generated from Essity's value chain, reduce the related greenhouse gas emissions and contribute toward fulfilling our Scope 3 targets.

E Resource use and circular economy

Resource inflows

Essity's primary raw materials are pulp, recovered fiber and fossil-based materials. The company strives to reduce the use of raw materials for our products where possible. Many of our products, for example tissue products, contain renewable fiber, such as fresh wood-based fiber, recycled and/or alternative fiber. We continue to evaluate and invest in the use of alternative fibers.

Plastics are used in our absorbent and medical products to ensure function, hygiene and safety aspects. We try to find low carbon and circular alternatives as well as explore biomass-balanced plastics from renewable sources. Work to increase efficiency at our production facilities is a continuous process that includes digitalization and automation, with the aim to achieve sustainable, efficient and world-class production.

Renewable raw materials, fresh wood-based fiber and recovered fiber account for the largest share of the total volume of material in Essity's products.

Lower climate impact through the use of innovation

Products in Europe	**Year**	**Carbon footprint reduction, %**
Incontinence Products	2008–2024	
TENA Flex		–26
TENA Slip		–34
TENA Pads and Liners		–47
TENA Men		–26
TENA Pants and Underwear		–38
TENA Comfort		–35
TENA Bed		–24
Feminine Care	2008–2023	
Feminine Ultra towels		–34
Baby Care	2008–2022	
Libero and Lotus open diaper		–31
Libero and Lotus pant diaper		–32
Professional Hygiene		
Tork Toilet paper	2011–2022	–6
Tork napkins	2011–2019	–9
Tork paper hand towels	2011–2017	–18
Consumer Tissue		
Household towels	2011–2018	–19
Handkerchiefs and facial tissues	2011–2020	–8

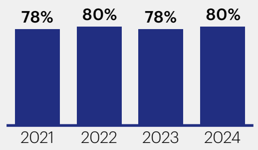
The LCAs performed by Essity have been subject to third-party reviews.

Packaging

Share of packaging manufactured from renewable and/or recycled material

Target 2025: 85% Outcome: 80%

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

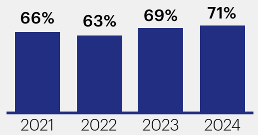


Production waste

Subject to material or energy recovery

Target 2030: 100% Outcome: 71%

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 data

	2024	**2023**	**2022**	**2021**
Packaging, total kton	**184**	**182**	**173**	**173**
whereof paper packaging	139	136	133	133
whereof plastic packaging	45	46	40	40
Technical recyclability of packaging, total %	**91**	**89**	**85**	**81**
whereof paper packaging	97	94	89	83
whereof plastic packaging	72	72	72	73
Renewable or recycled materials in packaging, total %	**80**	**78**	**80**	**78**
Renewable or recycled materials in plastic packaging, %	**17**	**12**	**12**	**7**
whereof renewable materials in plastic packaging	1	2	2	2
whereof recycled materials in plastic packaging	16	10	10	5

E Resource use and circular economy

Resource outflows

We produce tissue products that can be technically composted or recycled. This helps our customers either compost or recycle the products. We are also looking into recycling options for our other products. In cases where composting or recycling is not possible yet, we consider incineration with energy recovery as an alternative.

The proportion of renewable or recycled materials was 80% (78) in 2024. 91% (89) of our total packaging were technically recyclable. For plastic packaging, which accounts for about 24% (25) of the total packaging volume, 17% (12) was manufactured from renewable or recycled materials. The proportion of recovered plastic was 16% (10). The proportion of technically recyclable plastic packaging was 72% (72).

Tissue production circularity and waste streams

Essity strives to lower its total amount of greenhouse gas emissions by reducing the amount of production waste sent to landfills and instead recycling the waste or extracting energy from it, thereby helping Essity to achieve its Scope 3 emissions reduction commitment. In 2024, the total amount of production waste decreased and 71% (69;63) was recovered. All waste data for Essity includes water content, with the water content of waste sent to landfill being approximately 50%.

In volume, Essity's two largest production-related waste streams currently landfilled are deinking residuals and pulper rejects. These waste streams come from the paper recycling process at our deink tissue mills. Deinking residuals comprise the unusable portions of the wastepaper entering the recycling process, for example, short fiber that passes through the tissue machines and minerals found in paper coatings. These residual materials are removed as solids from the onsite wastewater systems and dewatered. Some of Essity's production facilities, such as Lilla Edet, Sweden, and Nokia, Finland, beneficially reuse the deink residuals in onsite biomass boilers as a fuel source.

Production waste, kton

	2024	2023	2022	2021	2020
Waste management	**378**	**427**	**531**	**467**	**449**
Non-hazardous waste					
landfill	374	421	520	458	442
incineration without energy recovery	1	1	1	5	4
other waste management	2	5	9	3	2
Hazardous waste					
landfill	0	0	0	0	0
incineration without energy recovery	0	0	0	0	0
other waste management	1	0	1	1	1
Waste recycling	**906**	**945**	**912**	**892**	**961**
Non-hazardous waste					
incineration with energy recovery	102	205	238	208	205
recycling	368	368	380	341	338
other waste recycling	435	371	292	343	416
Hazardous waste					
incineration with energy recovery	0	0	0	0	0
recycling	1	1	2	1	2
other waste recycling	0	0	0	0	0
Total waste	**1,284**	**1,372**	**1,443**	**1,359**	**1,410**
Waste management, %	29	31	37	34	32
Subject to material or energy recovery, %	71	69	63	66	68

In Europe, the production facilities recover the majority of their deink residuals by utilization of various other offsite outlets, including waste-to-energy, construction or agriculture. In North America and Latin America, some volumes of deink residuals are also recovered through reuse in agriculture or construction, however, in these regions, waste-to-energy outlets are less commonly available and the moisture and mineral content of this waste stream is often a limiting factor in available recovery outlets. Essity's Personal Care production facilities also have small volumes of production-related waste streams that are often successfully recovered through recycling or energy recovery, including trimmings and captured super absorbent material.

The recovery rate from Essity's production facilities varies due to differences in national legislation and the availability of feasible waste-to-energy outlets. Volume changes over time may positively or negatively impact the mix of material and energy recovery.

Of Essity's production waste, a small proportion (0.2%) is hazardous waste. This is primarily waste oil that is considered hazardous under EU regulations. It also includes organic solvents, batteries and used light bulbs.

S Own workforce

Own workforce

Why our own workforce matters

Our employees are essential for ensuring long-term success in company value creation and driving efficient operations by implementing continuous sustainability improvements. Essity recognizes its workforce as the cornerstone for fulfilling its purpose, “breaking barriers to well-being”, a mission deeply rooted in the company’s Beliefs & Behaviors.

Essity is committed to provide safe, attractive, inclusive workplaces and foster an environment where our employees can thrive and grow. By focusing on the most material matters affecting our workforce, Essity enhances employee engagement, strengthens its position as an employer of choice and drives business value.

At Essity, our ambition is to create an organization and culture where people and business thrive. We believe that having a diverse workforce, the right capabilities, engaged employees, an inclusive culture based on Beliefs & Behaviors and a strong leadership are competitive advantages for Essity as a company.

We believe that when employees grow, Essity grows. The areas that have been identified as being the highest priority for our employees are health and safety, diversity, equity and inclusion (DEI), training and skills development, gender equality and equal pay for equal work. These factors are all essential for supporting both organizational and sustainable growth. By working systematically with these priorities, Essity ensures that our employees remain a driving force for innovation and continued progress.

Sustainability matters	Value chain	Material impact	Financial effect
Work conditions: Health and safety	Own operations	Potential and actual negative impact	No financial effect
Equal opportunity: Diversity	Own operations	Potential positive impact	No financial effect
Equal opportunity: Gender equality and equal pay	Own operations	Potential negative impact	No financial effect
Equal opportunity: Training and skills development	Own operations	Potential positive impact	No financial effect

Upstream activities Own operations Downstream activities

Strategy

Interests and views of stakeholders

Our priorities for people and culture are directly linked to the business strategy and future talent needs. At Essity, we believe that close collaboration with internal and external stakeholders is crucial for understanding different perspectives, improving decision-making, and enhancing overall organizational performance. Shareholder expectations, dialogue with employees and employee representatives, global demographic and technology trends, as well as laws and directives, are all factors taken into consideration to set priorities in our sustainability agenda.

Material impacts, risks and opportunities and their interaction with our strategy and business model

Essity’s approach is that risks are managed effectively in a safe workplace, which in turn creates opportunities for engaged employees. At Essity, we recognize the importance of identifying and managing material impacts, risks and opportunities to ensure the long-term sustainability of our business. Furthermore, Essity believes that the organization operates more efficiently when employees are well-informed about safety procedures, enabling them to avoid potential risks. Our approach to sustainability is aligned with our long-term objectives and contributes to our journey to become the undisputed leader in health and well-being.

Health and safety

Ensuring a healthy and safe work environment by protecting our employees is of the highest priority. Essity recognizes that in a safer workplace, risks are effectively managed and opportunities for increased employee satisfaction are created. Furthermore, operational efficiency is improved when employees are well-informed of safety protocols and empowered to navigate potential hazards. Despite health and safety being the highest priority, accidents can happen. Therefore, Essity is assessed to have an actual negative impact due to recordable injuries at the workplace and a potential negative impact on health and safety due to the risk of life-threatening or permanent injuries of employees. Although incidents of a life-threatening nature are not likely to take place, Essity continuously assesses risks related to health and safety to prevent occurrence of any incidents that cause harm to the workforce. The consequences for Essity, if the company were to fail in its commitment to health and safety, include risks of non-compliance, production loss and reputational loss. These could lead to temporary production stoppages, sanctions, fines or legal liabilities in addition to personal suffering.

Diversity, Equity and Inclusion

At Essity, we recognize that DEI plays an important role in activating a strong culture based on our Beliefs & Behaviors, which, in turn, helps to attract and retain the talent we need to successfully run our business. DEI is a catalyst for innovation, high quality decision-making and improved performance. Essity has a comprehensive DEI agenda which includes a global strategy and roadmap with key initiatives. Our DEI work is championed and followed up by the Executive Management Team, who serves as Essity’s global DEI Council.

Through proactive and continuous work to reinforce inclusion, while also recruiting and retaining employees from a large and diverse talent pool, Essity has a potential positive impact on DEI. If Essity were to be unsuccessful in its DEI ambitions, the result could be differential treatment, exclusionary practices and a declining sense of belonging and engagement among employees. Furthermore, it would affect the ability to attract and retain talent, build diverse, inclusive and innovative teams, as well as undermine the credibility of Essity’s brands that have a DEI profile. Essity takes proactive measures to create an inclusive environment and prevent inequalities and inequities, which otherwise could lead to decreased productivity and innovative capacity and poor decision-making.

S Own workforce

The risk with neglecting DEI or being unsuccessful in our efforts, is that we become less able to attract and retain the talent pool we need for our business to thrive, that our culture is undermined and that negative behaviors become common. Worst case, this may result in excluding and even harassing behavior and discriminatory practices in the workplace. This would also then decrease employee engagement and our overall innovation capacity. Long-term, this could negatively impact our credibility in the marketplace, our corporate brand as well as some of our category brands. Therefore, Essity takes proactive measures to create an inclusive environment and prevent inequalities and injustices.

In short, DEI is the right thing to do, the smart thing to do, and who we are and want to be as a company.

Gender equality and equal pay

At Essity, we recognize equal pay for work of equal value as critical in attracting and retaining the best talent in the market. It is also of utmost importance to improve diversity, motivation and productivity for all our employees. Increased gender pay gaps pose a potential risk to Essity's workforce by higher turnover rates and heightened employee dissatisfaction. This could ultimately result in the under-representation of women within the organization. To address unjustified pay gaps and promote equal treatment, Essity annually reviews salary practices as part of the regular salary process.

Training and skills development

Essity contributes to a positive impact on its employees by offering continuous education and skills development. Only if we manage to do this successfully, will we be able to deliver on our commitments. To deliver on our business strategy, Essity is dependent on a skilled and competent workforce.

By continuing to invest in our workforce development, we demonstrate our commitment to our employees, leading to higher levels of engagement, job satisfaction and upskilling. This is particularly important in today's environment, where economic pressures and evolving work models demand a resilient and adaptable workforce. Investments in our employees reduce the risk of employees leaving Essity for other challenges and foster a culture of continuous improvement and innovation, which is essential for Essity to continue being a successful company.

Impact, risk and opportunity management

Policies related to our own workforce

We are fostering a positive and inclusive work environment through processes and tools, in line with comprehensive policies. These policies support our employees' health and safety, our DEI agenda and gender equality and equal pay.

For more information on Essity's policies related to our own workers, see pages 51–52.

Essity's Global RESH Policy

Essity is committed to further enhance safe and equal working conditions for our own employees. Therefore, Essity has further developed its Global RESH Policy that addresses the topic of health and safety among our employees. The policy serves as the primary guiding document, underlining the company's commitment to provide a safe and healthy work environment. The policy addresses areas such as Essity's zero incident mentality, meaning no one should be injured or harmed while at work, and is also based on ISO 45001. The prevention of serious injuries is of the utmost importance to Essity, and we work proactively to minimize the risk of injuries.

The Diversity Policy

The Diversity Policy outlines Essity's commitment to fostering an inclusive workplace culture. The policy addresses equal treatment and opportunities for all as well as describing the importance of working with DEI. Furthermore, it emphasizes Essity's commitment to provide a workplace free of harassment and discrimination, as well as how to report on any breaches related to this commitment. At Essity, all employees are treated with dignity and respect and are given equal opportunities to develop their careers. Moreover, Essity works systematically to prevent discrimination based on gender, ethnicity, religion, disability, sexual orientation, age or other grounds for discrimination protected by law.

Gender equality and equal pay

Essity has a Renumeration Policy designed to promote equal treatment and opportunities for all employees. The policy is based on providing market-competitive compensation. The Remuneration Policy aims to support the company's long-term interests, including its sustainability.

Processes for engaging with our own workers and workers' representatives about impacts

Essity is committed to have an open and transparent dialogue with our employees and employee representatives to ensure that our employees' voices are heard, and their concerns are addressed. Our key processes for engagement include:

- Continuous dialogue between employee and line-manager
- MyVoice Employee Engagement Survey
- Meetings and collaborations with unions and work councils
- Global RESH Committee
- Whistleblower system, read more on page 98

Essity encourages regular dialogues between employees and line managers and strives for line managers to agree and document employees' goals and individual development, which in turn enables individual training and skills development.

The MyVoice Employee Engagement Survey is conducted bi-annually to give employees the opportunity to share their experiences and views. The survey includes specific questions on DEI with the purpose of identifying gaps related to gender, generation or employment. At regular intervals, Essity facilitates workshops to follow up on the results and create strategies to solve identified issues.

To further engage with our employees and facilitate our DEI agenda, Essity runs an initiative called Courageous Conversations. It includes a global community of 70 facilitators that run in-person and virtual DEI discussions. In 2024, more than 80 such conversations were held. The initiative also includes a podcast, which is available on Spotify, and several toolboxes for managers to use in day-to-day business. Courageous Conversations have been recognized by Catalyst, a global not-for-profit leading DEI organization, as a "global practice" and were also recognized by the employee organization Ledarna as the 2024 initiative of the year. By the end of 2024, Courageous Conversations had gathered more than 4,500 participants from Essity, and the podcast had more than 3,000 listeners, both employees and external parties. To further strengthen Essity's DEI commitment, the company has become a member of LEAD, a European network that promotes DEI in the retail and consumer goods industry. Essity has also become a member of the Unstereotype Alliance, a UN Women-convened initiative that aims to eradicate harmful stereotypes in media and advertising content. The Unstereotype Alliance provides insights on talent attraction and employer branding in media advertising. Our membership supports our work to ensure equal opportunities for our employees.

Own workforce

Essity undergoes numerous changes that necessitate the provision of information to, and consultation with, employee representatives at all levels of the organization. This process takes place several times a year at global, European and local country levels, when consultations are required prior to any organizational changes, and for providing ongoing information to ensure transparency and foster constructive social dialogue. On these occasions, topics such as financial performance, organizational changes, health and safety and employment conditions are discussed.

Since 2020, Essity has had a Global RESH Committee, comprising the President Global Supply Chain, Vice Presidents, RESH directors and workers' representatives from all parts of the company. This committee addresses all relevant health and safety topics. Additionally, key performance indicators (KPIs) are utilized to monitor the monthly performance of each business unit.

Processes to remediate negative impacts and channels for our own workers to raise concerns

Essity is committed to address and remediate negative impacts on our workforce and to provide effective channels for employees to raise concerns. Essity encourages an open and honest culture, in which all employees can report suspicions of violations of the Code of Conduct or legislation in the whistleblower system. A detailed description of Essity's whistleblower system is found on page 98.

Topics related to DEI, combined results in the MyVoice survey, as well as the collective feedback from our Courageous Conversations are followed up regularly and are the base for establishing our priorities moving forward.

Regarding health and safety matters, Essity sets up remediation plans every year based on the "I Care" program, results from audits, technical visits in our production facilities and decisions taken in the Global RESH Committee to decrease the negative impact on own employees.

Taking action on material impacts, risks and opportunities for our own workforce and effectiveness of those actions

Essity addresses material impacts, risks and opportunities related to our employees through strategic actions and regular assessments of progress and effectiveness. The effectiveness of Essity's actions is evaluated through targets and metrics within the most material sustainability matters: health and safety, diversity, gender equality and equal pay, as well as training and skills development.

Health and safety

Essity takes a proactive approach to working with health and safety, which means that we continuously identify and mitigate risks, seize opportunities to enhance employees' well-being and evaluate the effectiveness of our actions.

Essity's health and safety strategy has the following key focus areas:

- To reduce total recordable injuries (TRI)
- To reduce occasions for potential serious injuries
- To improve Essity's health and safety culture
- To foster safety leadership

To decrease the negative impacts, Essity sets up annually global objectives, targets, strategies and measurements that all production facilities take part in. The key elements of these actions, established in 2022, include upgrades to the following processes: machine safety risk assessment, job safety analysis, traffic management, warehouse safety, tool safety, isolation of hazardous energies, work permit and contractor management. Life-saving rules were renewed by providing more guidelines for highest-risk tasks within the production facilities. The upgrades to the safety processes are aligned with the ISO 45001 principles and allow Essity to work systematically to achieve continuous improvements.

The strategy focuses on technical improvements as well as building a sustainable culture through the "I Care" program. In 2022, Essity launched a Safety Leadership training, a fundamental component of the "I Care" program, which provides tools to our leaders on how to improve safety in the workplace. As a complement to the Safety Leadership training, Essity implemented a roadmap for technical safety in 2024, as well as a health and safety framework, with the aim of Essity being best-in-class and reducing the occurrence of incidents that could result in fatalities. Through the "I Care" program, Essity promotes the opportunity to cultivate a workplace with a focus on health and safety.

Essity continues to implement the international standard ISO 45001 to ensure that uniform processes are used and that Essity's production facilities continuously strive to improve workplace-related health and safety. Essity has developed a management system framework in which employees can access global procedures and tools for internal compliance to ensure they fulfill ISO standards.

In 2023, Essity initiated an important project focusing on the well-being of front-line workers, which was continued in 2024. Essity will also, in collaboration with universities and medical researchers, establish a scientific approach to designing and developing healthier working stations, routines, environments and conditions for our operators.

A health and safety survey is conducted every third year to evaluate Essity's progress in the area. The results provide an assessment of our health and safety culture which in turn allows us to identify strengths, opportunities and eventual gaps in our health and safety management system. The survey encompasses all employees at Essity's manufacturing sites and informs continuous improvement efforts and strategies. In 2024, the second edition was conducted to continue assessing progress in fostering a safe and healthy culture. The response rate increased from 67% to 73%, and the overall score increased from 54.9 to 66.8 out of 100, positioning Essity on a positive trajectory regarding the health and safety culture.

Diversity, equity and inclusion

Essity's efforts regarding DEI are essential for attracting, recruiting and retaining talents. Through all available channels and dialogues, Essity gathers information on how to better include all employees, in all their uniqueness. Within the DEI agenda, we have a particular focus on reinforcing inclusion based on dimensions such as gender, ethnicity, religion, disability, sexual orientation, age or other grounds for discrimination protected by law.

We have three concrete ambitions within DEI:

- Ensure an inclusive workplace for all
- Have a gender-balanced leadership; no gender should represent more than 60%
- Accelerate our transition to reflect under-represented groups

S Own workforce

To achieve these ambitions, we have a global DEI strategy, roadmap and metrics in place consisting of the following areas:

- Reinforce an inclusive culture, based on our Beliefs & Behaviors
- Develop and promote inclusive leaders
- Recruit and promote to increase diversity
- Integrate DEI in all people processes to ensure they are fair, transparent and free from bias
- Leverage Inclusive Procurement and Supplier Diversity Program
- Fulfill diverse customer needs through more inclusive products, brands and marketing
- Support communities in line with our purpose and the SDGs

A focus area for Essity is to develop our managers to become inclusive leaders, enabling them to shape and reinforce an inclusive corporate culture for all. We have several learning resources in place to support managers on all levels.

The MyVoice Employee Engagement Survey shows that progress has been made in the DEI area. It provides valuable insights into continued efforts, confirming the company's commitment to maintain an inclusive workplace culture. By nurturing an inclusive culture, Essity builds a workforce motivated by a clear purpose and vision. This is not only about attracting talent but also recognizing that a diverse workplace fosters innovation and increases employee satisfaction.

Essity strives to make the recruitment process fair, transparent and free from bias. As DEI is embedded in all of Essity's key processes referring to employees, it is also a part of the follow-up called Talent Review. Also, Essity annually monitors distribution from a nationality, age and gender perspective for all employees and at all management levels to ensure no systematic biases. In addition, the Executive Management Team receives a comprehensive DEI update three times a year. With the internal strategy founded on an inclusive workplace culture, the company also navigates the diverse demands of the external audience.

Gender equality and equal pay

Essity is committed to addressing and eliminating gender pay gaps in line with its Remuneration Policy. By having a consistent and structured DEI strategy, Essity creates a workplace environment promoting equal opportunity, in turn driving innovation and ensuring profitable growth. In the MyVoice Employee Engagement Survey, there are specific questions addressing DEI that aim to identify any perceived issues.

Training and skills development

Essity is dedicated to fostering a culture of continuous learning and personal growth for our employees. We place a strong emphasis on the upskilling of our employees, ensuring they are equipped with the expertise and knowledge to excel in their roles. Through annual performance reviews and tailored individual development plans, we offer structured opportunities for professional and leadership development, helping each employee to reach their full potential.

The learning opportunities for our employees, offered by the Academies, are generally based on the 70-20-10 model. Most learning of our employees (70%) should come from daily on-the-job practice, 20% from learning through others, such as colleagues, mentoring, and coaching, and 10% from training programs. All the above are supported by a learning management system (LMS), Workday, performance and IDP modules and SharePoint sites such as The Leadership Center and The Essity University site.

Employees and line managers assess the progression of performance and individual development plans throughout the year using a global process. As part of that, they identify priorities to ensure a proper skill set for present and future roles. Progression and impact are measured by a set of quantitative and qualitative KPIs from the MyVoice Employee Engagement Survey.

To further improve the employee experiences and opportunities for upskilling, Essity is piloting a new learning and talent development platform. Based on their current roles and future aspirations, employees will be able to prioritize areas for both leadership and functional upskilling in conversation with their line managers, enhancing their proficiency levels. Line managers and employees select appropriate learning solutions to address skill gaps or expand capabilities. These solutions may include training, mentoring, projects and an access to Essity's internal job portal and offer modern knowledge-sharing tools as well as AI-based career guidance to drive employees across different future job opportunities.

Essity ensures that employees receive the necessary upskilling through a combination of internal Functional Academies and external programs.

S Own workforce

Targets and metrics

Targets related to managing material negative impacts, advancing positive impacts as well as managing material risks and opportunities

Health and safety

Essity uses a variety of inputs to establish health and safety targets, including historical performance data, survey results, audit findings, insights and the needs and expectations of both external and internal stakeholders. Each month, the health and safety performance is reviewed by the RESH committee.

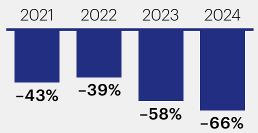
Essity's group target is a 75% reduction in the total recordable injuries rate (TRI-R) by 2025 compared to 2019, and to continue to conduct purposeful and systematic safety work at all Essity production facilities.

Health and safety

Decrease in total recordable injuries rate compared with 2019

Target 2025: –75% Outcome: –66%

The Total recordable injury (TRI) figure includes Lost time accidents (LTA), Restricted work cases (RWC) and Medical treatment cases (MTC).



Diversity

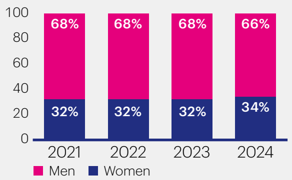
Essity's DEI work is guided by three overarching ambitions:

- Provide an inclusive working environment for all
- Achieve gender-balanced leadership at all levels, where gender distribution at all Essity management levels (Executive Management Team, senior management, middle management) is to be within the interval 40/60%, with the majority group to constitute no more than 60%
- Accelerate our transition to reflect under-represented groups among our employees

Gender representation at management level

Target: 40/60% Outcome: 34/66%

The target is reported at an aggregate outcome level for the three management levels. For the outcome in 2024, 34% were women and 66% were men.



Essity is committed to offering a work environment that contributes to a long-term sustainable working life. The company encourages an open culture and that employees are aware of and take immediate action against conditions, actions and behaviors that increase the occurrence of incidents that violate our targets.

Read more about Essity's DEI strategy and DEI key initiatives on page 86.

Characteristics of employees

The tables describe key characteristics of the employees in Essity's own workforce.

Employees[1]

	2024					2023	2022	2021[4]	2020
	Men	Women	Non-binary	Gender-not-declared	Total	Total	Total	Total	Total
Average employees, number	23,582	11,911	16	36	35,545	36,013	47,572	46,275	46,084
Men/women, %[2]	–	–	–	–	66/34	67/33	65/35	65/35	65/35
Permanent employees, number	22,379	11,248	12	28	33,667	34,166	38,955	37,460	37,398
Temporary employees, number	1,203	662	4	8	1,878	1,847	8,617	8,815	8,686
Permanent/temporary employees, %[3]	–	–	–	–	95/5	95/5	82/18	81/19	81/19
Full-time employees, number	23,244	10,949	8	21	34,221	34,777	46,078	44,633	44,890
Part-time employees, number	338	962	8	15	1,324	1,236	1,494	1,642	1,194
of whom women	–	–	–	–	962	902	978	968	875
Full-time/part-time employees, %	–	–	–	–	96/4	97/3	97/3	96/4	97/3
Employees in discontinued operations, number	–	–	–	–	–	11,903[5]	–	–	–

1) Relates to average headcount number of employees during the year and calculated as an average over five quarters. There are no non-guaranteed hours employees. Details on FTEs can be found in note B2b, see page 137.
2) Essity uses four gender alternatives in our personnel data: men, women, non-binary and gender-not-declared. Considering that the size of the non-binary and gender-not-declared groups is negligible, these are not presented separately.
3) Fixed-term employees in China with three or six-year contracts are classified as temporary employees for years 2020–2022.
4) Companies acquired in December 2021 (AquaCast Liner and Hydrofera) are not included in the 2021 numbers.
5) Vinda has been included for years 2020–2022. In the year 2023 Vinda was classified as a discontinued operations.

Staff mobility

	2024	2023	2022[1]	2021[1]	2020[1]
Number of employees who joined the Group	5,478	5,763	9,380	9,278	6,891
of whom through acquisitions	–	–	425	677	190
Number of employees who left the Group	5,049	6,575	7,625	7,256	7,402
due to divestments	–	1,435	–	20	945[2]
due to restructuring	422	442	243	105	260
due to retirement	407	420	513	468	443
of which temporary employees	881	625	756	959	1,939
Personnel turnover, excluding restructuring, retirement, divestment, temporary employees, %	9	10	13	12	8

1) Vinda has been included for years 2020–2022.
2) Since the divestment of Sancella Tunisia occurred at the end of the year, these are included in the average number of employees in 2020.

S Own workforce

Employees by country[1]

	2024
Germany	5,075
Mexico	4,000
Colombia	3,561
Other countries	22,909
Total	**35,545**

1) Country level data is disclosed for countries representing at least 10% of total number of employees and calculated as an average headcount over five quarters.

Collective bargaining coverage and social dialogue

Essity recognizes the right of every employee to be a trade union member and to participate in union activities. The company meets with employee organizations at various levels on a regular basis to inform them of and discuss issues such as the company's results, organizational changes, health and safety as well as employment terms and conditions. Essity also has an agreement with the IndustriALL Global Union.

When there is no union representation, Essity establishes other channels where possible, such as an employee council. We also support The Global Deal partnership, which has members from the private and public sectors. The purpose is to improve dialogue between parties in the labor market and national governments.

Employee relations[1]

	2024	2023	2022[2]	2021	2020
Employees covered by collective bargaining agreements, %	62	62	60	67	68

1) Refers to companies fully integrated into the HR platform.
2) 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

The tables below describe key diversity metrics for Essity. Keeping track of these metrics is of importance to ensure progress and deliver on Essity's ambitions to create an inclusive working environment for all. Overall, there has been solid progress in 2024.

Board of Directors diversity metrics

	2024		2023		2022		2021		2020	
	Number	%	Number	%	Number	%	Number	%	Number	%
Board members (elected by the AGM)										
of whom women	4	44	4	44	4	40	4	44	5	56
of whom men	5	56	5	56	6	60	5	56	4	44
Board members (appointed by trade unions)										
of whom women	2	67	1	33	1	33	1	33	1	33
of whom men	1	33	2	67	2	67	2	67	2	67
Board members (total)										
of whom women	6	50	5	42	5	38	5	42	6	50
of whom men	6	50	7	58	8	62	7	58	6	50

Diversity Metrics Management Team

	2024		2023		2022		2021		2020	
	Number	%	Number	%	Number	%	Number	%	Number	%
Executive Management Team										
of whom women	4	31	4	31	4	33	4	31	3	25
of whom men	9	69	9	69	8	67	9	69	9	75
Senior Management Team[1]										
of whom women	38	35	39	35	38	35	35	34	30	31
of whom men	71	65	72	65	71	65	69	66	68	69
Middle Management Team[1]										
of whom women	237	34	215	32	209	31	195	31	177	29
of whom men	451	66	455	68	457	69	427	69	430	71
Total gender distribution at management levels above, women/men		34/66		32/68		32/68		32/68		29/71

1) Refers to companies fully integrated into the HR platform.

Share of employees by age group

	2024		2023		2022		2021		2020	
	Number	%	Number	%	Number[1]	%	Number[1]	%	Number[1]	%
Under 30 years old	6,618	18	6,663	19	9,529	20	9,037	19	8,898	19
30–50 years old	19,188	54	18,923	53	28,414	58	27,925	59	27,478	60
Over 50 years old	10,023	28	9,946	28	10,632	22	10,166	22	9,648	21

1) Vinda has been included for years 2020–2022.

Nationalities[1]

	2024	2023	2022	2021	2020
Total number of nationalities	135	131	130	124	117
Number of nationalities in Executive Management Team (number of members)	6 (13)	6 (13)	6 (12)	6 (13)	6 (12)
Number of nationalities in senior management (number of senior managers)	17 (109)	17 (111)	19 (109)	19 (104)	18 (98)
Number of nationalities in middle management (number of middle managers)	48 (688)	48 (670)	48 (666)	44 (622)	44 (607)

1) Refers to companies fully integrated into the HR platform.

S Own workforce

Training and skills development metrics

Training and skills development activities for continuous professional growth are a fundamental part of employees' everyday lives and take place through on-the-job experiences, project assignments, training and social learning activities. Employee experience and engagement are monitored and addressed through the bi-annual MyVoice pulse surveys and team conversations.

Essity also offers individual training and development based on business and role requirements and personal strengths. Essity offers participation in leadership and functional academies as well as a range of social learning programs. The company is continuing the shift from traditional to digital learning, exploring recent technologies to allow learning to be a natural part of day-to-day work.

Culture and development[1]

%	2024	2023	Long-term goals
Individual goals	66	64	100
of which white collar employees	90	90	100
Individual development plans[2]	50	47	100
of which white collar employees	82	79	100
Employee engagement	78	78	above global benchmark

1) Refers to companies fully integrated into the HR platform. Excluding blue collar employees that record their goal-setting outside the HR platform.
2) Individual goals are measured on a continuous basis.

Number of internal training hours[1]

	2024	2023	2022	2021	2020
Total number of internal training hours, thousand	374.9	284.0	215.9	210.0	166.8
of which digital training sessions, thousand[2]	131.9	99.1	104.3	89.6	93.6
of which virtual sessions, thousand	161.7	115.0	77.4	92.2	40.9
of which physical training sessions, thousand	81.3	69.9	34.2	28.2	32.3
Number of training hours per employee	11	8	7	7	6

1) Refers to companies fully integrated into the HR platform.
2) Includes training initiatives outside the global learning management platform.

Investments in skills-enhancement activities

	2024	2023	2022[1]	2021[1]	2020[1]
Total, SEKm	192	179	155	136	115
Per employee, SEK	5,395	4,971	3,249	2,940	2,500
Value added per employee, SEK	1,315	1,189	783	775	826
Return on human capital	1.64	1.55	1.34	1.58	1.73

1) Vinda has been included for years 2020–2022.

Internally appointed vacancies[1]

%	2024	2023	2022	2021	2020
Vacancies appointed through internal candidates	25	23	20	20	23

1) Refers to companies fully integrated into the HR platform.

Health and safety metrics

Some of our main metrics are TRI and TRI-R. The TRI number in 2024 was 120, while the TRI-R outcome in 2024 was a decrease of 66% compared with 2019. The figures pertain to wholly owned companies of Essity and exclude sales and administrative offices. There were no work-related fatalities for our own workforce or other workers at Essity's facilities in 2024. The number of cases related to recordable work-related ill health was zero in 2024.

Accidents[1]

	2024	2023	2022	2021	2020
Fatalities, employees (F)	–	–	–	–	–
Lost time accidents (LTA)	104	116	157	142	126
Restricted work cases (RWC)	5	6	23	12	4
Medical treatment cases (MTC)	11	24	32	37	187
Total recordable incidents (TRI)	**120**	**146**	**212**	**191**	**317**
Total recordable incident rate (TRI-R, TRI/1,000,000 WH)	**2.6**	**3.2**	**4.7**	**4.2**	**6.9**
Total recordable incident rate, IR (TRI-IR) (TRI/200,000 WH)	0.5	0.6	0.9	0.8	1.4
Lost time accident frequency rate (LTA-FR), (LTA/1,000,000 WH)	2.4	2.7	4.0	3.4	2.8
Lost time incident rate (LTA-IR) (LTA/200,000 WH)	0.5	0.5	0.8	0.7	0.6
Contractor fatalities (CF)	–	–	1	2	–
Contractor lost time accidents, CLTA	21	25	31	35	30
Zero recordable incident sites (based on TRI)	35	26	20	23	13
Number of sites included in reporting	83	81	80	78	74
Working hours (WH), (1,000,000)	45.5	45.4	45.4	45.3	45.8

1) Pertains to wholly owned production facilities of Essity, excluding sales and administrative offices.

Sickness absence

%	2024	2023	2022	2021	2020
Sickness absence, %[1]	5.7	5.6	6.1	5.2	5.3
Scope of reporting, % of companies integrated into the HR platform	48	47	49	54	56

1) Sickness absence is calculated using the number of hours absent divided by the number of working hours.

S Own workforce

Remuneration metrics

Gender pay gap

Reported in the sustainability statements up to and including 2023 we displayed median wage of women compared to men for Essity's 10 biggest countries by headcount. From 2024 onwards, the gender pay gap is reported in the table below as a percentage. For 2024 the pay gap is 6%, which indicates that the average salary for women is 6% less than the average salary for men.

Average combined salary[1)]

%	2023[2)]	2022[2)]	2021	2020
Women's median wage compared with men's (men's wage 100%)	94	94	94	93
Women's median wage compared with men's in senior management (men's wage 100%)	86	81	80	78
Women's median wage compared with men's in middle management (men's wage 100%)	90	91	91	92

1) The figures reflect the women's median wage compared to men's median wage, where men's wage is referred to as the 100%. The combined salary does not take into consideration factors affecting compensation levels, such as job role, experience and education levels. Salary includes annual base salary, vacation pay, short-term incentive pay, sales incentive pay and long-term incentive pay.

2) Applies to full-time salaries for active employees from the 10 countries where Essity has the most employees. Salaries to the CEO, Executive Vice President and CFO are excluded. Only refers to companies fully integrated into the HR Platform. Russia is not included.

Gender pay gap, average hourly pay[1)]

%	2024
Women/Men	6

1) The figures reflect the gender pay gap based on 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. Only refers to companies fully integrated into the HR Platform.

Total remuneration

For the total remuneration ratio of the President and CEO divided by the median salary at Essity, see Note C2 on page 145.

Incidents, complaints and severe human rights impacts

For information about the incidents reported in the category human rights through the whistleblower system, see table on page 99.

There were no financial fines, penalties or compensation for damages because of incidents concerning human rights during 2024.

S Workers in the value chain

Workers in the value chain

Why workers in the value chain matter

As a global company, Essity collaborates daily with over 32,000 suppliers and has a significant impact on workers throughout its value chain. Essity's focus on workers in the value chain is based on the ambition to mitigate risks and positively contribute to social and economic developments in the communities which we impact through our work. We are committed to upholding the highest standards of labor rights and working conditions throughout our value chain.

Sustainability matters	Value chain	Material impact	Financial effect
Working conditions: Working time	Upstream activities	Actual negative impact	No financial effect
Working conditions: Health and safety	Upstream activities	Actual negative impact	No financial effect
Other work-related rights: Forced labor	Upstream activities	Potential negative impact	No financial effect

Upstream activities Own operations Downstream activities

Strategy

Interests and views of stakeholders

Essity has an established process to perform continuous risk assessments of the company's suppliers and procurement categories in accordance with Essity's Global Supplier Standard. It contains requirements concerning quality, product safety, the environment and chemicals. It also contains a Supplier Code of Conduct that includes Essity's expectations regarding human rights (trafficking, forced labor, compulsory labor and child labor), employee relations, health and safety as well as business ethics. The Supplier Code of Conduct is based on Essity's Code of Conduct, related legislation and international standards, see pages 51–52.

To verify that our suppliers operate in line with our Supplier Code of Conduct, we apply a systematic and risk-based approach in accordance with the OECD Guidelines for Multinational Enterprises. All our suppliers are expected to follow these principles and to require their suppliers in turn to uphold equivalent standards. Compliance with these principles is a key factor when choosing suppliers and other business partners.

Systematic activities, such as self-assessments, audits, screenings and other monitoring processes, ensure compliance. Essity requires that suppliers use Supplier Ethical Data Exchange (Sedex), a global membership organization that provides businesses with a platform to manage and share information about their supply chain standards, to conduct a self-assessment linked to working conditions, environment, business ethics as well as health and safety.

Suppliers of raw materials and finished products located in countries that Sedex considers high-risk countries, with regards to workers in the supply chain, undergo an ethical audit that focuses on areas such as human rights, employment conditions and corruption. The preferred audit format is Sedex Ethical Trade Audit (SMETA), which is the most widely used method in the world for social and ethical audits. Another conscious choice we make to further reduce the social and ethical risks within the supply chain is to partner with large multinational corporations based in Europe and the USA with production facilities located in Asia and South America.

Essity takes supplier location and origin of raw material into consideration when assessing risks. The same material can entail different risks depending on the area where it is manufactured or grown, whereas other items can have similar risks regardless of where they are produced and delivered. The technology used, the level of automation and the level of skill required by the workforce are other factors that are taken into consideration in Essity's risk assessments.

Some raw materials, such as wood pulp or cotton, are closely associated with specific regions due to natural circumstances. The risks with these materials, connected to workers in the supply chain, are often considered to primarily occur several tiers away, in the beginning of the value chain. Essity takes additional measures in these situations, such as audits of sub suppliers or chooses certified raw materials that guarantee more sustainable extraction and production.

Material impacts, risks and opportunities and their interaction with strategy and business model

While workers in the downstream value chain are of interest to Essity, the double materiality assessment has identified material impacts only in the upstream value chain, which are described below.

Working time

Essity has identified excessive working hours as a matter with a negative impact on workers in the supply chain. This is common among suppliers located in parts of Asia and where there is a high share of migrant labor. The Essity Global Supplier Standard requires that working hours comply with national laws and local industry standards. Excessive overtime leads to poor work-life balance and can contribute to workplace accidents through fatigue and in the long run to wear and tear injuries. Overtime is verified in SMETA audits and Essity is aware of its responsibility to avoid contributing to additional overtime. We do this by striving for correct forecasting and avoiding last-minute changes and unrealistic project timelines.

Health and safety

Health and safety issues at the workplace have a negative impact on workers in the supply chain. Essity requires that suppliers should respect relevant local legislation in this area, as well as the ILO Core Conventions as expressed in our Supplier Code of Conduct. Essity also demands that suppliers have a Health and Safety Management System providing for continuous monitoring and improvement of the working environment. All our suppliers are required to provide relevant information to enable us to fulfill our obligations regarding occupational health and safety. Verification of a supplier's Health and Safety Management System is part of the qualification audits that are mandatory for all strategic suppliers. This also constitutes an important element in the SMETA audits Essity requests for suppliers with manufacturing in high-risk regions. If nonconformities are discovered, a corrective action plan is established and followed up on.

S Workers in the value chain

Forced labor
Our impact with regards to forced labor in the supply chain is potentially negative. Applying Essity's risk-based approach and using our supporting tools and analysis instruments, we judge that the risk for forced labor is predominantly in lower tiers, beyond direct suppliers, in parts of Asia and in Latin America. The risks are mainly within farming and agriculture and for Essity, these risks are associated with the cotton industry.

Forced labor can also occur in industries using migrant workers. In this case the problem is not limited to the early stages of the supply chain and is most common, according to our analysis, in Asia and in parts of the Middle East. Forced labor can occur during the production of raw materials or even finished goods. For vulnerable workers such as refugees or unskilled migrant workers, the risk is global. Special caution should therefore be applied depending on business areas, such as facility management, waste management, plantation work and many other low skilled services, rather than on region or geography.

Impact, risk and opportunity management

Policies related to value chain workers

Essity is committed to upholding the highest standards of labor rights and working conditions throughout our supply chain. By sourcing from suppliers who share the same values as those outlined in our Global Supplier Standard, we continuously promote responsible business practices and respect for human rights in our supply chain. Essity's Global Supplier Standard contains a Supplier Code of Conduct that includes our expectations on all our suppliers regarding human rights (trafficking, forced labor, compulsory labor and child labor), business practices and working time, employee relations, health and safety and other topics related to sustainable and responsible business practices. Compliance with these principles is a key factor when choosing suppliers and other business partners.

Essity is a member of the UN Global Compact, which consists of ten principles in the areas of human rights, labor standards, the environment and anti-corruption. Our Supplier Code of Conduct is based on legislation and internationally agreed standards, see pages 51–52.

A risk-based approach, in accordance with the OECD Guidelines for Multinational Enterprises and the UN Global Compact, is applied to ensure that our global suppliers operate in line with our Supplier Code of Conduct. Essity requires that suppliers use Sedex to conduct a self-assessment linked to working conditions, environment, business ethics as well as health and safety. Third-party SMETA audits at suppliers' sites are used to verify compliance and to identify and address potential social and ethical issues.

For more information on Essity's Supplier Code of Conduct, see pages 51–52.

Processes for engaging with value chain workers about impacts

At Essity, we recognize the critical role that supply chain workers play in our operations and we are committed to ensure that their voices are heard and that their concerns are addressed. Our engagement processes are designed to foster open communication, promote fair labor practices and continuously improve working conditions. Through regular audits, surveys and direct feedback mechanisms, we actively involve supply chain workers in identifying and addressing impacts related to our business activities.

We engage third-party auditors to conduct SMETA audits at our suppliers' sites. The audits are an independent assessment of the working conditions and secure access to workers' feedback. Through this we can identify issues and areas for improvement related to health and safety and labor rights, such as working time.

We also engage with workers in our supply chain via industry-wide networks such as AIM-Progress, a member-led forum of fast-moving consumer goods (FMCG) companies and suppliers. Together with other FMCGs, we support responsible business conduct to make sure that supply chains remain resilient and that workers, farmers and communities can thrive.

Yet another way to engage with workers is through special initiatives and in collaboration with non-governmental organizations. In Latin America for instance, Essity is contributing to the official recognition of waste pickers and the important role they have in a more circular society. Through Essity and the Familia Foundation, waste pickers and their families in Colombia are getting better access to housing, education and libraries.

Feedback from these engagements is integrated into our decision-making processes to enhance our social responsibility initiatives.

Processes to remediate negative impacts and channels for value chain workers to raise concerns

We are committed to addressing and remediating any negative impacts on supply chain workers promptly and effectively. We have established robust processes to ensure that any issues are identified, addressed and resolved in a timely manner.

When SMETA audits identify non-compliance with labor standards, we work with our suppliers to develop and implement corrective action plans. These plans include specific steps, timelines and follow-up audits to ensure issues are resolved.

During 2024, Essity evaluated the outcome from 75 ethical supplier audits carried out in Mexico, Colombia, Sri Lanka, South Africa, Turkey, Brazil, Argentina, India, Taiwan, the United Arab Emirates and Malaysia. Six of these audits were initiated by Essity using an independent audit firm. The other 69 ethical audits, which meet Essity's requirements, were conducted at the initiative of other customers to the suppliers and were approved by Essity. Essity is informed within 24 hours in the event of critical observations. No agreement with strategic suppliers related to workers in the supply chain were terminated during 2024.

Essity encourages an open and honest culture in which all external stakeholders, including workers in the supply chain, can report suspicions of violations of our Supplier Code of Conduct or other legislations. Retaliation against individuals who submit reports in good faith is not accepted. Essity offers external stakeholders several channels to report violations.

Ethical audits conducted

	2024	2023	2022	2021	2020
Audits initiated by Essity[1]	6	12	4	14	12
Audits initiated by customers[2]	69	43	41	35	25
Total number of audits	**75**	**55**	**45**	**49**	**37**

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.

S Workers in the value chain

Taking action on material impacts on value chain workers and approaches to managing material risks and pursuing material opportunities related to value chain workers and effectiveness of those actions

We are dedicated to taking proactive measures to address material impacts on supply chain workers. Our approach involves identifying and mitigating risks, seizing opportunities to enhance worker well-being and continuously evaluating the effectiveness of our actions.

For certain high-risk materials, for example cotton, Essity has decided to source only sustainable cotton. Our preferred cotton suppliers are members of the Better Cotton Initiative (BCI), an organization which provides a rigorous and continuous assurance program, including yearly self-assessments and external assessments/audits at farm level to secure continuous improvement and evidence-based learning.

Essity closely monitors the rapid changes in the legislative landscape regarding the obligation to perform due diligence as well as other trade-based legislation. Procedures are updated on a regular basis and key personnel are trained to ensure that risk assessments are conducted properly and that there is relevant documentation and transparency.

Essity has an established process to perform continuous risk assessments of the company's suppliers and procurement categories. Approximately 54% (54; 54) of Essity's strategic suppliers of raw materials and finished products are in Europe, 37% (37; 36) in North and South America and 9% (9; 10) in Asia and Africa. At the end of 2024, Essity had a total of 1,020 (958; 956) suppliers that shared data via Sedex.

Geographical distribution of strategic suppliers 2024

Targets and metrics

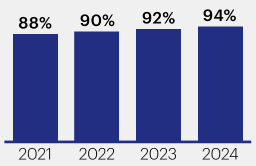
Targets related to managing material negative impacts, advancing positive impacts and managing material risks and opportunities

Essity's target for responsible procurement, which is based on our total purchasing spend excluding energy, is that 95% of the purchasing spend in 2025 should be from suppliers that share the company's values in accordance with our Global Supplier Standard.

Responsible procurement

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

Target 2025: 95% Outcome: 94%



Share of total purchasing spend[1] from suppliers that comply with Essity's Global Supplier Standard

	2024	2023	2022	2021	2020
Outcome, %	94	92	90	88	83

1) Excluding energy.

S Consumers and end-users

Consumers and end-users

Why hygiene and health matter for consumers and end-users

Hygiene is essential for maintaining both physical and mental health while preventing the spread of infectious diseases. It promotes better health, boosts confidence and enhances overall well-being. Every day, Essity's innovative hygiene and health solutions reach one billion people globally. However, effective hygiene goes beyond products—it requires the right knowledge and skills. That is why we are dedicated to breaking barriers to well-being and providing individuals with the tools they need to practice proper hygiene and improve their health.

Essity enables people to live fuller lives by offering solutions that enhance individual well-being while delivering societal and economic benefits. Through our brands, we aim to break taboos, raise awareness, improve accessibility, and enhance standards for hygiene and health. Our goal is to contribute to healthier and more inclusive societies for all.

We recognize the vital role of professional and family caregivers and the value they bring to society. Our efforts focus on supporting women+'s health during all stages of life and promoting hygiene education as a foundation for good health. By raising awareness and providing training in infection prevention routines, we help combat antimicrobial resistance (AMR). Essity aims to promote the knowledge of good hygiene by providing a comprehensive portfolio fostering positive personal behavior and hygiene routines in personal care, hand hygiene and surface care.

Sustainability matters	Value chain	Material impact	Financial effect
Hygiene and health	Downstream activities	Actual positive impact	Actual positive financial effect (opportunity)

Upstream activities Own operations Downstream activities

Strategy

Interests and views of stakeholders

Collaboration with internal and external stakeholders is crucial for understanding different perspectives, improving decision-making and enhancing our overall organizational performance and offering. By understanding the needs and challenges of our consumers and end-users, we ensure the delivery of superior products and solutions that meet those needs. This approach aligns with our strategy and business model. We are committed to being a trusted partner in the local communities where we operate. Through collaborations with global and regional non-governmental organizations, we provide education and resources that help individuals fully engage in society, supporting their human rights and fostering greater inclusion.

For information on how we work to understand the interests, views, and insights of our consumers and end-users, read more on pages 57–58.

Material impacts, risks and opportunities and their interaction with our strategy and business model

Essity's business model is based on providing health and hygiene products. Our products and services help people live healthier and more active lives. Therefore, Essity has assessed an actual positive impact on consumers and end-users. The effect generates revenue for every product sold and creates an actual financial opportunity.

Impact, risk and opportunity management

Policies related to consumers and end-users

Essity aspires to be the undisputed global leader in hygiene and health. We actively support the sustainable development goals (SDGs) by fostering a healthier and more inclusive society while reducing our environmental footprint. While Essity does not have a specific policy on hygiene and health related to consumers and end-users, we remain committed to improving hygiene and health globally. Our commitment to social sustainability is reflected in our strategic actions across our four focus areas: women+'s health, the care economy, hygiene and sanitation, as well as infection prevention and control, with roadmaps and initiatives established within each area.

We contribute to better public health by driving societal and systemic changes in collaboration with private sector players, public sector stakeholders, and civil society.

Rising life expectancy and global population growth drive greater demand for accessible, preventive hygiene and health products, solutions and services. According to the World Health Organization (WHO), approximately 50% of the world's population still lack adequate access to hygiene and health solutions. The core of our business is promoting solutions that enhance individual well-being while delivering broader societal and economic benefits. We remain dedicated to the long-term support of our consumers and end-users.

Women+'s Health
The term "Women+" embraces inclusivity by recognizing not only cisgender women but also transgender persons, non-binary individuals, and anyone who faces health and well-being challenges traditionally associated with women+'s health. This reflects our commitment to understanding and addressing the diverse needs of all individuals, fostering a more inclusive, equitable, and respectful approach to health and rights.

Processes for engaging with consumers and end-users about impacts

Essity engages with customers, consumers, end-users and society through targeted initiatives. These include community projects, educational programs, partnerships with non-governmental organizations, contributions to research and the use of customer satisfaction ratings. We support communities through foundations, donations, volunteering and sponsorships. To promote hygiene and health awareness, Essity collaborates with end-users and consumers via social media campaigns.

Consumers and end-users

Over the past 16 years, our "The Hygiene and Health Report", has contributed to the global dialogue, providing insights and actionable recommendations and drive essential changes for societal progress.

Taking action on material impacts on consumers and end-users, and approaches to pursuing material opportunities

Essity takes strategic action through the following four focus areas:

- **Women+'s health**

We are committed to improving the well-being of women+ at all life stages and creating an environment where they, in all their diversity, can live meaningful and fulfilling lives. As a global partner in menstrual health, Essity works to close the menstrual health gap by addressing inequalities that impact well-being.

Access to safe, affordable period products and services is essential for enabling full participation in school, work and social life. Essity's brands help to break barriers and drive positive change in menstrual health worldwide. Our dedication extends to shedding light on taboos around women+'s health, bodies and life stages. We strive to enhance well-being at every age, fostering understanding, support and systemic change for a more inclusive future.

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 handwashing 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, we aim to normalize menstruation and dispel stigmas surrounding it.

Partnerships for women+´s health

In 2024, we joined the Global Alliance for Women's Health, hosted by the World Economic Forum, to collaboratively measure the menstrual health gap and drive meaningful action. Additionally, in partnership with the UN sexual and reproductive health agency, Essity became the first global partner to pilot and endorse the sexual and reproductive health and rights metrics developed by the Coalition for Reproductive Justice in Business.

Essity, Menstruación Digna and UNICEF Mexico conducted the first-ever National Survey on Menstrual Health Management in Mexico. This groundbreaking survey provided valuable insights into how people who menstruate experience and manage menstruation, including its physiological, psychosocial, economic, social and cultural impacts. Recognized as an impactful tool for change, the findings offer critical guidance for shaping laws and policies to close the menstrual health gap in Mexico.

- **Care economy**

Our care and incontinence solutions under the TENA brand help enhance dignity and quality of life for millions of people, including the elderly and caregivers. With our solutions and initiatives, we strive to contribute to closing the care gap and the growing disparity between the increasing need for care and the available resources to provide it, which will intensify in mature markets in the coming years. We understand the value that professional and family carers bring to societies daily and aim, for example, through our TENA brand campaigns, to increase their visibility and recognition of their needs.

- **Hygiene and sanitation**

A cornerstone of our well-being initiatives involves promoting knowledge about good hygiene as the foundation for good health. We actively work toward fostering positive behaviors and routines and elevating hygiene standards while striving to increase access to clean and safe sanitation.

Through our Tork brand, we create awareness and increase the knowledge of the importance of hand hygiene. For example, approximately 20,000 people have participated in our award-winning "Tork Virtual Reality Clean Hands" training course since it was launched in 2019. Together with the Global Handwashing Partnership Coalition, we are creating greater awareness of inclusive hygiene in public restrooms.

- **Infection prevention and control**

We focus on fostering efficient cleaning routines, raising hygiene standards, improving clean and safe sanitation access. As part of our broader strategy, we raise awareness, provide training on prevention routines and offer alternative treatment solutions to combat AMR. Essity's expertise is in improved hand hygiene solutions through its Tork brand and infection prevention and management. With the brands Cutimed Sorbact and Leukomed Essity provides wound care dressings, that use an innovative approach to reduce bioburden in wounds without using any chemically active agents, which may help reduce the excessive use of antibiotics.

Our #WoundWarriors campaign, launched in 2019, aims to reduce the excessive use of antibiotics in wound care. The campaign targets healthcare professionals and increases awareness of the global impact of AMR and alternative antibiotic-free treatment routines. We further engage in several national and international forums, such as the UN, WHO and national governments, to increase awareness of AMR and drive meaningful action.

Community Relations

At Essity, we are committed to create value for our consumers, our end-user, our employees, and the local communities we operate in. Our community relations initiatives not only enhance the Essity brand and product brands but also exemplify our company purpose of breaking barriers to well-being.

Essity's steering document for community relations states that the company shall remain politically and religiously neutral. Consequently, Essity does not make payments or product donations to political parties or candidates, or their institutions, agencies, or representatives. In 2024, Essity did not support any organizations or projects with political or religious aims.

S Consumers and end-users

Targets and metrics

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Essity's purpose is to break barriers to well-being for the benefit of consumers, patients, caregivers and customers worldwide. Our solutions enable 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.

One overall hygiene and health related target is that at least 50% of the company's innovations are to yield social and/or environmental improvements. Essity tracks the sales from launched innovations. Innovations are assessed against both social and environmental aspects in the innovation's life cycle. Innovations can be assessed as sustainable if meeting both assessments or only one as long as the other maintain the reference level. During 2024 the social component of sustainable innovations was 54% (48; 56). This met 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 80.

In 2024, Essity invested approximately SEK 63m (81; 37) in over 500 community relations projects. Most of these projects were related to hygiene and health, areas where our employees also dedicate many working hours, including staff management.

Community relations, SEKm

	2024	2023	2022	2021	2020
Charitable donations	46.7	53.6	29.3	28.6	39.8
Commercial initiatives	4.1	8.0	2.1	4.9	1.9
Community investments	11.8	19.3	5.8	4.3	7.5
Total	**62.6**	**80.9**	**37.2**	**37.8**	**49.2**
of which cash funds	19.5	25.6	14.0	21.8	21.4
of which products	43.1	55.3	23.2	16.0	27.8

G Business conduct

Business conduct

Why business conduct matters

Business conduct is an important part of prosperous societies as well as an important part of Essity's daily business operations. It provides a common ground and general way of conducting business and it promotes trust in the company among stakeholders and integrity among employees. It is part of our corporate DNA to conduct our business in a responsible manner. We have a zero-tolerance approach to unethical business behavior in our own operations as well as in the value chains where we exercise control.

Sustainability matters	Value chain	Material impact	Financial effect
Corporate culture		Actual positive impact	No financial effect
Protection of whistleblowers		Potential negative impact	No financial effect
Management of relationships with suppliers (excluding payment practices)		Actual positive impact	No financial effect
Corruption and bribery: Prevention and detection, including training, incidents		Potential negative impact	No financial effect

Upstream activities Own operations Downstream activities

Governance

The role of the administrative, supervisory and management bodies

For information on the roles of the Compliance & Ethics department, the Internal Audit function, the Compliance Council, the Executive Management Team and the Board of Directors related to business conduct and related impacts, risks and opportunities, see page 50.

Impact, risk and opportunity management

Description of the processes to identify and assess material impacts, risks and opportunities

For information on the process to identify and assess material impacts, risks and opportunities related to business conduct, see page 61.

Business conduct policies and corporate culture

Essity actively supports human rights and conducts business in a manner that is socially responsible through principles that are embedded in our identity. Our approach to human rights is based on the UN Guiding Principles on Business and Human Rights. As a signatory to the UN Global Compact, we actively support human rights and conduct our business in a manner that is consistent with its ten principles, as well as with the International Bill of Human Rights, the ILO Core Conventions and the OECD Guidelines for Multinational Enterprises. Human rights due diligence is integrated into our key processes. Whenever we identify a potential or actual negative impact, we take steps to mitigate or remediate any harmful activities.

We support and respect internationally recognized human rights wherever we operate. When national laws conflict with international human rights standards, we will adhere to national law, while seeking ways to honor and respect the principles of international human rights. Our human rights commitment is reflected in our Code of Conduct, Human Rights Policy and other company policies.

Our Beliefs & Behaviors form the foundation of our corporate culture and guide us in our daily work and in how we behave, act and make decisions. We have four Beliefs:

- We are committed to delivering superior results, which means that we are committed to improving every day and that we aim high and ensure that what we do and how we do it, creates value
- We care for our customers, consumers, the environment and each other, which means that we show respect and proactively support each other, we act with integrity towards our stakeholders and that sustainability is part of everything we do
- We have the courage to take the lead, which means that we have high ambitions, we focus on winning for the future and we are dedicated to developing innovative products, solutions and services that better serve our customers and consumers
- We collaborate across teams, functions and businesses, which means that we seek out diverse perspectives and ideas, we trust and challenge each other constructively and we celebrate success as a team

Free and fair competition

Essity's business is based on free and fair competition in all the markets in which the company operates. Essity therefore takes seriously any form of anti-competitive conduct in violation of the legislation applicable in the relevant markets. In order to raise awareness in the organization in general, and among relevant categories of employees specifically, Essity has therefore developed guidelines to prevent the risk of regulatory violations of applicable competition law. These guidelines complement the general requirements set out in the Code of Conduct. The guidelines are sent annually to the affected target group with a request for confirmation that they have been read and understood. Furthermore, in 2023, Essity launched a new 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 holds in-depth training physically 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.

G Business conduct

The German Competition Authority has initiated an investigation into the local market for consumer tissue, including Essity. In 2024, Essity was neither subject to legal proceedings from an authority regarding suspected violation of competition law, nor has it received any administrative fine or other sanction.

Reporting breaches

Essity encourages an open and honest culture in which all employees and external stakeholders can report suspicions of violations of the Code of Conduct or legislation. Retaliation against individuals who submit reports in good faith is not accepted. Essity offers its employees internal channels, for example line manager, the local HR team or the union/work council representative, to report suspicions of violations. External stakeholders can report suspicions of violations via essity.com. Essity's Code of Conduct includes a section on how the company's whistleblower system SpeakUp works and the related training includes information on the whistleblowing system. In addition, information about the whistleblowing system is available at all workplaces. To ensure that the information is effective, employee awareness of the whistleblowing system is measured annually in the global employee survey MyVoice.

All employees have access to the Essity whistleblower system SpeakUp, which consists of a reporting hotline managed by an external party. The reporting hotline is available 24/7 by phone and online in over 25 languages. Where permitted by law, breaches can be reported anonymously.

Training

Essity conducts comprehensive business ethics training programs, with training in the Code of Conduct constituting a mandatory part of the onboarding of all new employees. Training is mainly conducted online. At production facilities, where not all employees have immediate online access, Code of Conduct courses are held through classroom instruction.

Code of Conduct training

	2024	2023	2022	2021	2020
Share of new employees who received training in the Code of Conduct, %	90	88	90	92	92

In 2024, online training based on the UN Guiding Principles on Business and Human Rights was launched and made available to employees and external parties. The aim of the training is to raise awareness of the principles, the UN's expectations, Essity's approach to human rights and what we expect from our external partners.

Annual anti-corruption training is mandatory for Essity employees who have frequent interactions with external partners. In 2024, 6,467 (6,500) of these employees completed the training.

Management of relationships with suppliers

Essity has a Global Supplier Standard to ensure responsible business operations and respect for human rights across the company's supplier base. This standard contains requirements concerning quality, product safety, the environment and chemicals. It also contains a Supplier Code of Conduct that includes Essity's expectations regarding human rights and employee relations, health and safety and business ethics. Compliance with Essity's Supplier Code of Conduct is a key factor when choosing suppliers.

Essity operates in several markets worldwide and could have a negative impact on a substantial number of individuals. Essity's strategic suppliers of raw materials and finished products are located all over the world – in Europe, North and South America, Asia and Africa. Consequently, Essity is present in many countries where the risks are high for unethical business practices and violations of human rights. Such breaches could entail serious effects on individuals as well as financial and reputational impacts on the company. We therefore focus on, prioritize and promote trustworthy and responsible business conduct.

Risk management process

Proper due diligence in the supplier base requires efficient risk management. Risk management is performed for both new and existing suppliers. The applied risk-based approach is a method for managing risks by identifying, prioritizing and addressing risks according to their potential impact and probability, considering scope and remediability. On a yearly basis, actions taken, chosen mitigation activities and prioritizations are reviewed considering a changing global context to assess the need to update processes and alter ways of working to better address risks. For this purpose, Essity has a Supplier Risk and Resilience Management Procedure aimed at ensuring supply in accordance with agreed contracts, specifications, sustainability requirements and to reduce costs, avoid regulatory fines and mitigate reputational harm.

Another conscious choice we make to further reduce the social and ethical risks within the supply chain is to partner with large multinational corporations based in Europe and the USA with production facilities located in Asia and South America. Suppliers with manufacturing units located in high-risk countries are examined with particular care using standard ethical third-party audits with a focus on health and safety, human rights, employment conditions and corruption. No agreements with strategic suppliers were terminated due to sustainability related non-compliance in 2024.

Prevention and detection of corruption and bribery

Essity's compliance program has several compliance activities in place that aim to minimize the risk of Essity taking part in or being associated with unlawful or unethical business practices. Our Anti-Bribery and Corruption Policy sets out our approach to anti-corruption and in addition our Group instruction contains guidelines for employees on gifts and hospitality. The online anti-bribery and corruption training is available for all employees. It is mandatory for employees within sales, marketing and procurement to undertake the training annually. Essity has systems for due diligence of third parties and procedures for managing corruption risks linked to third parties.

G Business conduct

Systematic activities, such as audits and other monitoring processes, are conducted to ensure compliance. For Essity's production facilities, compliance is ensured through audits using SMETA, which is the most widely used method in the world for social and ethical audits. Essity's production facilities that have conducted self-assessments in Sedex can share sustainability information with our customers who are Sedex members. Large international customers regularly request third-party SMETA audits to be conducted at Essity's production facilities.

Compliance with the program for regulatory compliance and the anti-corruption program is ensured through audits conducted by the Internal Audit function. The implementation of the regulatory compliance program and anti-corruption program is reported continuously to Essity's Compliance Council.

Essity's Compliance & Ethics department receives all submitted reports from the whistleblower system and is responsible for ensuring that necessary action is taken. The Compliance & Ethics department is separate from management and the Vice President of Compliance & Ethics reports to the Chief Legal Officer and the Board of Directors. Reports are presented regularly to Essity's Compliance Council, which includes parts of the Executive Management Team. The internal audit function is always given the opportunity to attend the meetings.

Essity's commitment towards regulatory compliance and anti-corruption is stated in our Code of Conduct and is included in the mandatory part of the onboarding of all new employees.

Targets and metrics

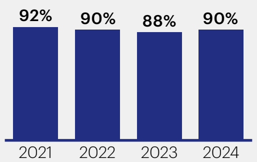
Confirmed incidents of corruption or bribery

During 2024, no individual was convicted for any violation of anti-corruption and anti-bribery laws. No fines for violation of anti-corruption and anti-bribery laws were received nor paid. No actions have been taken to address breaches in procedures and standards of anti-corruption and anti-bribery.

Business ethics and Code of Conduct

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

Target: 100% Outcome: 90%



Reported breaches of the Code of Conduct

The table below provides 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]	2024	2023	2022	2021	2020
Human Resources (HR)	204	216	83	43	45
Regulatory breach, Fraud and Corruption	41	19	31	14	11
Security Incidents	6	1	–	–	2
Operations	24	5	3	4	1
Sustainability	1	–	–	–	–
Human Rights	–	1	–	–	–
Other	11	7	5	3	2
Total	**287**	**249**	**122**	**64**	**61**

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 287 reported cases in 2024, 278 were closed and 9 are still under investigation. The reported case in the HR category, does not concern degrading treatment. We have not received any reports of discrimination according to the ILO's definition, Convention no. 111, during the year. No individual was dismissed during the year for breaching the company's Anti-corruption Policy. No confirmed breaches were financially material.

Internal audits conducted of the Code of Conduct

	2024	2023	2022	2021	2020
In production					
Number of audits	6	8	5	5	1
Number of observations	69	118	98	52	7
Average number of observations per audit	11.5	14.8	19.6	10.4	7.0
In sales					
Number of audits	6	8	6	4	1
Number of observations	46	58	67	28	8
Average number of observations per audit	7.7	7.3	11.2	7.0	8.0

Statutory sustainability report and GRI index

Statutory sustainability report

The table below, with page references, is provided for clarity on how Essity meets the Swedish Annual Accounts Act 6 chapter 11§.

Disclosure	Page
General	
Business model	55
Environment	
Policy on environmental issues	51
Risks and risk management on environmental issues	41–46, 68–70, 74, 76–77, 78–79
Targets and outcomes related to environmental issues	26–27, 71–73, 75, 77, 80–82, 96
Social conditions	
Policy on social issues	51–52
Risks and risk management on social issues	41–46, 83–86, 91–93, 94–95
Targets and outcomes related to social issues	26–27, 80, 87–89, 93, 96, 98

Disclosure	Page
Respect for human rights	
Policy for human rights	51–52
Risks and risk management on human rights issues	41–46, 97–98
Targets and outcomes related to human rights issues	27, 98–99
Anti-corruption	
Policy for work in anti-corruption	51–52
Risks and risk management in anti-corruption	41–46, 98–99
Targets and outcomes related to anti-corruption	27, 98–99
Disclosures according to the EU taxonomy regulation	62–65

GRI index

Essity's reporting for the January 1, 2024 to December 31, 2024 period is in accordance with the GRI standards. GRI 1: Foundation 2021 was applied. No applicable GRI sector standard was available for Essity's industry. In 2024, the application of the GRI standards – 1, 2 and 3 – resulted in a review of the materiality assessment of the GRI standards. In light of this, certain standards have been added and deleted compared to the Annual Report for 2023.

General Standard Disclosures

GRI Standard	Disclosure	Disclosure name	Page	Omission/Reason/Explanation
GRI 2 2021	2-1	Organizational details	123, 133	
	2-2	Entities included in the organization's sustainability reporting	48, 166	
	2-3	Reporting period, frequency and contact point	48–49, 123–124, 191	
	2-4	Restatements of information	49, 73	
	2-5	External assurance	103–104, 108, 183–186	
	2-6	Activities, value chain and other business relationships	5, 29–34, 55–56	**Omission:** 2-6 c and d **Reason:** Confidentiality limitations. **Explanation:** Essity does not report details on relevant business relationships.
	2-7	Employees	87–88, 137–138	**Omission:** 2-7 b **Reason/Explanation:** Information unavailable/incomplete.
	2-8	Workers who are not employees	–	**Omission:** 2-8 **Reason/Explanation:** Information unavailable/incomplete.
	2-9	Governance structure and composition	104–106, 110–111	
	2-10	Nomination and selection of the highest governance body	104–108	
	2-11	Chair of the highest governance body	110–111	**Omission:** 2-11 a and b **Reason/Explanation:** Not applicable.

GRI index, cont.

General Standard Disclosures, cont.

GRI Standard	Disclosure	Disclosure name	Page	Omission/Reason/Explanation
GRI 2 2021	2-12	Role of the highest governance body in overseeing the management of impacts	104–108	
	2-13	Delegation of responsibility for managing impacts	50, 61	
	2-14	Role of the highest governance body in sustainability reporting	50	
	2-15	Conflicts of interest	104–108	
	2-16	Communication of critical concerns	26, 54, 99	
	2-17	Collective knowledge of the highest governance body	106–108	
	2-18	Evaluation of the performance of the highest governance body	106–108	
	2-19	Remuneration policies	145–147	
	2-20	Process to determine remuneration	108	
	2-21	Annual total compensation ratio	147	**Omission:** 2-21 b and c **Reason/Explanation:** Information unavailable/incomplete.
	2-22	Statement on sustainable development strategy	8	
	2-23	Policy commitments	51–52, 97–99	
	2-24	Embedding policy commitments	51, 92, 97–99	
	2-25	Processes to remediate negative impacts	85–86, 98–99	
	2-26	Mechanisms for seeking advice and raising concerns	85, 98–99	
	2-27	Compliance with laws and regulations	99	
	2-28	Membership of associations	4, 23, 71, 77, 79, 84, 88, 92, 93, 95	
	2-29	Approach to stakeholder engagement	57–58, 61	
	2-30	Collective bargaining agreements	88	

Specific disclosures – GRI 200: Economy

All GRI topics not listed below have been deemed as not material for Essity.

GRI Standard	Disclosure	Disclosure name	Page	Omission/Reason/Explanation
GRI 3: Material Topics 2021				
	3-1	Process to determine material topics	61	
	3-2	List of material topics	59–60	
Anti-corruption				
GRI 3: Material Topics 2021	3-3	Management of material topics	50, 98–99, 104–108	
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	98–99	
Anticompetitive Behavior				
GRI 3: Material Topics 2021	3-3	Management of material topics	50, 104–108	
GRI 206: Anticompetitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	97–98	
Materials				
GRI 3: Material Topics 2021	3-3	Management of material topics	50, 104–108	
GRI 301: Materials 2016	301-1	Materials used by weight or volume	82, 187	
	301-2	Recycled input materials used	82, 187	
Energy				
GRI 3: Material Topics 2021	3-3	Management of material topics	50, 70–73, 104–108	
GRI 302: Energy 2016	302-1	Energy consumption within the organization	48, 72	
	302-3	Energy intensity	72	
Water and Effluents				
GRI 3: Material Topics 2021	3-3	Management of material topics	50, 74–75, 104–108	
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	75	
	303-2	Management of water discharge-related impacts	75	
	303-3	Water withdrawal	75	**Omission:** 303-3 c **Reason/Explanation**: Information unavailable/incomplete.
	303-4	Water discharge	75	**Omission:** 303-4 b and c **Reason/Explanation**: Information unavailable/incomplete.
	303-5	Water consumption	75	

GRI index, cont.

Specific disclosures – GRI 200: Economy, cont.

GRI Standard	Disclosure	Disclosure name	Page	Omission/Reason/Explanation
Emissions				
GRI 3: Material Topics 2021	3-3	Management of material topics	50, 66–73, 104–108	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	73	
	305-2	Indirect (Scope 2) GHG emissions	73	
	305-3	Other indirect (Scope 3) GHG emissions	73	
	305-5	Reduction of GHG emissions	73	
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	73	
Waste				
GRI 3: Material Topics 2021	3-3	Management of material topics	50, 78–82, 104–108	
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	81–82	
	306-2	Management of significant waste-related impacts	78–82	
	306-3	Waste generated	82	
	306-4	Waste diverted from disposal	82	
	306-5	Waste directed to disposal	82	
Employment				
GRI 3: Material Topics 2021	3-3	Management of material topics	50, 83–86, 104–108	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	87	**Omission:** 401-1 **Reason/Explanation**: Information unavailable/incomplete.
Occupational Health and Safety				
GRI 3: Material Topics 2021	3-3	Management of material topics	50, 83–85, 89, 104–108	
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	83–85	
	403-2	Hazard identification, risk assessment, and incident investigation	83–85	
	403-4	Worker participation, consultation, and communication on occupational health and safety	83–85	
	403-6	Promotion of worker health	83–85	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	83–85	
	403-9	Work-related injuries	89	

GRI Standard	Disclosure	Disclosure name	Page	Omission/Reason/Explanation
Training and Education				
GRI 3: Material Topics 2021	3-3	Management of material topics	50, 83-86, 104–108	
GRI 404: Training and Education 2016	404-1	Average hours of training per year and employee	89	**Omission:** 404-1 **Reason/Explanation**: Information unavailable/incomplete.
	404-3	Percentage of employees receiving regular performance and career development reviews	89	**Omission:** 404-3 **Reason/Explanation**: Information unavailable/incomplete.
Diversity and Equal Opportunity				
GRI 3: Material Topics 2021	3-3	Management of material topics	50, 83–86, 104–108	
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	87–88, 110–113	**Omission:** 405-1 b **Reason/Explanation**: Information unavailable/incomplete.
	405-2	Ratio of basic salary and remuneration of women to men	90	**Omission:** 405-2 **Reason/Explanation**: Information unavailable/incomplete.
Non-discrimination				
GRI 3: Material Topics 2021	3-3	Management of material topics	50, 83–86, 97–99, 104–108	
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	99	
Forced labor				
GRI 3: Material Topics 2021	3-3	Management of material topics	50, 91–93, 104–108	
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	92	
Public Policy				
GRI 3: Material Topics 2021	3-3	Management of material topics	50, 95, 104–108	
GRI 415: Public Policy 2016	415-1	Political contributions	95	

Auditor's report on the limited review and audit of the Sustainability Report of Essity Aktiebolag (publ)

This is the translation of the auditor's report in Swedish.

To Essity AB (publl), corp id 556325-5511

Introduction
We have been engaged by the Board of Essity Aktiebolag (publ) to undertake a combined assurance engagement of the Sustainability Report for Essity Aktiebolag (publ) for the year 2024. The scope of the Sustainability Report has been defined on pages 100–102.

Responsibilities of the Board and Executive Management for the Sustainability report
The Board of Directors and Executive Management are responsible for the preparation of the Sustainability Report in accordance with the applicable criteria, as defined on page 48, and are part of the Sustainability Reporting Guidelines published by GRI (The Global Reporting Initiative) that are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

Responsibilities of the auditor
Our responsibility is to express a conclusion on the Sustainability Report based on the assurance procedures we have performed. Our engagement is limited to historical financial information and does therefore not include future oriented information.

We conducted our engagement in accordance with ISAE 3000 (revised) *Assurance engagements other than audits or reviews of historical financial information*. The engagement includes a limited assurance engagement on the complete Sustainability Report and audit on fossil fuels and grid supply data on page 72. The objective of an audit is to obtain reasonable assurance that the information is free of material misstatements. A reasonable assurance engagement includes examining, on a test basis, evidence supporting the quantitative and qualitative information in the Sustainability Report. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. A limited assurance engagement is different from and substantially less in scope than reasonable assurance conducted in accordance with IAASB's Standards on Auditing and other generally accepted auditing standards in Sweden.

The firm applies ISQM 1 (International Standard on Quality Management 1) and accordingly maintains a comprehensive system of quality control including documented policies and 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 otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The conclusion based on our limited assurance procedures does not provide the same level of assurance as the conclusion of our reasonable assurance procedures. Since this engagement is combined, our conclusions regarding reasonable assurance and limited assurance are presented separately below.

Our procedures are based on the criteria defined by the Board of Directors and the Executive Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

Conclusions
Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Executive Management.

In our opinion the information in the Sustainability Report which has been subject to our reasonable assurance procedures have, in all material respects, been prepared in accordance with the criteria defined by the Board of Directors and Executive Management.

Stockholm, 28 February 2025
Ernst & Young AB

Erik Sandström
Authorized Public Accountant

Outi Alestalo
Expert member of FAR

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 2024 Annual Report. The report has been reviewed by the company's auditors.

Corporate governance, pages 104–113
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 2025 Annual General Meeting (composition, proposals and work)
- Other information ahead of the 2025 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 sections describe 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 statutory sustainability statements forms 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, 2024, Essity had approximately 100,000 shareholders. The five largest shareholders in terms of voting rights on this date were AB Industrivärden (29.8%), Norges Bank Investment Management (7.4%), AMF Fonder & Pension (6.1%), Swedbank Robur Funds (2.5%) and Blackrock (2.1%). 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 2024 Annual General Meeting (AGM) authorized the Board of Directors, for the period until the 2025 AGM, to decide on the repurchase of own Class B shares. On June 17, 2024, 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.

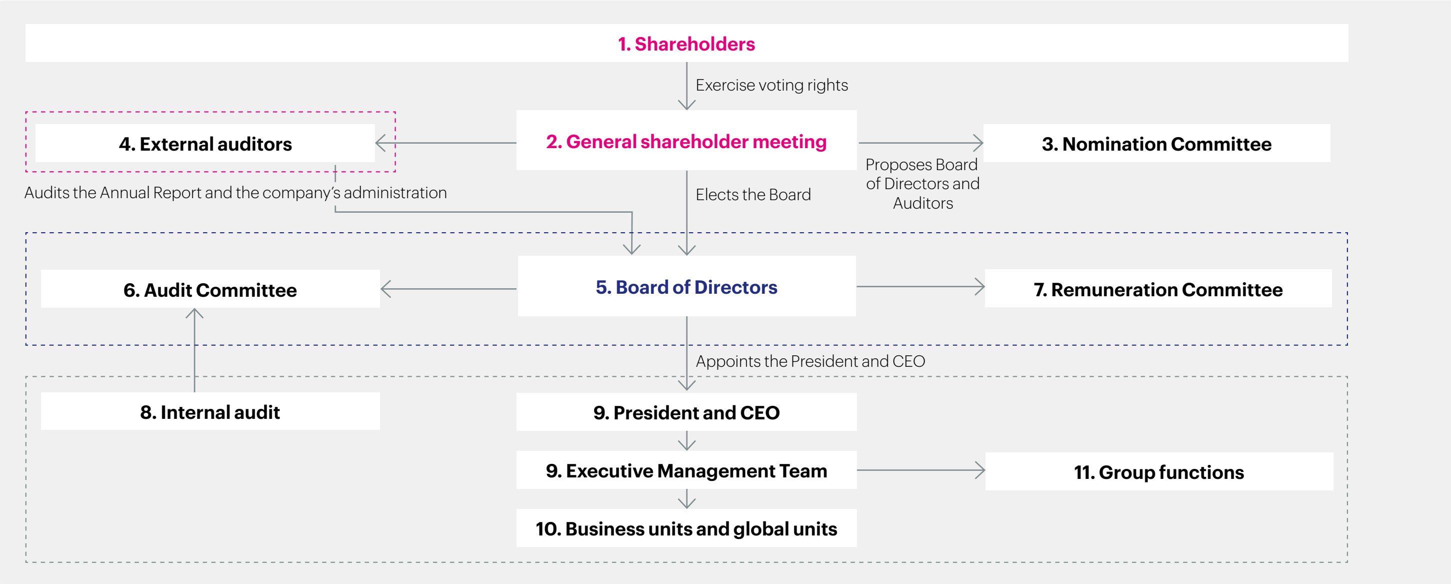
5. Board of Directors

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. The Board of Directors comprises nine members with no deputies. 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.

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 the financial 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 through a 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 Team
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 112–113, the work of which is led by the President. The Executive Management Team comprises the President, five Group Function Senior Vice Presidents, four Business Unit Presidents and the Presidents of the three global units. Of the 13 members of the Executive Management Team, four are women and the ages of members range between 42 and 64. 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 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 units
Essity has four business units:
- Consumer Goods Americas
- Consumer Goods EMEA
- Professional Hygiene
- Health & Medical

Furthermore, Essity has three global units:
- Global Marketing & Innovation[1)]
- Global Supply Chain
- Global Digital & Business Services

› These units are described in more detail on page 35.

1) Until December 31, 2024, sustainability was part of Global Brand, Innovation & Sustainability, which from January 1, 2025 is called Global Marketing & Innovation. As of January 1, 2025, sustainability is included in Strategy, Business Development & Sustainability, previously Strategy & Business Development.

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

Essity has five Group functions:

- Communications
- Finance
- Human Resources
- Legal Affairs & Compliance
- Strategy, Business Development & Sustainability[1)]

These have a Group-wide responsibility for matters within their respective fields of responsibility, and coordinate with the corresponding functions in the respective business area or global unit.

Activities during the year

Annual General Meeting

Essity held its AGM in Stockholm on Thursday, March 21, 2024.

The AGM elected the company's Board of Directors. Furthermore, the Board was authorized, for the period until the 2025 AGM, to decide on the repurchase of own Class B shares. The Meeting also approved the Board's remuneration report for 2023. The minutes from the 2024 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. 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

1) Until December 31, 2024, sustainability was part of Global Brand, Innovation & Sustainability, which from January 1, 2025 is called Global Marketing & Innovation. As of January 1, 2025, sustainability is included in Strategy, Business Development & Sustainability, previously Strategy & Business Development.

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)
- 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 2025 AGM

Member	Representative of	Votes as of August 31, 2024 (%)
Helena Stjernholm, Chairman	AB Industrivärden	29.6
Anders Hansson	AMF and AMF Funds	6.1
Marianne Nilsson	Swedbank Robur Funds	2.3
Anders Jonsson	Livförsäkringsbolaget Skandia	1.9
Jan Gurander	Chairman of the Board	

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 2025 AGM is presented in the notice convening the AGM available on Essity's website essity.com. The Nomination Committee was convened on seven occasions prior to the 2025 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 2025 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

Essity's Board of Directors comprises nine members elected by the AGM. Ewa Björling, Maria Carell, Annemarie Gardshol, Magnus Groth, Jan Gurander, Torbjörn Lööf, Bert Nordberg, Barbara Milian Thoralfsson and Karl Åberg were elected as Board members at the 2024 AGM. Jan Gurander was elected as the Chairman of the Board. Prior to the AGM, Pär Boman had informed the Nomination Committee that he declined re-election.

Of the nine members elected by the AGM, seven are independent. The independence of each Board member is presented in the table on page 108. 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. All of the AGM-elected Board members have experience and a good understanding of the requirements incumbent upon a listed company. Four of the AGM-elected Board members are women, corresponding to approximately 40% of the total number of AGM-elected Board members and the ages of members range between 45 and 68. The employees have appointed Susanna Lind, Sofia Lafqvist and Örjan Svensson as representatives to the Board for the period until and including the 2025 AGM, and their deputies Niklas Engdahl, Martin Ericsson and Andreas Larsson.

The AGM-elected Board members have broad international experience from different industries, various 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. In addition, the Board of Directors and its Audit Committee and Remuneration Committee have an even gender distribution.

Board activities

The Board was convened 10 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 2024, in addition to customary Board work, the Board of Directors continued to maintain a strong focus on digitalization, strategy, M&A issues, investments, succession issues and sustainability, and closely monitored developments in view of the geopolitical situation in the world.

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 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), Ewa Björling, Jan Gurander and Karl Åberg. In 2024, the Audit Committee held six 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), Bert Nordberg and Barbara Milian Thoralfsson. The Remuneration Committee held eight meetings in 2024. Activities mainly concerned 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 2024, 118 audit projects were performed and reported at meetings with the Audit Committee.

Work in 2024 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 2024 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 2024. 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 145–147.

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 145–147.

Remuneration to the Board

The total remuneration to the AGM-elected Board members amounted to SEK 11,750,000 in accordance with the AGM's resolution. See Note C3 on page 148 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 of financial reporting is based on the model and principles developed by the Committee of Sponsoring Organisations 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

			Committees		Attendance[1]		
Board of Directors	Elected	Dependence	Audit Committee	Remuneration Committee	Board of Directors (10)	Audit Committee (6)	Remuneration Committee (8)
Ewa Björling	2016		x		10/10	6/6	
Pär Boman (until March 21, 2024)	2016	■	x	Chairman	2/2	1/1	3/3
Maria Carell	2023				10/10		
Annemarie Gardshol	2016				10/10		
Magnus Groth	2016	■			10/10	6/6	
Jan Gurander (Chair. from March 21, 2024)	2023		x	Chairman	10/10	6/6	5/5
Torbjörn Lööf	2021				10/10		
Bert Nordberg	2016			x	9/10		7/8
Barbara Milian Thoralfsson	2016		Chairman	x	10/10	6/6	8/8
Karl Åberg (from March 21, 2024)	2024	■	x		7/8	5/5	

■ = 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, 2024.

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 critical 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 control conducts its own testing of control activities and reports the results to the units, the internal control and governance department, corporate 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 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: 11,400

Ewa Björling (1961)

Med. Dr. Sci. and Associate Professor from Karolinska Institutet.
Chairman of the Board of Xolaris AB and PAR Foundation. Member of the Board of Nynas AB.
Former member of the Board of Svenska Cellulosa Aktiebolaget SCA, Biogaia AB, Bioarctic AB and Min Doktor AB. Former Chairman of SPBI (Svenska Petroleum och Biodrivmedelsinstitutet). Minister for Trade 2007–2014, and Minister for Nordic Cooperation 2010–2014. Former researcher at Karolinska Institutet.
Elected: 2016
Independent of the company, corporate management and Essity's major shareholders.
Own shareholdings and those of related persons: 0

Maria Carell (1973)

MSc Econ
Member of the Board in RG Holdco, USA.
President and CEO of RG Holdco, USA.
Previous senior positions in 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: 0

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: 5,500

Torbjörn Lööf (1965)

Technician
Chairman of the Board of AB Electrolux, member of the Board of Husqvarna AB, Mercer International and Aktiebolaget 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 since 1999.
Former Chairman of the Board in a number of IKEA Group companies 2013–2020 and member of the Board of Inter IKEA Holding 2016–2020.
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

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, President of Sony Mobile Communications AB 2009–2012. 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

Barbara Milian Thoralfsson (1959)

MBA, BA
Chairman of the Board of Exclusive Networks SA. Member of the Board of Hilti AG and Svenska Cellulosa Aktiebolaget SCA. Member of the Advisory Board Sparebank 1 Markets.
Former President of NetCom ASA 2001–2005 and President of Midelfart & Co AS 1995–2000. Former 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

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.
Previous senior positions in the financial sector, including as partner at Zeres Capital and as partner at CapMan. He has also previously worked at Handelsbanken Capital Markets.
Elected: 2024
Independent of the company and corporate management.
Own shareholdings and those of related persons, Class B shares: 1,500

Information regarding own shareholdings and those of related persons pertains to the situation on December 31, 2024.

Magnus Groth (1963)

MBA and MSc ME
President and CEO of Essity.
Member of the Board of Wallenius Wilhelmsen.
Former President and CEO of SCA 2015–2017, former President of SCA Consumer Goods Europe 2011–2015. President of Studsvik AB (publ) 2006–2011 and SVP of Vattenfall 2001–2005.
Former member of the Board of Acando AB and Svenska Cellulosa Aktiebolaget SCA.
Elected: 2016
Independent of Essity's major shareholders.
Own shareholdings and those of related persons,
Class B shares: 103,000

Board members and deputies appointed by trade unions

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

Auditors

Ernst & Young AB

Senior Auditor: **Erik Sandström**, Authorized Public Accountant.
Own shareholdings and those of related persons: 0

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: 37,000

Information regarding own shareholdings and those of related persons pertains to the situation on December 31, 2024.

Executive Management Team

Magnus Groth (1963)
President and CEO
MBA and MSc ME
Employed since: 2011
Own shareholdings and those of related persons, Class B shares: 103,000

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: 43,500

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

Pablo Fuentes (1973)
President, Professional Hygiene
MSc, MBA
Employed since: 2006
Own shareholdings and those of related persons, Class B shares: 22,869

Donato Giorgio (1973)
President, Global Supply Chain
MSc Eng
Employed since: 2009
Own shareholdings and those of related persons, Class B shares: 12,233

Andres Gomez (1977)
President, Consumer Goods Americas
MBA and MSc Eng
Employed since: 2021
Own shareholdings and those of related persons, Class B shares: 4,623

Ulrika Kolsrud (1970)
President, Health & Medical
MSc Eng
Employed since: 1995
Own shareholdings and those of related persons, Class B shares: 16,382

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

Information regarding own shareholdings and those of related persons pertains to the situation on December 31, 2024.

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: 37,000

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: 11,955

Sahil Tesfu (1982)
Chief Strategy Officer Group Function Strategy & Sustainability[1)]
MBA Business Administration
Employed since: 2021
Own shareholdings and those of related persons, Class B shares: 3,791

Tuomas Yrjölä (1978)
President, Global Marketing & Innovation[1)]
MSc Econ
Employed since: 2014
Own shareholdings and those of related persons, Class B shares: 15,217

Volker Zöller (1967)
President, Consumer Goods EMEA
BSc BA
Employed since: 1994
Own shareholdings and those of related persons, Class B shares: 19,569

Information regarding own shareholdings and those of related persons pertains to the situation on December 31, 2024.

1) Until December 31, 2024, sustainability was part of Global Brand, Innovation & Sustainability, which from January 1, 2025 is called Global Marketing & Innovation. As of January 1, 2025, sustainability is included in Strategy, Business Development & Sustainability, previously Strategy & Business Development.

Financial statements including notes

Financial statements, Group

1) In previous years, some financial statements were translated into EUR for the reader's convenience. As of 2024, all of Essity's financial statements will only be presented in the Group's currency, SEK.

Group notes

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

Group notes, cont.

F. Group structure

page 166–170

G. Other

page 171–173

Parent company notes

PC. Notes to the Parent company's financial statements

page 176–182

Consolidated income statement IS

SEKm	Note	2024	2023	2022
Net sales	B1, B2	145,546	147,147	131,320
Cost of goods sold	B3	–97,929	–102,627	–97,395
Items affecting comparability (IAC) – cost of goods sold	B2, B3	–483	–1,349	–1,899
Gross profit		**47,134**	**43,171**	**32,026**
Gross profit excl. IAC		**47,617**	**44,520**	**33,925**
Sales, general and administration	B3	–27,351	–25,661	–21,916
Items affecting comparability (IAC) – sales, general and administration	B2, B3	–386	–942	–272
Share of results of associates and joint ventures	B3	78	39	38
Operating profit before amortization of acquisition-related intangible assets (EBITA)		**19,475**	**16,607**	**9,876**
Operating profit/loss before amortization of acquisition-related intangible assets (EBITA), excl. IAC		**20,344**	**18,898**	**12,047**
Amortization of acquisition-related intangible assets	B3	–1,110	–1,109	–1,111
Items affecting comparability (IAC) – acquisition-related intangible assets	B2, B3	–70	–350	–274
Operating profit		**18,295**	**15,148**	**8,491**
Operating profit excl. IAC		**19,234**	**17,789**	**10,936**
Financial income	E7	593	412	141
Financial expenses	E7	–2,524	–2,768	–1,461
Profit before tax		**16,364**	**12,792**	**7,171**
Profit before tax excl. IAC		**17,303**	**15,433**	**9,616**
Income taxes	B5	–4,331	–3,275	–2,006
Profit for the period, continuing operations		**12,033**	**9,517**	**5,165**
Profit for the period excl. IAC, continuing operations		**12,778**	**11,634**	**7,410**
Profit for the period, discontinued operations	G4	9,015	279	899
Profit for the period, total operations		**21,048**	**9,796**	**6,064**
Earnings attributable to:				
Owners of the Parent company				
Profit for the period, continuing operations		11,969	9,440	5,110
Profit for the period, discontinued operations	G4	8,919	114	457
Profit for the period, total operations		**20,888**	**9,554**	**5,567**
Non-controlling interests				
Profit for the period, continuing operations		64	77	55
Profit for the period, discontinued operations	G4	96	165	442
Profit for the period, total operations		**160**	**242**	**497**
Earnings per share – owners of the Parent company				
Earnings per share before and after dilution effects, continuing operations, SEK		17.09	13.44	7.28
Earnings per share before and after dilution effects, discontinued operations, SEK		12.74	0.16	0.65
Earnings per share before and after dilution effects, total operations, SEK		**29.83**	**13.60**	**7.93**
Average number of shares before and after dilution, million		700.3	702.3	702.3
Dividend – owners of the Parent company				
Paid dividend per share, SEK		7.75	7.25	7.00
Dividend paid, SEKm		5,443	5,092	4,916
Proposed dividend per share, SEK		8.25	7.75	7.25
Proposed dividend, SEKm		5,733[1]	5,443	5,092

1) Based on the number of shares outstanding on December 31, 2024. The final dividend amount will be based on the number of shares outstanding on the record date of March 31, 2025.

Consolidated statement of comprehensive income CI

SEKm	2024	2023	2022
Profit for the period, continuing operations	12,033	9,517	5,165
Profit for the period, discontinued operations IS	9,015	279	899
Profit for the period, total operations IS	**21,048**	**9,796**	**6,064**
Other comprehensive income for the period			
Items that will not be reclassified to the income statement			
Actuarial gains/losses on defined benefit pension plans	92	1,334	2,298
Fair value through other comprehensive income	4	5	–16
Income tax attributable to components in other comprehensive income	–36	–161	–659
Total, continuing operations	**60**	**1,178**	**1,623**
Total, discontinued operations	–	–	1
Total operations	**60**	**1,178**	**1,624**
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	–4,360	3,110
Transferred to profit or loss for the period	1,740	1,681	–5,252
Translation differences in foreign operations	4,623	–270	8,216
Gains/losses from hedges of net investments in foreign operations	–1,488	572	–1,435
Income tax attributable to components in other comprehensive income	–146	612	856
Total, continuing operations	**4,726**	**–1,765**	**5,495**
Total, discontinued operations	–557	–932	125
Total operations	**4,169**	**–2,697**	**5,620**
Other comprehensive income for the period, net of tax	**4,229**	**–1,519**	**7,244**
Of which, continuing operations	4,786	–587	7,118
Of which, discontinued operations	–557	–932	126
Total comprehensive income for the period	**25,277**	**8,277**	**13,308**
Of which, continuing operations	16,819	8,930	12,283
Of which, discontinued operations	8,458	–653	1,025
Total comprehensive income attributable to:			
Owners of the Parent company	24,719	8,617	12,338
Non-controlling interests	558	–340	970

Consolidated balance sheet BS

SEKm	Note	2024	2023	2022
ASSETS				
Non-current assets				
Goodwill	D1	41,137	39,337	44,786
Intangible assets	D1	20,734	21,345	25,346
Property, plant and equipment	D2	48,304	44,909	57,471
Right-of-use assets	G1	4,088	3,934	5,427
Investments in associates and joint ventures	F3	351	294	291
Shares and participations		8	6	6
Surplus in funded pension plans	C4	2,475	3,072	1,965
Non-current financial assets	E2	128	117	123
Deferred tax assets	B5	2,326	2,343	2,545
Other non-current assets		824	745	1,620
Total non-current assets		**120,375**	**116,102**	**139,580**
Current assets				
Inventories	D3	18,914	17,546	28,888
Trade receivables	E3	23,538	21,920	25,990
Current tax assets	B5	1,673	1,289	1,152
Other current receivables	D4	4,480	3,391	5,761
Current financial assets	E2	5,342	5,259	4,941
Cash and cash equivalents	E2	10,962	5,159	4,288
Total current assets		**64,909**	**54,564**	**71,020**
Total assets, continuing operations		**185,284**	**170,666**	**210,600**
Assets held for sale	G4	–	32,327	–
Total assets, total operations		**185,284**	**202,993**	**210,600**

SEKm	Note	2024	2023	2022
EQUITY AND LIABILITIES				
Equity EQ				
Owners of the Parent company				
Share capital		2,350	2,350	2,350
Reserves	E8	13,224	9,421	11,477
Retained earnings including profit/loss for the year		72,740	59,075	53,519
Equity attributable to owners of the Parent company		**88,314**	**70,846**	**67,346**
Non-controlling interests		427	8,559	9,218
Total equity		**88,741**	**79,405**	**76,564**
Non-current liabilities				
Non-current financial liabilities	E4	40,674	45,336	58,242
Provisions for pensions	C4	2,578	2,587	2,671
Deferred tax liabilities	B5	6,978	6,935	8,718
Other non-current provisions	D6	507	466	491
Other non-current liabilities	D5	516	1,073	1,196
Total non-current liabilities		**51,253**	**56,397**	**71,318**
Current liabilities				
Current financial liabilities	E4	6,424	15,648	13,273
Trade payables	D7	17,098	15,119	25,644
Current tax liabilities	B5	1,442	2,165	1,589
Current provisions	D6	1,377	1,408	1,217
Other current liabilities	D5	18,949	19,143	20,995
Total current liabilities		**45,290**	**53,483**	**62,718**
Total liabilities, continuing operations		**96,543**	**109,880**	**134,036**
Liabilities directly attributable to assets held for sale	G4	–	13,708	–
Total equity and liabilities, total operations		**185,284**	**202,993**	**210,600**

Contingent liabilities and pledged assets, see Note G2 on page 172.

Consolidated statement of change in equity EQ

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			–8	–8	–43	–51
Divestment of non-controlling interests					–8,624	–8,624
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. For the 2024 fiscal year, the Board of Directors has decided to propose a divided of SEK 8.25 per share to the Annual General Meeting.

SEKm	Share capital	TE8:1 Reserves	Retained earnings	Equity attributable 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 statement of change in equity, cont. EQ

SEKm	Share capital	TE8:1 Reserves	Retained earnings	Equity attributable to owners of the Parent company	Non-controlling interests	Total equity
Value, January 1, 2022	**2,350**	**6,309**	**51,215**	**59,874**	**8,633**	**68,507**
Profit for the period IS			**5,567**	**5,567**	**497**	**6,064**
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]			2,296	2,296	3	2,299
Fair value through other comprehensive income		–16		–16		–16
Income tax attributable to components in other comprehensive income TE8:2		3	–662	–659		–659
Other comprehensive income that will not be reclassified to the income statement		**–13**	**1,634**	**1,621**	**3**	**1,624**
Items that have been or may be reclassified subsequently to the income statement						
Cash flow hedges:						
Result from remeasurement of derivatives recognized in equity		3,110		3,110		3,110
Transferred to profit or loss for the period		–5,252		–5,252		–5,252
Translation differences in foreign operations		7,841		7,841	470	8,311
Gains/losses from hedges of net investments in foreign operations		–1,397		–1,397		–1,397
Income tax attributable to components in other comprehensive income TE8:2		848		848		848
Other comprehensive income that has been or may be reclassified subsequently to the income statement		**5,150**	**–**	**5,150**	**470**	**5,620**
Other comprehensive income for the period, net of tax		**5,137**	**1,634**	**6,771**	**473**	**7,244**
Total comprehensive income for the period CI		**5,137**	**7,201**	**12,338**	**970**	**13,308**
Transactions with owners						
Private placement to non-controlling interests			17	17	16	33
Acquisition of non-controlling interests			–10	–10	–3	–13
Transferred to cost of hedged investments		31		31		31
Revaluation effect upon acquisition of non-controlling interests			12	12		12
Dividend, SEK 7.00 per share[2] CF OCF			–4,916	–4,916	–398	–5,314
Value, December 31 BS	**2,350**	**11,477**	**53,519**	**67,346**	**9,218**	**76,564**

1) Including payroll tax.
2) Dividend of SEK 7.00 per share pertains to owners of the Parent company.

For further information, see Note E8 Equity on page 165.

Consolidated cash flow statement CF

SEKm	Note	2024	2023	2022
Operating activities				
Operating profit IS		18,295	15,148	8,491
Adjustments for non-cash items T:1		8,019	9,459	9,669
Operating profit excluding non-cash items		**26,314**	**24,607**	**18,160**
Interest paid		–2,473	–2,421	–717
Interest received		569	410	139
Other financial items		–235	–320	–670
Capitalized expenditure to fulfill contracts with customers		–467	–466	–474
Change in liabilities relating to restructuring programs, etc.		–271	–203	–41
Paid tax	B5	–5,860	–3,615	–2,175
Cash flow from operating activities before changes in working capital		**17,577**	**17,992**	**14,222**
Cash flow from changes in working capital				
Change in				
Inventories		–946	2,505	–4,750
Operating receivables		–2,218	–19	–3,492
Operating liabilities		2,756	–1,401	4,018
Cash flow from operating activities, continuing operations		**17,169**	**19,077**	**9,998**
Cash flow from operating activities, discontinued operations		–368	2,491	2,876
Cash flow from operating activities, total operations		**16,801**	**21,568**	**12,874**
Investing activities				
Acquisitions of Group companies and other operations	F4	–17	–178	–4,797
Divestments of Group companies and other operations	F4	17,980	1,234	–
Investments in intangible assets and property, plant and equipment T:2		–7,396	–6,850	–5,416
Paid interest capitalized in intangible assets and property, plant and equipment T:2		–39	–40	–14
Sale of property, plant and equipment		103	71	68
Purchase and sale of financial assets with short maturities		–1,137	–48	–2,827
Cash flow from investing activities, continuing operations		**9,494**	**–5,811**	**–12,986**
Cash flow from investing activities, discontinued operations		–87	–1,298	–1,514
Cash flow from investing activities, total operations		**9,407**	**–7,109**	**–14,500**

SEKm	Note	2024	2023	2022
Financing activities				
Acquisition of non-controlling interests	F4	–51	–	–14
Proceeds from borrowings[1]		1,397	21,163	32,546
Repayment of borrowings[1]		–15,004	–26,509	–18,539
Payment of lease liabilities[1]	G1	–1,069	–998	–896
Change in borrowings with short maturities, etc.[1]		93	–1,226	–5,055
Dividend EQ		–5,443	–5,092	–4,916
Dividend to non-controlling interests		–23	–2	–21
Buyback of own shares		–2,224	–	–
Cash flow from financing activities, continuing operations		**–22,324**	**–12,664**	**3,105**
Cash flow from financing activities, discontinued operations		–12	1,113	–1,297
Cash flow from financing activities, total operations		**–22,336**	**–11,551**	**1,808**
Cash flow for the period, continuing operations		**4,339**	**602**	**117**
Cash flow for the period, discontinued operations		**–467**	**2,306**	**65**
Cash flow for the period, total operations		**3,872**	**2,908**	**182**
Cash and cash equivalents, January 1		6,927	4,288	3,904
Translation differences in cash and cash equivalents		163	–269	202
Cash and cash equivalents, total operations, December 31	E2	**10,962**	**6,927**	**4,288**

1) From 2024, change in borrowings with short maturities, etc. and payment of lease liabilities are presented separately in the cash flow statement. The comparative figures have been restated.

For information about the Group's liquidity reserve, refer to page 46.

Adjustments for non-cash items T:1

SEKm	2024	2023	2022
Depreciation/amortization and impairment of non-current assets	7,505	7,998	9,012
Depreciation of capitalized selling expenses	474	490	465
Gain/loss on sale of assets	–30	36	32
Gain/loss on divestment and liquidation	–	524	2
Non-cash items relating to restructuring programs	185	393	84
Other	–115	18	74
Total	**8,019**	**9,459**	**9,669**

Investments in intangible assets and property, plant and equipment including paid capitalized interest T:2

SEKm	2024	2023	2022
Measures to raise the capacity level of operations (Strategic capital expenditures)	–2,156	–1,563	–1,462
Measures to uphold capacity level (Current capital expenditures)	–5,279	–5,327	–3,968
Total	**–7,435**	**–6,890**	**–5,430**

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
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**
2022									
Non-current and current financial liabilities	E4	58,189	–	7,434	144	4,565	–	1,182[1]	71,514
Provisions for pensions including surplus in funded pension plans	C4	2,710	–	339	–	–45	–2,298	–	706
Assets for hedging financial liabilities included in cash flow from financing activities	E2	–817	–	–674	–	–	–	–	–1,491
Total liabilities including surplus in funded pension plans attributable to financing activities		**60,082**	**–**	**7,099**	**144**	**4,520**	**–2,298**	**1,182**	**70,729**

1) Other changes relate to change in accrued interest SEK –208m (25; 73), change in liability related to financial leases in accordance with IFRS 16 of SEK 1,141m (1,099; 1,109), of which SEK 560m (608; 547) relates to operating assets and SEK 581m (491; 562) to non-operating assets, and other items SEK –1m (–; –).

Correlation between consolidated cash flow statement and operating cash flow statement, supplementary disclosure

SEKm	2024	2023	2022
Cash flow from operating activities, continuing operations			
Cash flow from operating activities	17,169	19,077	9,998
Adjustments			
Investments in non-current assets, net	–7,332	–6,819	–5,362
Accrued interest	208	–25	–71
Investments in operating assets through leases	–560	–608	–476
Other	–	–	–1
Cash flow from current operations according to consolidated operating cash flow statement	**9,485**	**11,625**	**4,088**

SEKm	2024	2023	2022
Cash flow from investing activities, continuing operations			
Cash flow from investing activities	9,494	–5,811	–12,986
Adjustments			
Investments in non-current assets, net	7,332	6,819	5,362
Purchase and sale of financial assets with short maturities	1,137	48	2,827
Acquisition of non-controlling interests	–51	–	–14
Net debt in acquired and divested companies	5,928	11	–144
Cash flow from acquisitions and divestments according to consolidated operating cash flow statement	**23,840**	**1,067**	**–4,955**

SEKm	2024	2023	2022
Cash flow for the period, continuing operations			
Cash flow for the period	4,339	602	117
Adjustments			
Proceeds from borrowings[1]	–1,397	–21,163	–32,546
Repayment of borrowings[1]	15,004	26,509	18,539
Payment of lease liabilities[1]	1,069	998	896
Change in borrowings with short maturities, etc.[1]	–93	1,226	5,055
Purchase and sale of financial assets with short maturities	1,137	48	2,827
Net debt in acquired and divested operations	5,928	11	–144
Investments in operating assets through leases	–560	–608	–476
Accrued interest	208	–25	–71
Other	–	–	–1
Net cash flow according to consolidated operating cash flow statement	**25,635**	**7,598**	**–5,804**

1) From 2024, change in borrowings with short maturities, etc. and payment of lease liabilities are presented separately in the cash flow statement. The comparative figures have been restated.

Consolidated operating cash flow statement, supplementary disclosure OCF

SEKm	Note	2024	2023	2022
Net sales IS		145,546	147,147	131,320
Operating expenses		–119,107	–122,162	–113,542
Operating surplus		**26,439**	**24,985**	**17,778**
Adjustment for non-cash items		559	584	623
Operating cash surplus		**26,998**	**25,569**	**18,401**
Change in				
Inventories		–946	2,505	–4,750
Operating receivables		–2,218	–19	–3,492
Operating liabilities		2,756	–1,401	4,018
Change in working capital		**–408**	**1,085**	**–4,224**
Investments in non-current assets, net		–7,332	–6,819	–5,362
Restructuring costs, etc.		–1,456	–1,542	–659
Investments in operating assets through leases		–560	–608	–476
Operating cash flow		**17,242**	**17,685**	**7,680**
Financial items	E7	–1,931	–2,356	–1,320
Income taxes paid	B5	–5,860	–3,615	–2,175
Other		34	–89	–97
Cash flow from current operations		**9,485**	**11,625**	**4,088**
Acquisitions of Group companies and other operations	F4	–68	–182	–4,955
Divestments of Group companies and other operations	F4	23,908	1,249	–
Cash flow from acquisitions and divestments		**23,840**	**1,067**	**–4,955**
Cash flow before transactions with shareholders		**33,325**	**12,692**	**–867**
Dividend EQ		–5,443	–5,092	–4,916
Dividend to non-controlling interests		–23	–2	–21
Buyback of own shares		–2,224	–	–
Net cash flow, continuing operations		**25,635**	**7,598**	**–5,804**
Net cash flow, discontinued operations		–467	866	952
Net cash flow, total operations		**25,168**	**8,464**	**–4,852**

Net debt

SEKm	2024	2023	2022
Net debt, January 1	**–53,703**	**–62,869**	**–55,433**
Net cash flow	25,168	8,464	–4,852
Remeasurements to equity	96	1,339	2,281
Investments in non-operating assets through leases	–581	–491	–562
Translation differences	–1,749	–146	–4,303
Net debt, total operations, December 31	**–30,769**	**–53,703**	**–62,869**

A. Accounting principles, basis of preparation and use of alternative performance measures

A1. General accounting principles, new accounting rules and basis of 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 Tx:x Reference to table in note

Company information

Essity Aktiebolag (publ), Corp. Reg. No. 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 9).

The registered office of the company is Stockholm, Sweden, with the postal address of 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, 2024.

The annual report was approved for publishing by the Board of Directors and the President on February 20, 2025. The financial statements are subject to approval by the Annual General Meeting of shareholders on March 27, 2025.

New or amended accounting standards 2024

A number of amended accounting standards published by the International Accounting Standards Board (IASB®) are effective from January 1, 2024 following endorsement by the EU. Essity has applied these amendments, of which none have had a significant impact on the Group's financial statements and are therefore not commented on.

With respect to the application of the OECD Pillar 2 rules, see Note B5 Income taxes, page 142.

New or amended accounting standards after 2024

A number of 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.

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.

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. 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. Although climate-related risks do not currently have any material impact on the financial statements, Essity is closely monitoring relevant changes and developments, such as new climate-related legislation.

In Essity's opinion, the areas that are impacted the most by assumptions and estimates are:

- Determination of transaction price in accounting of revenues, B1 Net sales – Revenues from contracts with customers, page 129
- Taxes, B5 Income taxes, page 142
- Pensions, C4 Remuneration after completion of employment, page 148
- Goodwill, D1 Intangible assets, page 151
- Provisions, D6 Other provisions, page 155
- Provision for doubtful receivables, E3 Trade receivables, page 158
- Leases, G1 Leases, page 171

Essity's assessments and assumptions are presented in the respective notes.

Principles of 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 166, F2 Investments in associates and joint ventures on page 167 and F3 Joint operations on page 169. 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 169. 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 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.

A1. General accounting principles, new accounting rules and basis of preparation, cont.

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 173 and Note F4 Acquisitions and divestments of Group companies and other operations on page 169. 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 period.

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.

From 2024, Essity has resolved to replace the term "Adjusted" when referring to non-IFRS performance measures and instead use "excl. IAC". See the table below.

New term for non-IFRS performance measure (used as of 2024)	Previous term for non-IFRS performance measure
Return on capital employed, ROCE excl. IAC	Adjusted return on capital employed, ROCE
Return on equity, ROE excl. IAC	Adjusted return on equity
Debt payment capacity excl. IAC	Adjusted debt payment capacity
Net debt/EBITDA excl. IAC	Net debt/Adjusted EBITDA
Gross profit excl. IAC	Adjusted gross profit
Operating profit before depreciation and amortization of property, plant and equipment and intangible assets (EBITDA) excl. IAC	Adjusted operating profit before depreciation, amortization and impairment of property, plant and equipment and intangible assets (EBITDA)
Operating profit before amortization of acquisition-related intangible assets (EBITA) excl. IAC	Adjusted operating profit before amortization of acquisition-related intangible assets (EBITA)
Gross margin excl. IAC	Adjusted gross margin
EBITA margin excl. IAC	Adjusted EBITA margin
Operating margin excl. IAC	Adjusted operating margin
Operating profit excl. IAC	Adjusted operating profit
Profit before tax excl. IAC	Adjusted profit before tax
Taxes excl. IAC	Adjusted tax
Profit for the period excl. IAC	Adjusted profit for the period
Earnings per share excl. IAC	Adjusted earnings per share
Cash earnings excl. IAC	Adjusted cash earnings

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 125). 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 125). 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).

SEKm	2024	2023	2022
RETURN ON CAPITAL EMPLOYED, ROCE[1]			
EBITA	19,475	16,607	9,876
Items affecting comparability (IAC)	869	2,291	2,171
EBITA excl. IAC	20,344	18,898	12,047
Average capital employed	115,346	115,105	110,727
Return on capital employed, ROCE %	**16.9**	**14.4**	**8.9**
Return on capital employed, ROCE excl. IAC %	**17.6**	**16.4**	**10.9**

1) Continuing operations.

SEKm	2024	2023	2022
RETURN ON EQUITY, ROE[1]			
Profit for the period	21,048	9,796	6,064
Items affecting comparability (IAC), net after tax	745	2,117	2,245
Other earnings attributable to divestment of Vinda	–8,798	46	18
Profit for the period excl. IAC	**12,995**	**11,959**	**8,327**
Average equity	83,604	78,169	74,711
Return on equity, ROE %	**25.2**	**12.5**	**8.1**
Return on equity, ROE excl. IAC %	**15.5**	**15.3**	**11.1**

1) Total operations.

A2. Use of alternative performance measures, cont.

Capital measures	Shows how capital is utilized and the company's financial strength	
Non-IFRS performance measure	**Description**	**Reason for use of the measure**
Return on equity, ROE	For the Group, return on equity is calculated as profit for the period as a percentage of an average of 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 profit for the period excluding items affecting comparability (IAC) as a percentage of an average of equity during the five most recent quarters. The corresponding key figure for a single quarter is calculated as profit for the quarter excl. IAC 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.
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 year 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	2024	2023	2022
CAPITAL EMPLOYED			
Total assets	185,284	202,993	210,600
Total assets in discontinued operations	–	–32,327	–
Financial assets	–18,907	–13,607	–11,317
Non-current, non-interest-bearing liabilities	–8,001	–8,474	–10,405
Current, non-interest-bearing liabilities	–38,866	–37,835	–49,445
Capital employed	**119,510**	**110,750**	**139,433**
Capital employed, continuing operations	**119,510**	**110,750**	**114,793**

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	2024	2023	2022
WORKING CAPITAL			
Inventories	18,914	17,546	28,888
Trade receivables	23,538	21,920	25,990
Other current receivables	4,480	3,391	5,761
Trade payables	–17,098	–15,119	–25,644
Other current liabilities	–18,949	–19,143	–20,995
Other	–139	176	33
Working capital, total operations	**10,746**	**8,771**	**14,033**
Working capital, continuing operations	**10,746**	**8,771**	**12,493**

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.

A2. Use of alternative performance measures, cont.

SEKm	2024	2023	2022
NET DEBT			
Surplus in funded pension plans	2,475	3,072	1,965
Non-current financial assets	128	117	123
Current financial assets	5,342	5,259	4,941
Cash and cash equivalents	10,962	5,159	4,288
Financial assets	**18,907**	**13,607**	**11,317**
Non-current financial liabilities	40,674	45,336	58,242
Provisions for pensions	2,578	2,587	2,671
Current financial liabilities	6,424	15,648	13,273
Financial liabilities	**49,676**	**63,571**	**74,186**
Net debt, continuing operations	30,769	49,964	59,315
Net debt, discontinued operations	–	3,739	3,554
Net debt, total operations	**30,769**	**53,703**	**62,869**

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 128) 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 128) 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 cover 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	2024	2023	2022
SALES GROWTH			
Organic sales growth	319	7,608	17,521
Acquisitions	–	1,248	2,444
Divestments	–1,325	–1,692	–109
Exchange rate effects[1]	–595	8,664	9,997
Recognized change	**–1,601**	**15,828**	**29,853**
ORGANIC SALES GROWTH			
Previous period sales	147,147	131,320	101,466
Organic sales growth	319	7,608	17,521
Total organic sales for the period	147,466	138,928	118,987
Organic sales growth %	**0.2**	**5.8**	**17.3**

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 before 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 on 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	2024	2023	2022
Operating profit before depreciation/amortization on property, plant and equipment and intangible assets (EBITDA)			
Operating profit	18,295	15,148	8,491
Amortization of acquisition-related intangible assets	1,110	1,109	1,111
Depreciation/amortization	5,028	5,000	4,779
Depreciation right-of-use assets	1,089	1,061	948
Impairment	56	65	41
Items affecting comparability (IAC) – net of impairment	152	413	1,858
Items affecting comparability (IAC) – impairment of acquisition-related intangible assets	70	350	274
EBITDA	**25,800**	**23,146**	**17,502**
Items affecting comparability (IAC) excluding depreciation/amortization and impairment	717	1,878	313
Operating profit before depreciation/amortization on property, plant and equipment and intangible assets (EBITDA) excl. IAC	**26,517**	**25,024**	**17,815**

SEKm	2024	2023	2022
Operating profit before amortization of acquisition-related intangible assets (EBITA) excl. IAC			
Operating profit	18,295	15,148	8,491
Amortization of acquisition-related intangible assets	1,110	1,109	1,111
Items affecting comparability (IAC) – impairment of acquisition-related intangible assets	70	350	274
Operating profit before amortization of acquisition-related intangible assets (EBITA)	**19,475**	**16,607**	**9,876**
EBITA margin %	13.4	11.3	7.5
Items affecting comparability (IAC) – cost of goods sold	483	1,349	1,899
Items affecting comparability (IAC) – sales, general and administration	386	942	272
Operating profit before amortization of acquisition-related intangible assets (EBITA) excl. IAC	**20,344**	**18,898**	**12,047**
EBITA margin excl. IAC %	14.0	12.8	9.2

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 other specific events is specified in Note B3 Operating expenses on page 141.	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 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 comarability (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 ratio for control of the units and provides a better understanding of earnings performance of the operations than operating profit.

SEKm	2024	2023	2022
OPERATING PROFIT EXCL. IAC			
Operating profit	18,295	15,148	8,491
Items affecting comparability (IAC)	939	2,641	2,445
Operating profit excl. IAC	**19,234**	**17,789**	**10,936**
Operating margin excl. IAC %	13.2	12.1	8.3

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).
Tax 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	2024	2023	2022
TAX EXCL. IAC			
Tax	–4,331	–3,275	–2,006
Tax relating to items affecting comparability (IAC)	–194	–524	–200
Tax excl. IAC	**–4,525**	**–3,799**	**–2,206**

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	Profit for the period attributable to owners of the Parent company divided by the average number of outstanding shares, excluding shares owned by Essity Aktiebolag (publ).	Earnings per share is a good measure of the company's profitability and is used to determine the value of a company's outstanding shares.
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 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 126.
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 126.
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**
Operating cash flow before investments in operating assets through leases	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.	This is an important control measure of operating activities that the units control.
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	2024	2023	2022
CASH EARNINGS			
EBITDA	25,800	23,146	17,502
Financial income and expenses, net	–1,931	–2,356	–1,320
Income taxes paid	–5,860	–3,615	–2,175
Cash earnings	**18,009**	**17,175**	**14,007**
Items affecting comparability (IAC) excluding depreciation/amortization and impairment	717	1,878	313
Cash earnings excl. IAC	**18,726**	**19,053**	**14,320**

SEKm	2024	2023	2022
OPERATING CASH SURPLUS AND OPERATING CASH FLOW			
Operating profit	18,295	15,148	8,491
Depreciation and impairment	7,505	7,998	9,011
Items affecting comparability (IAC) excluding depreciation/amortization and impairment	717	1,878	313
Share of profits of associates and joint ventures	–78	–39	–38
Adjustment for non-cash items	559	584	623
Operating cash surplus	**26,998**	**25,569**	**18,400**
Change in working capital	–408	1,085	–4,224
Investments in non-current assets, net	–7,332	–6,819	–5,362
Restructuring costs, etc.	–1,456	–1,542	–659
Operating cash flow before investments in operating assets through leases	**17,802**	**18,293**	**8,155**
Investments in operating assets through leases	–560	–608	–476
Operating cash flow	**17,242**	**17,685**	**7,679**

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 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 133–134 for further information.

SEKm	Health & Medical	Consumer Goods	Professional Hygiene	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**

B1. Net sales – Revenues from contracts with customers, cont.

SEKm	Health & Medical	Consumer Goods	Professional Hygiene	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**

SEKm	Health & Medical	Consumer Goods	Professional Hygiene	Other operations	Total Group
2022					
Revenue from contracts with customers					
Sale of finished products	24,700	72,226	34,361	–21	131,266
Sale of services	8	15	31	–	54
Total revenues from contracts with customers IS	**24,708**	**72,241**	**34,392**	**–21**	**131,320**
Geographical markets					
Europe	15,692	50,414	15,940	–21	82,025
North America	4,609	1,974	14,546		21,129
Latin America	1,302	17,400	2,418		21,120
Asia	1,448	472	194		2,114
Other	1,657	1,981	1,294		4,932
Total revenues from contracts with customers IS	**24,708**	**72,241**	**34,392**	**–21**	**131,320**
Product category					
Incontinence Products	14,275	8,892			23,167
Baby Care		7,094			7,094
Feminine Care		10,659			10,659
Medical Solutions	10,433				10,433
Consumer Tissue		45,114			45,114
Professional Hygiene			34,392		34,392
Other		482		–21	461
Total revenues from contracts with customers IS	**24,708**	**72,241**	**34,392**	**–21**	**131,320**

Trade receivables and contractual liabilities

SEKm	Note	2024	2023	2022
Trade receivables TE3:1	E3	23,538	21,920	25,990
Contractual liabilities – advance payments from customers	D5	7,874	7,782	8,016

Trade receivables increased by SEK 1,618m in 2024 to SEK 23,538m due to a higher proportion of overdue trade receivables compared with the previous year and higher sales in the final two months of 2024 compared with the corresponding period in the preceding year.

Assets that have arisen from expenses to fulfill contracts with customers

SEKm	2024	2023	2022
Value, January 1 TE3:2	650	691	607
Costs for the year	467	466	474
Depreciation	–487	–467	–481
Translation differences	65	–40	91
Value, December 31	**695**	**650**	**691**

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. One Executive Vice President and the Executive Management Team support him in his work. 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 solutions 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 solutions, 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 and non-allocated tax.

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
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	–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**

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	–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**

B2. Segment reporting, cont.

SEKm	Health & Medical	Consumer Goods	Professional Hygiene	Other operations	Total Group
2022					
Net sales IS	24,708	72,241	34,393	–22	131,320
Cost of goods sold IS	–15,472	–55,645	–26,358	80	–97,395
Sales, general and administration IS	–6,332	–10,271	–4,201	–1,112	–21,916
Share of results of associates and joint ventures IS	–	29	9	–	38
Operating profit/loss before amortization of acquisition-related intangible assets (EBITA) excl. IAC	**2,904**	**6,354**	**3,843**	**–1,054**	**12,047**
Amortization of acquisition-related intangible assets IS	–846	–245	–20	–	–1,111
Operating profit excl. IAC	**2,058**	**6,109**	**3,823**	**–1,054**	**10,936**
Items affecting comparability (IAC) TB2:1	–126	–1,741	–451	–127	–2,445
Operating profit/loss IS	**1,932**	**4,368**	**3,372**	**–1,181**	**8,491**
Financial income IS					141
Financial expenses IS					–1,461
Tax expense for the period IS					–2,006
Profit for the period, continuing operations IS					**5,165**
OTHER DISCLOSURES					
Capital employed	34,062	52,667	27,741	323	114,793
Investments in associates and joint ventures BS	7	288	–4	1	292
Net investments/acquisitions	–768	–7,513	–1,737	–775	–10,793
Depreciation	–1,715	–3,067	–1,798	–258	–6,838
Expenses, in addition to depreciation/amortization, not matched by payments	2	107	514	–	623
NET SALES BY REGION					
Europe	64	70	46		62
North America	19	3	42		16
Latin America	5	24	7		16
Asia	6	1	1		2
Other	6	2	4		4
Total %	**100**	**100**	**100**		**100**
Mature markets	81	66	85		74
Emerging markets	19	34	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
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**
2022					
Items affecting comparability (IAC) – cost of goods sold	–74	–1,685	–137	–3	–1,899
Items affecting comparability (IAC) – sales, general and administration	–52	–34	–62	–124	–272
Items affecting comparability (IAC) – acquisition-related intangible assets	–	–22	–252	–	–274
Total	**–126**	**–1,741**	**–451**	**–127**	**–2,445**

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 2024, 2023 or 2022 from which it generated income that accounted for more than 10% of the company's net sales. Essity's ten largest customers account for 24.3% (25.8; 23.0) of the company's sales.

B2a. Segment reporting, cont.

Group by country continuing operations TB2:2	Net sales – sold to[1] 2024 SEKm	2024 %	2023[2] SEKm	2023[2] %	2022 SEKm	2022 %	Net sales – sold by[1] 2024 SEKm	2024 %	2023 SEKm	2023 %	2022 SEKm	2022 %
Sweden	**3,599**	**2.5**	**3,647**	**2.5**	**3,496**	**2.7**	**4,132**	**2.8**	**4,251**	**2.9**	**3,986**	**3.0**
EU excluding Sweden												
Germany	17,831	12.3	18,276	12.4	16,009	12.2	19,248	13.3	19,303	13.1	16,751	12.8
France	11,111	7.6	12,334	8.4	11,701	8.9	12,333	8.5	12,553	8.5	11,904	9.1
Spain	8,934	6.1	8,027	5.5	6,811	5.2	8,076	5.5	8,185	5.6	6,980	5.3
Netherlands	5,192	3.6	5,165	3.5	4,422	3.4	5,397	3.7	5,295	3.6	4,496	3.4
Italy	4,717	3.2	4,651	3.2	4,134	3.1	4,860	3.3	4,804	3.3	4,379	3.3
Austria	3,014	2.1	2,952	2.0	2,537	1.9	3,342	2.3	3,327	2.3	2,770	2.1
Finland	2,161	1.5	2,180	1.5	1,855	1.4	2,155	1.5	2,149	1.4	1,826	1.4
Belgium	2,038	1.4	2,054	1.4	1,786	1.4	2,198	1.5	2,214	1.3	1,937	1.5
Denmark	1,972	1.4	1,937	1.3	1,799	1.4	1,930	1.3	1,923	1.4	1,773	1.3
Poland	1,859	1.3	1,646	1.1	1,282	1.0	2,021	1.4	1,739	1.2	1,355	1.0
Hungary	1,565	1.1	1,580	1.1	1,357	1.0	1,680	1.2	1,664	1.1	1,422	1.1
Czech Republic	1,131	0.8	1,135	0.8	920	0.7	1,094	0.8	1,122	0.8	921	0.7
Ireland	746	0.5	763	0.5	721	0.5	679	0.5	692	0.5	662	0.5
Romania	726	0.5	697	0.5	573	0.4	629	0.4	606	0.4	495	0.4
Portugal	634	0.4	623	0.4	555	0.4	434	0.3	432	0.3	396	0.3
Croatia	581	0.4	549	0.4	446	0.3	–	–	–	–	–	–
Slovakia	524	0.4	472	0.3	370	0.3	830	0.6	784	0.5	619	0.5
Greece	480	0.3	477	0.3	513	0.4	340	0.2	361	0.2	337	0.3
Lithuania	446	0.3	424	0.3	322	0.2	447	0.3	424	0.3	322	0.2
Latvia	284	0.2	250	0.2	234	0.2	279	0.2	245	0.2	230	0.2
Estonia	242	0.2	235	0.2	204	0.2	242	0.2	235	0.2	204	0.2
Rest of EU excluding Sweden	658	0.5	600	0.4	487	0.4	–	–	–	–	–	–
Total EU excluding Sweden	**66,846**	**46.1**	**67,027**	**45.7**	**59,038**	**44.9**	**68,214**	**47.0**	**68,057**	**46.2**	**59,779**	**45.6**
Rest of Europe												
UK	11,520	7.9	11,495	7.8	11,099	8.5	11,562	7.9	11,640	7.9	11,230	8.6
Switzerland	2,227	1.5	2,153	1.5	2,041	1.6	2,104	1.4	2,054	1.4	1,980	1.5
Norway	1,919	1.3	1,844	1.3	1,770	1.3	1,933	1.3	1,856	1.3	1,776	1.4
Ukraine	583	0.4	591	0.4	451	0.3	519	0.4	534	0.4	420	0.3
Turkey	276	0.2	256	0.2	251	0.2	256	0.2	241	0.2	249	0.2
Russia	–	–	1,166	0.8	3,346	2.5	–	–	1,237	0.8	3,559	2.7
Rest of Europe, excluding EU	631	0.4	624	0.4	533	0.4	–	–	–	–	–	–
Total Rest of Europe	**17,156**	**11.7**	**18,129**	**12.4**	**19,491**	**14.8**	**16,374**	**11.2**	**17,562**	**12.0**	**19,214**	**14.7**
TOTAL EUROPE	**87,601**	**60.3**	**88,803**	**60.6**	**82,025**	**62.4**	**88,720**	**61.0**	**89,870**	**61.1**	**82,979**	**63.3**

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.

2) The percentage breakdown for "Net sales – sold to" for the comparative year 2023 has been corrected.

B2a. Segment reporting, cont.

	Net sales – sold to[1]						Net sales – sold by[1]					
	2024		2023[2]		2022		2024		2023		2022	
Group by country continuing operations TB2:2	SEKm	%	SEKm	%	SEKm	%	SEKm	%	SEKm	%	SEKm	%
North America												
USA	20,892	14.4	21,805	14.8	18,165	13.8	20,855	14.3	21,842	14.8	18,178	13.8
Canada	3,679	2.5	3,746	2.5	2,958	2.3	3,679	2.5	3,748	2.5	2,968	2.3
Rest of North America	8	0.0	8	0.0	6	0.0	–	–	–	–	–	–
TOTAL NORTH AMERICA	**24,579**	**16.9**	**25,559**	**17.3**	**21,129**	**16.1**	**24,534**	**16.8**	**25,590**	**17.3**	**21,146**	**16.1**
Latin America												
Mexico	11,493	7.8	11,090	7.5	8,418	6.4	12,542	8.6	12,060	8.2	9,257	7.0
Colombia	4,989	3.3	4,742	3.2	4,579	3.5	5,245	3.6	4,897	3.3	4,794	3.7
Ecuador	1,591	1.1	1,796	1.2	1,766	1.3	1,555	1.1	1,766	1.2	1,737	1.3
Brazil	1,457	1.0	1,404	1.0	1,024	0.8	1,457	1.0	1,404	0.9	1,024	0.8
Chile	1,212	0.8	1,408	1.0	1,191	0.9	1,233	0.8	1,426	1.0	1,204	0.9
Costa Rica	829	0.6	800	0.5	581	0.4	945	0.6	980	0.7	719	0.5
Argentina	813	0.6	845	0.6	647	0.5	843	0.6	856	0.6	648	0.5
Peru	755	0.5	740	0.5	683	0.5	743	0.5	722	0.5	665	0.5
Dominican Republic	536	0.4	571	0.4	625	0.5	513	0.4	556	0.4	625	0.5
Nicaragua	316	0.2	296	0.2	217	0.2	–	–	–	–	–	–
Guatemala	290	0.2	275	0.2	221	0.2	–	–	–	–	–	–
Puerto Rico	253	0.2	297	0.2	245	0.2	214	0.1	234	0.2	194	0.1
Panama	181	0.1	179	0.1	211	0.2	–	–	–	–	–	–
Rest of Latin America	816	0.6	754	0.5	712	0.5	268	0.2	231	0.2	216	0.2
TOTAL LATIN AMERICA	**25,531**	**17.4**	**25,197**	**17.1**	**21,120**	**16.1**	**25,558**	**17.5**	**25,132**	**17.2**	**21,083**	**16.0**
Asia												
Japan	495	0.3	572	0.4	585	0.4	427	0.3	538	0.4	533	0.4
Indonesia	299	0.2	277	0.2	241	0.2	295	0.2	277	0.2	246	0.2
India	292	0.2	272	0.2	237	0.2	287	0.2	274	0.2	233	0.2
China	153	0.1	32	0.0	30	0.0	–	–	–	–	–	–
South Korea	66	0.0	54	0.0	39	0.0	–	–	–	–	–	–
Singapore	9	0.0	2	0.0	2	0.0	–	–	–	–	–	–
Malaysia	5	0.0	3	0.0	10	0.0	–	–	–	–	7	0.0
Rest of Asia	1,135	0.8	1,101	0.7	969	0.8	497	0.3	358	0.2	300	0.2
TOTAL ASIA	**2,454**	**1.6**	**2,313**	**1.5**	**2,113**	**1.6**	**1,506**	**1.0**	**1,447**	**1.0**	**1,319**	**1.0**
Rest of the world												
Australia	3,171	2.2	3,044	2.1	2,908	2.2	3,177	2.3	3,061	2.1	2,902	2.2
New Zealand	1,301	0.9	1,378	0.9	1,265	1.0	1,291	0.9	1,368	0.9	1,261	1.0
South Africa	372	0.3	337	0.2	319	0.2	542	0.4	469	0.3	435	0.3
Other rest of the world	537	0.4	516	0.3	441	0.4	218	0.1	210	0.1	195	0.1
TOTAL REST OF THE WORLD	**5,381**	**3.8**	**5,275**	**3.5**	**4,933**	**3.8**	**5,228**	**3.7**	**5,108**	**3.4**	**4,793**	**3.6**
Total Group	**145,546**	**100.0**	**147,147**	**100.0**	**131,320**	**100.0**	**145,546**	**100.0**	**147,147**	**100.0**	**131,320**	**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.

2) The percentage breakdown for "Net sales – sold to" for the comparative year 2023 has been corrected.

B2a. Segment reporting, cont.

	Net sales – sold to[1]						Net sales – sold by[1]					
	2024		2023[2]		2022[2]		2024		2023		2022	
Group by country total operations TB2:2	**SEKm**	**%**	**SEKm**	**%**	**SEKm**	**%**	**SEKm**	**%**	**SEKm**	**%**	**SEKm**	**%**
Sweden	**3,599**	**2.4**	**3,626**	**2.1**	**3,496**	**2.2**	**4,132**	**2.8**	**4,251**	**2.4**	**3,986**	**2.6**
EU excluding Sweden												
Germany	17,831	11.9	18,278	10.5	16,009	10.3	19,248	12.8	19,303	11.1	16,751	10.7
France	11,111	7.4	12,335	7.1	11,701	7.5	12,333	8.2	12,553	7.2	11,904	7.6
Spain	8,934	6.0	8,027	4.6	6,811	4.4	8,076	5.4	8,185	4.7	6,980	4.5
Netherlands	5,192	3.5	5,165	3.0	4,422	2.8	5,397	3.6	5,295	3.0	4,496	2.9
Italy	4,717	3.1	4,651	2.7	4,134	2.6	4,860	3.2	4,804	2.8	4,379	2.8
Austria	3,014	2.0	2,952	1.7	2,537	1.6	3,342	2.2	3,327	1.9	2,770	1.8
Finland	2,161	1.4	2,180	1.3	1,855	1.2	2,155	1.5	2,149	1.3	1,826	1.2
Belgium	2,038	1.4	2,054	1.2	1,786	1.1	2,198	1.3	2,214	1.1	1,937	1.1
Denmark	1,972	1.3	1,937	1.1	1,799	1.2	1,930	1.4	1,923	1.2	1,773	1.2
Poland	1,859	1.2	1,646	0.9	1,283	0.8	2,021	1.3	1,739	1.0	1,355	0.9
Hungary	1,565	1.0	1,580	0.9	1,357	0.9	1,680	1.1	1,664	1.0	1,422	0.9
Czech Republic	1,131	0.8	1,135	0.7	920	0.6	1,094	0.7	1,122	0.6	922	0.6
Ireland	746	0.5	763	0.4	721	0.5	679	0.5	692	0.4	662	0.4
Romania	726	0.4	697	0.4	573	0.4	629	0.4	606	0.4	495	0.3
Portugal	634	0.4	623	0.4	555	0.4	434	0.3	432	0.3	396	0.2
Croatia	581	0.4	549	0.3	446	0.3	–	–	–	–	–	–
Slovakia	524	0.3	472	0.3	370	0.2	830	0.6	784	0.5	619	0.4
Greece	480	0.3	477	0.3	513	0.3	340	0.2	361	0.2	337	0.2
Lithuania	446	0.3	424	0.2	322	0.2	447	0.3	424	0.2	322	0.2
Latvia	284	0.2	250	0.1	234	0.1	279	0.2	245	0.1	230	0.2
Estonia	242	0.2	235	0.1	204	0.1	242	0.2	235	0.1	204	0.1
Rest of EU excluding Sweden	658	0.4	601	0.3	497	0.3	–	–	–	–	–	–
Total EU excluding Sweden	**66,846**	**44.4**	**67,031**	**38.5**	**59,049**	**37.8**	**68,214**	**45.4**	**68,057**	**39.1**	**59,780**	**38.2**
Rest of Europe												
UK	11,520	7.7	11,496	6.6	11,099	7.1	11,562	7.7	11,640	6.7	11,230	7.2
Switzerland	2,227	1.5	2,153	1.2	2,041	1.3	2,104	1.4	2,054	1.2	1,980	1.3
Norway	1,919	1.3	1,844	1.1	1,770	1.1	1,933	1.3	1,856	1.1	1,776	1.1
Ukraine	583	0.4	591	0.3	451	0.3	519	0.3	534	0.3	420	0.3
Turkey	276	0.2	256	0.1	251	0.2	256	0.2	241	0.1	249	0.2
Russia	–	–	1,167	0.7	3,349	2.1	–	–	1,237	0.7	3,559	2.3
Rest of Europe, excluding EU	631	0.4	624	0.4	533	0.3	–	–	–	–	–	–
Total Rest of Europe	**17,156**	**11.5**	**18,131**	**10.4**	**19,494**	**12.4**	**16,374**	**10.9**	**17,562**	**10.1**	**19,214**	**12.4**
TOTAL EUROPE	**87,601**	**58.3**	**88,788**	**51.0**	**82,039**	**52.4**	**88,720**	**59.1**	**89,870**	**51.6**	**82,980**	**53.2**

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.

2) The percentage breakdown for "Net sales – sold to" for the comparative years 2022 and 2023 has been corrected.

B2a. Segment reporting, cont.

	Net sales – sold to[1]						Net sales – sold by[1]					
	2024		2023[2]		2022[2]		2024		2023		2022	
Group by country total operations TB2:2	**SEKm**	**%**	**SEKm**	**%**	**SEKm**	**%**	**SEKm**	**%**	**SEKm**	**%**	**SEKm**	**%**
North America												
USA	20,896	13.9	21,816	12.5	18,179	11.7	20,855	13.9	21,842	12.6	18,178	11.6
Canada	3,682	2.5	3,754	2.2	2,963	1.9	3,679	2.5	3,748	2.2	2,968	1.9
Rest of North America	8	0.0	8	0.0	6	0.0	–	–	–	–	–	–
TOTAL NORTH AMERICA	**24,586**	**16.4**	**25,578**	**14.7**	**21,148**	**13.6**	**24,534**	**16.4**	**25,590**	**14.8**	**21,146**	**13.5**
Latin America												
Mexico	11,496	7.7	11,090	6.4	8,419	5.4	12,542	8.4	12,060	6.9	9,257	5.9
Colombia	4,990	3.3	4,742	2.7	4,579	2.9	5,245	3.5	4,897	2.8	4,794	3.1
Ecuador	1,591	1.1	1,796	1.0	1,766	1.1	1,555	1.0	1,766	1.0	1,737	1.1
Brazil	1,457	1.0	1,404	0.8	1,024	0.7	1,457	1.0	1,404	0.8	1,024	0.7
Chile	1,212	0.8	1,409	0.8	1,192	0.8	1,233	0.8	1,426	0.8	1,204	0.8
Costa Rica	829	0.6	800	0.5	581	0.4	945	0.6	980	0.6	719	0.5
Argentina	813	0.5	845	0.5	647	0.4	843	0.6	856	0.5	648	0.4
Peru	755	0.4	741	0.4	684	0.5	743	0.5	722	0.4	665	0.4
Dominican Republic	536	0.4	571	0.3	625	0.4	513	0.3	556	0.3	625	0.4
Nicaragua	316	0.2	296	0.2	217	0.1	–	–	–	–	–	–
Guatemala	290	0.2	275	0.2	221	0.1	–	–	–	–	–	–
Puerto Rico	253	0.2	297	0.2	245	0.2	214	0.1	234	0.1	194	0.1
Panama	183	0.1	183	0.1	212	0.1	–	–	–	–	–	–
Rest of Latin America	816	0.5	755	0.4	714	0.5	268	0.2	231	0.1	216	0.2
TOTAL LATIN AMERICA	**25,537**	**17.0**	**25,204**	**14.5**	**21,126**	**13.6**	**25,558**	**17.0**	**25,132**	**14.3**	**21,083**	**13.6**
Asia												
China	3,847	2.6	22,805	13.1	21,099	13.5	3,818	2.5	23,154	13.3	21,438	13.7
Japan	569	0.4	805	0.5	858	0.5	427	0.3	538	0.3	533	0.3
Malaysia	454	0.3	2,272	1.3	2,117	1.4	472	0.3	2,487	1.4	2,388	1.5
Indonesia	300	0.2	289	0.2	252	0.2	297	0.2	289	0.2	257	0.2
India	292	0.2	273	0.2	238	0.2	287	0.2	274	0.2	233	0.1
South Korea	123	0.1	320	0.2	272	0.2	59	0.0	276	0.2	243	0.2
Singapore	94	0.1	414	0.2	377	0.2	76	0.1	350	0.2	315	0.2
Rest of Asia	1,269	0.8	1,824	1.0	1,639	1.0	603	0.4	850	0.5	765	0.4
TOTAL ASIA	**6,948**	**4.7**	**29,002**	**16.7**	**26,852**	**17.2**	**6,039**	**4.0**	**28,218**	**16.3**	**26,172**	**16.6**
Rest of the world												
Australia	3,179	2.1	3,067	1.8	2,923	1.9	3,177	2.1	3,061	1.8	2,902	1.9
New Zealand	1,306	0.9	1,380	0.8	1,291	0.8	1,291	0.9	1,368	0.8	1,261	0.8
South Africa	374	0.2	368	0.2	345	0.2	542	0.4	469	0.3	435	0.3
Other Rest of the world	548	0.4	530	0.3	449	0.3	218	0.1	209	0.1	194	0.1
TOTAL REST OF THE WORLD	**5,407**	**3.6**	**5,345**	**3.1**	**5,008**	**3.2**	**5,228**	**3.5**	**5,107**	**3.0**	**4,792**	**3.1**
Total Group	**150,079**	**100.0**	**173,917**	**100.0**	**156,173**	**100.0**	**150,079**	**100.0**	**173,917**	**100.0**	**156,173**	**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.

2) The percentage breakdown for "Net sales – sold to" for the comparative years 2022 and 2023 has been corrected.

B2b. Segment reporting, cont.

Group by country continuing operations TB2:2	Average number of employees[1]									Non-current assets[2]		
	2024	Of whom men, %	Of whom women, %	2023[3]	Of whom men, %	Of whom women, %	2022[3]	Of whom men, %	Of whom women, %	2024 SEKm	2023 SEKm	2022 SEKm
Sweden	**2,079**	**52**	**48**	**2,027**	**52**	**48**	**2,040**	**52**	**48**	**5,588**	**5,279**	**5,126**
EU excluding Sweden												
Germany	4,456	75	25	4,423	74	26	4,244	74	26	28,568	27,462	26,822
France	2,355	66	34	2,327	66	34	2,294	66	34	9,711	9,172	8,861
Spain	1,269	72	28	1,203	73	27	1,156	73	27	3,859	3,522	3,516
Netherlands	1,232	83	17	1,222	83	17	1,163	83	17	3,238	3,256	3,509
Slovakia	964	68	32	956	64	36	964	62	38	702	585	636
Italy	931	73	27	924	74	26	900	75	25	3,852	3,594	4,049
Poland	832	72	28	815	72	28	797	72	28	2,449	1,967	1,612
Austria	509	84	16	502	83	17	497	83	17	974	914	888
Belgium	441	81	19	461	82	18	453	82	18	711	693	759
Portugal	300	45	55	193	45	55	40	47	53	240	228	148
Finland	282	69	31	281	69	31	282	70	30	1,063	997	1,047
Denmark	113	41	59	115	40	60	116	41	59	29	30	34
Hungary	109	38	62	108	39	61	106	39	61	19	10	11
Czech Republic	57	55	45	58	52	48	59	49	51	9	10	12
Greece	45	60	40	45	58	42	45	53	47	15	13	12
Rest of EU excluding Sweden	110	43	57	110	41	59	103	42	58	65	64	56
Total EU excluding Sweden	**14,005**	**72**	**28**	**13,743**	**72**	**28**	**13,219**	**72**	**28**	**55,504**	**52,517**	**51,972**
Rest of Europe												
UK	1,534	76	24	1,553	76	24	1,518	75	25	6,647	6,226	5,970
Norway	74	47	53	80	47	53	83	48	52	18	5	9
Ukraine	62	39	61	62	40	60	65	40	60	14	10	15
Turkey	52	60	40	85	71	29	108	73	27	23	12	20
Russia	–	–	–	785	63	37	1,308	64	36	–	–	–
Rest of Europe, excluding EU	35	29	71	39	36	64	42	40	60	66	64	61
Total Rest of Europe	**1,757**	**72**	**28**	**2,604**	**69**	**31**	**3,124**	**69**	**31**	**6,768**	**6,317**	**6,075**
TOTAL EUROPE	**17,841**	**70**	**30**	**18,374**	**69**	**31**	**18,383**	**69**	**31**	**67,860**	**64,113**	**63,173**

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.
3) The average number of employees for the comparative years 2022 and 2023 has been corrected.

B2b. Segment reporting, cont.

Group by country continuing operations TB2:2	Average number of employees[1]									Non-current assets[2]		
	2024	Of whom men, %	Of whom women, %	2023[3]	Of whom men, %	Of whom women, %	2022[3]	Of whom men, %	Of whom women, %	2024 SEKm	2023 SEKm	2022 SEKm
North America												
USA	3,053	70	30	3,250	71	29	3,211	71	29	21,118	19,760	21,696
Canada	593	39	61	404	50	50	336	58	42	4,975	4,904	4,979
TOTAL NORTH AMERICA	**3,646**	**65**	**35**	**3,654**	**69**	**31**	**3,547**	**70**	**30**	**26,093**	**24,664**	**26,675**
Latin America												
Mexico	3,939	63	37	3,830	64	36	3,574	66	34	6,577	6,881	6,059
Colombia	3,426	68	32	3,386	69	31	3,413	69	31	2,395	2,461	2,013
Ecuador	928	70	30	959	71	29	979	72	28	748	674	699
Brazil	493	55	45	494	55	45	494	54	46	539	620	496
Chile	434	67	33	462	71	29	470	71	29	547	565	634
Argentina	321	63	37	312	62	38	310	63	37	206	11	26
Dominican Republic	247	68	32	260	67	33	257	68	32	257	247	263
Peru	136	46	54	136	46	54	135	49	51	424	388	395
Costa Rica	101	51	49	98	54	46	98	55	45	22	16	6
Rest of Latin America	67	51	49	60	42	58	56	41	59	29	2	2
TOTAL LATIN AMERICA	**10,092**	**65**	**35**	**9,997**	**66**	**34**	**9,786**	**67**	**33**	**11,744**	**11,865**	**10,593**
Asia												
India	313	90	10	316	91	9	318	91	9	90	65	68
Pakistan	201	76	24	218	76	24	227	74	26	9	4	5
Indonesia	144	65	35	146	64	36	148	62	38	386	384	416
Japan	92	44	56	108	46	54	114	44	56	40	48	58
Singapore	4	48	52	3	40	60	–	–	–	–	–	7
China	2	50	50	2	50	50	2	50	50	–	109	20,114
Malaysia	–	–	–	–	–	–	–	–	–	–	–	2,354
Rest of Asia	88	43	57	81	40	60	81	44	56	202	161	974
TOTAL ASIA	**844**	**72**	**28**	**874**	**72**	**28**	**890**	**72**	**28**	**727**	**771**	**23,996**
Rest of the world												
Australia	426	51	49	416	51	49	389	53	47	5,087	5,332	5,549
South Africa	373	38	62	365	41	59	385	43	57	608	582	675
New Zealand	292	77	23	317	73	27	316	71	29	2,096	2,153	2,327
Fiji	89	78	22	86	77	23	86	78	22	48	45	42
Other Rest of the world	1	100	–	1	100	–	1	100	–	–	–	–
TOTAL REST OF THE WORLD	**1,181**	**55**	**45**	**1,185**	**55**	**45**	**1,177**	**57**	**43**	**7,839**	**8,112**	**8,593**
Total Group	**33,604**	**67**	**33**	**34,084**	**68**	**32**	**33,783**	**68**	**32**	**114,263**	**109,525**	**133,030**

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.
3) The average number of employees for the comparative years 2022 and 2023 has been corrected.

B2b. Segment reporting, cont.

Group by country total operations TB2:2	2024	Of whom men, %	Of whom women, %	2023[2]	Of whom men, %	Of whom women, %	2022	Of whom men, %	Of whom women, %
	Average number of employees[1]								
Sweden	**2,079**	**52**	**48**	**2,027**	**52**	**48**	**2,040**	**52**	**48**
EU excluding Sweden									
Germany	4,456	75	25	4,423	74	26	4,244	74	26
France	2,355	66	34	2,327	66	34	2,294	66	34
Spain	1,269	72	28	1,203	73	27	1,156	73	27
Netherlands	1,232	83	17	1,222	83	17	1,163	83	17
Slovakia	964	68	32	956	64	36	964	62	38
Italy	931	73	27	924	74	26	900	75	25
Poland	832	72	28	815	72	28	797	72	28
Austria	509	84	16	502	83	17	497	83	17
Belgium	441	81	19	461	82	18	453	82	18
Portugal	300	45	55	193	45	55	40	47	53
Finland	282	69	31	281	69	31	282	70	30
Denmark	113	41	59	115	40	60	116	41	59
Hungary	109	38	62	108	39	61	106	39	61
Czech Republic	57	55	45	58	52	48	59	49	51
Greece	45	60	40	45	58	42	45	53	47
Rest of EU excluding Sweden	110	43	57	110	41	59	103	42	58
Total EU excluding Sweden	**14,005**	**72**	**28**	**13,743**	**72**	**28**	**13,219**	**72**	**28**
Rest of Europe									
UK	1,534	76	24	1,553	76	24	1,518	75	25
Norway	74	47	53	80	47	53	83	48	52
Ukraine	62	39	61	62	40	60	65	40	60
Turkey	52	60	40	85	71	29	108	73	27
Russia	–	–	–	785	63	37	1,308	64	36
Rest of Europe, excluding EU	35	29	71	39	36	64	42	40	60
Total Rest of Europe	**1,757**	**72**	**28**	**2,604**	**69**	**31**	**3,124**	**69**	**31**
TOTAL EUROPE	**17,841**	**70**	**30**	**18,374**	**69**	**31**	**18,383**	**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.

2) The average number of employees for the comparative year 2023 has been corrected.

B2b. Segment reporting, cont.

	Average number of employees[1]								
Group by country total operations TB2:2	**2024**	**Of whom men, %**	**Of whom women, %**	**2023[2)]**	**Of whom men, %**	**Of whom women, %**	**2022**	**Of whom men, %**	**Of whom women, %**
North America									
USA	3,053	70	30	3,250	71	29	3,211	71	29
Canada	593	39	61	404	50	50	336	58	42
TOTAL NORTH AMERICA	**3,646**	**65**	**35**	**3,654**	**69**	**31**	**3,547**	**70**	**30**
Latin America									
Mexico	3,939	63	37	3,830	64	36	3,574	66	34
Colombia	3,426	68	32	3,386	69	31	3,413	69	31
Ecuador	928	70	30	959	71	29	979	72	28
Brazil	493	55	45	494	55	45	494	54	46
Chile	434	67	33	462	71	29	470	71	29
Argentina	321	63	37	312	62	38	310	63	37
Dominican Republic	247	68	32	260	67	33	257	68	32
Peru	136	46	54	136	46	54	135	49	51
Costa Rica	101	51	49	98	54	46	98	55	45
Rest of Latin America	67	51	49	60	42	58	56	41	59
TOTAL LATIN AMERICA	**10,092**	**65**	**35**	**9,997**	**66**	**34**	**9,786**	**67**	**33**
Asia									
China	1,945	59	41	10,094	59	41	10,050	58	42
India	313	90	10	316	91	9	318	91	9
Malaysia	271	46	54	1,394	47	53	1,407	45	55
Pakistan	201	76	24	218	76	24	227	74	26
Indonesia	146	64	36	155	65	35	156	64	36
Japan	92	44	56	108	46	54	114	44	56
Singapore	12	34	66	41	31	69	40	30	70
Rest of Asia	145	48	52	361	53	47	356	54	46
TOTAL ASIA	**3,125**	**61**	**39**	**12,687**	**58**	**42**	**12,668**	**57**	**43**
Rest of the world									
Australia	426	51	49	419	51	49	391	53	47
South Africa	373	38	62	365	41	59	385	43	57
New Zealand	292	77	23	317	73	27	316	71	29
Fiji	89	78	22	86	77	23	86	78	22
Other Rest of the world	1	100	–	1	100	–	1	100	–
TOTAL REST OF THE WORLD	**1,181**	**55**	**45**	**1,188**	**55**	**45**	**1,179**	**56**	**44**
Total Group	**35,885**	**67**	**33**	**45,900**	**65**	**35**	**45,563**	**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.

2) The average number of employees for the comparative year 2023 has been corrected.

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 research and development, sales and administrative personnel.

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	2024	2023	2022
Cost of goods sold IS	–97,929	–102,627	–97,395
Sales, general and administration IS	–27,351	–25,661	–21,916
Share of results of associates and joint ventures IS	78	39	38
Amortization of acquisition-related intangible assets IS	–1,110	–1,109	–1,111
Items affecting comparability IS TB3:1	–939	–2,641	–2,445
Total	**–127,251**	**–131,999**	**–122,829**

Refer also to the Description of costs section on page 187.

Operating expenses by type of cost

SEKm	Note	2024	2023	2022
Other income TB3:2		1,824	1,753	1,411
Change in inventory of finished products and products in progress[1]		–1,890	–2,634	516
Raw materials and consumables[1]		–46,087	–49,270	–52,484
Personnel costs[1]	C1	–28,684	–28,257	–25,089
Other operating expenses[1] TB3:3		–44,987	–45,108	–38,208
Amortization of intangible assets[1]	D1	–1,464	–1,436	–1,362
Depreciation of property, plant and equipment[1]	D2, G1	–5,763	–5,734	–5,476
Impairment of intangible assets[1]	D1	–72	–356	–305
Impairment of property, plant and equipment[1]	D2, G1	–370	–590	–1,868
Reversal of impairment of property, plant and equipment[1]	D2, G1	164	118	–
Share in profits of associates and joint ventures	F2	78	39	38
Gain/loss on divestment and liquidation[1 2]	F4	–	–524	–2
Total		**–127,251**	**–131,999**	**–122,829**

1) Including items affecting comparability.
2) 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	2024	2023	2022
Impairment of inventory of finished products and products in progress, net	–77	–167	–83
Personnel costs	–219	–582	–97
Other operating expenses	–421	–605	–131
Impairment of intangible assets, net	–70	–350	–305
Impairment of property, plant and equipment, net	–152	–413	–1,827
Gain/loss on divestment and liquidation	–	–524	–2
Total	**–939**	**–2,641**	**–2,445**

Distribution of items affecting comparability

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**

Distribution of items affecting comparability, previous periods

SEKm	2022
Impairment of assets in Russia	–1,718
Costs for restructuring measures	–592
Transaction costs related to acquisitions	–69
Other	–66
Total	**–2,445**

Other income TB3:2

SEKm	2024	2023	2022
Sales not included in core operations	1,824	1,753	1,411
Total	**1,824**	**1,753**	**1,411**

Other income includes rental income, which is recognized in the period covered by the rental contract, 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	2024	2023	2022
Transport expenses	–10,941	–11,142	–11,143
Energy costs[1]	–6,895	–8,809	–7,972
Marketing costs	–7,518	–6,898	–5,722
Repairs and maintenance	–4,144	–3,943	–3,279
IT, telephony and lease of premises	–1,533	–1,327	–1,005
Other operating expenses, production	–6,945	–6,752	–4,776
Other operating expenses, distribution, sales and administration	–6,502	–5,773	–4,123
Other	–509	–464	–188
Total	**–44,987**	**–45,108**	**–38,208**

1) After deduction for revenues from energy in the amount of SEK 300m (167; 704).

Other disclosures

Exchange rate effects had a negative impact of SEK –91m (–197; –60) on operating profit.

Other disclosures[1]

SEKm	2024	2023	2022
Government grants received	77	232	620
Research and development[2]	–1,852	–1,704	–1,622

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	2024	2023	2022
Ernst & Young			
Audit assignments	–103	–91	–72
Auditing activities other than the audit assignment	–4	–2	–2
Tax consultancy services	–1	–1	–1
Other assignments	–3	–4	–9
Total Ernst & Young	**–111**	**–98**	**–84**
Other auditors			
Audit assignments	–2	–15	–15
Tax consultancy services	–2	–3	–12
Other assignments	0	–2	–14
Total other auditors	**–4**	**–20**	**–41**
Total	**–115**	**–118**	**–125**
Of which, discontinued operations; other auditors	–	–16	–17
Of which, continuing operations	–115	–102	–108

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 AB 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 2024 fiscal year. The assessment shows that only one jurisdiction, Switzerland, cannot benefit from the temporary safe harbor rules. For this jurisdiction, a potential top-up tax has been calculated based on full Pillar 2 rules and the top-up tax is expected to amount to SEK 15m. Income tax of SEK 15m (2023: not applicable) related to Pillar 2 is therefore included in the consolidated income statement for 2024.

Key assessments and assumptions KAA

To determine the value of current and deferred tax assets and tax liabilities on the balance sheet date, it is necessary to make certain assessments and assumptions. Given that Essity operates globally, the company monitors future changes to tax legislation in addition to the development of the business climate in many countries. These factors could impact the company's future taxable profits and thus its possibility to utilize deferred tax assets on loss carryforwards, tax credits and other temporary differences. Furthermore, Essity evaluates tax assets and tax liabilities on a regular basis.

If it is deemed probable that a chosen tax position will not be accepted by a tax authority or court, the tax liability is adjusted in accordance with the presumed outcome. Accordingly, a changed assessment of the probability of future taxable profits, or the probability that a tax authority or court will accept a chosen tax position, could have a positive or negative effect. The actual outcome may differ from the assessment that Essity has made.

B5. Income taxes, cont.

Tax expense

Tax expense (+), tax income (–)

SEKm	2024	%	2023	%	2022	%
Current tax						
Income tax for the period[1]	4,970	30.4	3,957	30.9	2,297	32.0
Adjustments for prior periods	–177	–1.1	117	0.9	–204	–2.8
Current tax expense TB5:1	**4,793**	**29.3**	**4,074**	**31.8**	**2,093**	**29.2**
Deferred tax						
Changes in temporary differences	–414	–2.5	–629	–4.9	–47	–0.6
Adjustments for prior periods	–65	–0.4	–187	–1.4	–50	–0.7
Revaluations	17	0.1	17	0.1	10	0.1
Deferred tax expense TB5:1 TB5:2 TB5:3	**–462**	**–2.8**	**–799**	**–6.2**	**–87**	**–1.2**
Tax expense IS	**4,331**	**26.5**	**3,275**	**25.6**	**2,006**	**28.0**

1) Includes top-up tax in Switzerland related to Pillar 2 of SEK 15m.

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	2024	%	2023	%	2022	%
Profit before tax, continuing operations IS	16,364		12,792		7,171	
Profit before tax from discontinued operations	245		295		937	
Profit before tax	**16,609**		**13,087**		**8,108**	
Expected tax expense	4,026	24.2	2,877	22.0	1,857	22.9
Permanent differences between accounting and taxable result						
Effects of subsidiary financing[1]	25	0.1	33	0.2	63	0.8
Effects of acquisitions and divestments[2]	–6	0.0	162	1.2	3	0.0
Taxes relating to profit-taking[3]	61	0.4	63	0.5	29	0.4
Other permanent effects[4]	411	2.5	194	1.5	338	4.2
Taxes related to prior periods[5]	–169	–1.0	–55	–0.4	–331	–4.1
Changes in the value of deferred tax assets[6]	–1	0.0	5	0.0	74	0.9
Changes in tax rates[7]	12	0.1	12	0.1	11	0.1
Total effective tax expense	**4,359**	**26.3**	**3,291**	**25.1**	**2,044**	**25.2**
Tax expense, continuing operations IS	4,331	26.5	3,275	25.6	2,006	28.0
Tax expense, discontinued operations	28		16		38	

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 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. The year 2022 is mainly attributable to taxation at source on profit-taking to the Netherlands, Germany and Sweden from Colombia of SEK 17m.
4) Other permanent effects are mainly attributable to permanent taxable effect from 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 is mainly attributable to effects of state taxation in the USA of SEK 118m and the permanent tax impact from internal restructuring of SEK 75m. The year 2022 primarily comprises non-deductible impairment of assets in Russia of SEK 357m.
5) Taxes attributable to earlier periods relate mainly 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 R&D costs and loss carryforwards of SEK –105m in the USA. The year 2022 relates mainly to offsetting of taxation at source in the Netherlands of SEK –115m, additional deduction for R&D expenses and remeasurement of deferred tax assets in Vinda of SEK –77m and remeasurement of the tax amount on non-current assets in Mexico of SEK –72m.
6) The change in value of deferred tax assets for 2022 relates to non-capitalized loss carryforwards in Brazil of SEK 43m.
7) Relates mainly to the revaluation of a deferred tax liability in the USA of SEK 20m compared with SEK 9m in 2023. In year 2022 relates mainly to the revaluation of a deferred tax liability in the UK of SEK 26m and a deferred tax asset in Vinda of SEK –11m.

Current tax liability

Current tax liability (+), current tax asset (–)

SEKm	2024	2023	2022
Value, January 1	**876**	**437**	**624**
Current tax expense TB5:1	4,793	4,074	2,237
Liabilities directly attributable to assets held for sale	–	–24	–
Paid tax OCF CF TB5:1	–5,860	–3,615	–2,426
Other changes from acquisitions, divestments and reclassifications	–5	25	–85
Translation differences	–35	–21	87
Value, December 31	**–231**	**876**	**437**
of which current tax liability BS	1,442	2,165	1,589
of which current tax asset BS	1,673	1,289	1,152

Tax by country TB5:1

Tax expense (+), tax income (–)
Tax payments made by entities in different countries, paid tax (–), SEKm

Country	Current tax expense	Deferred tax expense	Total tax expense	Paid tax
USA	698	–16	682	–784
Mexico	661	–177	484	–634
Sweden	337	37	374	–543
Germany	387	–34	353	–845
France	312	–3	309	–342
Colombia	322	–14	308	–352
Spain	155	64	219	–114
Netherlands	248	–31	217	–705
Italy	175	14	189	–129
Austria	115	3	118	–154
Poland	80	37	117	–89
Belgium	100	–7	93	–89
UK	172	–81	91	–66
Finland	77	1	78	–86
Slovakia	76	2	78	–104
Switzerland	71	0	71	–62
Denmark	68	0	68	–68
Norway	58	0	58	–38
Peru	57	–2	55	–56
Ecuador	55	–2	53	–111
Egypt	47	0	47	–13
Canada	114	–73	41	–102
Czech Republic	36	0	36	–37
Hungary	27	2	29	–27
Indonesia	33	–5	28	–17
Chile	26	2	28	–39
Other countries[1]	286	–179	107	–254
Total OCF CF IS	**4,793**	**–462**	**4,331**	**–5,860**

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	5,478	–538	–42	207	5,105
Property, plant and equipment	2,940	224	25	202	3,391
Financial non-current assets	785	177	44	1	1,007
Current assets	–316	–16	42	–17	–307
Provisions	–1,035	–76	–47	–21	–1,179
Liabilities	–2,150	–227	138	26	–2,213
Tax credits and tax loss carryforwards	–1,250	–17	0	–33	–1,300
Other	140	11	–1	–2	148
Total[1)]	**4,592**	**–462**	**159**	**363**	**4,652**

1) The net closing deferred tax liability comprises BS deferred tax assets of SEK 2,326m (2,343; 2,545) and BS deferred tax liabilities of SEK 6,978m (6,935; 8,718).
2) Other changes mainly include deferred tax recognized directly in other comprehensive income within equity according to IAS 19 Employee Benefits of SEK –34m and IFRS 9 Financial instruments of SEK –118m, in addition to effects from acquisitions and divestments of SEK –6m.

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
2023 BS	6,173	–136	–799	–440	–206	4,592
2022	5,562	–	–192	386	417	6,173

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 –1,300m.

Loss carryforwards for which no deferred tax assets were recognized amounted to SEK 4,768m (5,071; 5,051) at December 31, 2024.

The change in unrecognized tax loss carryforwards for the period includes SEK –92m in exchange rate effects, SEK –103m that has expired and SEK –108m that was either utilized or capitalized. The tax value of non-capitalized tax loss carryforwards amounted to SEK 1,345m (1,438; 1,430). 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	2024	2023	2022
Within 1 year	–	74	3
2 years	8	–	6
3 years	8	7	9
4 years	–	7	–
5 years or more	59	51	446
Indefinite useful life	4,693	4,932	4,587
Total	**4,768**	**5,071**	**5,051**

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 137.

Personnel costs, continuing operations TC2:1

SEKm	Note	2024	2023	2022
Salaries and remuneration		–20,902	–20,465	–17,483
of which Executive Management Team	C2	–191	–144	–171
of which Board of Directors	C3	–11	–12	–12
Pension costs		–1,475	–1,415	–1,453
of which defined benefit pension costs	C4	–361	–316	–380
of which other pension costs		–1,114	–1,099	–1,073
Other social security costs		–4,017	–4,535	–4,510
Other personnel costs		–2,290	–1,842	–1,643
Total[1]		**–28,684**	**–28,257**	**–25,089**

1) Of which items affecting comparability of SEK –219m (–582; –97).

Personnel costs, total operations TC2:1

SEKm	Note	2024	2023	2022
Salaries and remuneration		–21,344	–22,733	–19,506
of which Executive Management Team	C2	–191	–144	–171
of which Board of Directors	C3	–11	–12	–12
Pension costs		–1,523	–1,660	–1,627
of which defined benefit pension costs	C4	–361	–318	–381
of which other pension costs		–1,162	–1,342	–1,246
Other social security costs		–4,049	–4,704	–4,706
Other personnel costs		–2,362	–2,210	–2,031
Total[1]		**–29,278**	**–31,307**	**–27,870**

1) Of which items affecting comparability of SEK –219m (–582; –97).

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.

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.

C2. Remuneration of senior executives, cont.

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 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
Variable remuneration of the CEO and Executive Vice President is maximized to a total of 100% of the fixed salary. For the Business and Global Unit Presidents the maximum outcome is 100% –130%. 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 and the Executive Vice President may amount to a maximum of 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 is 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 before the end of the third year after the purchase of shares in the relevant LTI program.

Outcome, variable remuneration
For the CEO, Executive Vice President and the heads of the central functions, STI resulted in 48.2% of fixed salary for 2024. STI resulted in variable remuneration corresponding to 45.5–80.0% 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 2024 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, to 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 40% 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 30–40% 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 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 2024[1]

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 2023[1]

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.

Remuneration and other benefits during the year 2022 TC2:1

SEK	Fixed salary	Variable remuneration[1]	Other benefits	Total salaries and remuneration
President and CEO Magnus Groth	16,500,000	14,692,425[2]	136,022	31,328,447
Other senior executives (12 people)	69,449,581	66,171,195[3]	4,311,376	139,932,152
Total	**85,949,581**	**80,863,620**	**4,447,398**	**171,260,599**

1) Variable remuneration covers the 2022 fiscal year but is paid in 2023.
2) Of which LTI program SEK 0, BIP program SEK 7,663,425.
3) Of which LTI program SEK 0, BIP program SEK 32,255,857.

Pension costs 2022[1]

SEK	
President and CEO Magnus Groth[2]	6,876,833
Other senior executives (12 people)[3]	19,545,865
Total	**26,422,698**

1) The pension costs pertain to the costs that affected profit for 2022, excluding special payroll tax.
2) Outstanding pension obligations amount to SEK 17,081,864.
3) Outstanding pension obligations amount to SEK 66,379,956.

Outcome of the long-term incentive program 2022–2024 for the President and CEO and other senior executives

SEK	Target	Target's relative weight(%)	Target out-come (%)	Remuneration
President and CEO Magnus Groth	Total Shareholder Return (TSR)	40	40	7,000,000
	Science-based targets, Scope 1 and 2	10	10	1,750,000
Other senior executives (12 people)	Total Shareholder Return (TSR)	40	40	29,275,801
	Science-based targets, Scope 1 and 2	10	10	7,318,950

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] 2024
Magnus Groth, President and CEO	42,17
Median total remuneration excluding the President and CEO[2]	0,46
Annual Total Remuneration Ratio	92

1) Total Remuneration was calculated as all payments made to the employee through the payroll system including pension contributions, variable remuneration covers the 2024 fiscal year but is paid in 2025.
2) The total remuneration of the median employee of all employees recorded in the HRIS system.

The table shows the total remuneration for the President and CEO divided by the total remuneration of the median employee. For 2024, the median employee is selected from all employees captured in the global HR platform. In previous Annual Reports, 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 for 2024 in comparison to 2023 is 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 97m. 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 21, 2024 for the period until the next AGM in March 2025. No remuneration is paid to the President and CEO and other employees.

	Board fee			Audit Committee fee			Remuneration Committee fee			Portfolio Development Committee fee			Total		
SEK	**2024**	**2023**	**2022**	**2024**	**2023**	**2022**	**2024**	**2023**	**2022**	**2024**[4]	**2023**	**2022**	**2024**	**2023**	**2022**
Jan Gurander (Chairman)[1]	2,730,000	875,000		320,000	300,000		160,000				300,000		3,210,000	1,475,000	
Pär Boman (Chairman)[2]		2,625,000	2,550,000		300,000	290,000		155,000	150,000		300,000	290,000		3,380,000	3,280,000
Ewa Björling	910,000	875,000	850,000	320,000	300,000	290,000							1,230,000	1,175,000	1,140,000
Annemarie Gardshol	910,000	875,000	850,000										910,000	875,000	850,000
Björn Gulden			850,000												850,000
Maria Carell	910,000	875,000											910,000	875,000	
Louise Svanberg			850,000						125,000						975,000
Bert Nordberg	910,000	875,000	850,000				135,000	130,000	125,000		425,000	415,000	1,495,000	1,430,000	1,390,000
Barbara Milian Thoralfsson	910,000	875,000	850,000	450,000	425,000	415,000	135,000	130,000					1,535,000	1,430,000	1,265,000
Torbjörn Lööf	910,000	875,000	850,000								300,000	290,000	1,230,000	1,175,000	1,140,000
Karl Åberg[3]	910,000			320,000									1,230,000		
Lars Rebien Sørensen			850,000									290,000			1,140,000
Total	**9,100,000**	**8,750,000**	**9,350,000**	**1,410,000**	**1,325,000**	**995,000**	**430,000**	**415,000**	**400,000**		**1,325,000**	**1,285,000**	**11,750,000**	**11,815,000**	**12,030,000**

1) Chairman from March 21, 2024.
2) Chairman until March 21, 2024.
3) Board member from March 21, 2024.
4) 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	2024	2023	2022
Defined benefit obligations TC4:2	25,179	25,050	23,817
Fair value of plan assets TC4:3	–26,767	–28,632	–26,377
Effect of asset ceiling TC4:4	1,691	3,097	3,266
Provisions for pensions, net TC4:1	**103**	**–485**	**706**

Surpluses in funded plans recognized as financial non-current assets amounted to BS SEK 2,475m (3,072; 1,965) on the balance sheet date and provisions for pensions totaled BS SEK 2,578m (2,587; 2,671). Defined benefit obligations include obligations in an amount of SEK 2,503m (2,413; 2,272) 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	–	5,415	6,957	12,372	–12,649	297	20	14
Sweden	1,557	892	1,343	3,792	–4,677	1,394	509	16
Germany	1,955	502	1,669	4,126	–5,863	–	–1,737	13
USA	189	836	2,199	3,224	–3,180	–	44	9
Other	1,357	3	305	1,665	–398	–	1,267	11
Total	**5,058**	**7,648**	**12,473**	**25,179**	**–26,767**	**1,691**	**103**	

Costs for the period for defined benefit plans

SEKm	2024	2023	2022
Current service cost, after deduction for premiums paid by the employees	–339	–296	–421
Past service cost	–9	–24	–
Pension-tax expense	–27	–26	–38
Remeasurement, net	–13	4	43
Net interest income/expense	–24	–66	–62
Pension costs before effects of settlements	**–412**	**–408**	**–478**
Settlements	–	–	–2
Pension costs after effects of settlements	**–412**	**–408**	**–480**

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 and 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	2024	2023	2022
Value, January 1	**25,050**	**23,817**	**32,698**
Less discontinued operations	–	–21	–
Current service cost	345	302	424
Interest expense	1,107	1,136	557
Past service cost	9	24	–
Pension-tax expense	27	26	38
Settlements and transfers	13	–2	–52
Benefits paid	–1,290	–1,299	–1,349
Pension taxes paid	5	–10	–4
Remeasurement: financial assumptions	–2,096	1,130	–9,606
Remeasurement: demographic assumptions	–95	–50	–225
Remeasurement: experience-based assumptions	578	48	48
Pension taxes pertaining to remeasurement	–2	–41	–277
Translation differences	1,528	–10	1,565
Value, December 31	**25,179**	**25,050**	**23,817**

C4. Remuneration after completion of employment, cont.

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.

Plan assets TC4:3

SEKm	2024	2023	2022
Fair value, January 1	**–28,632**	**–26,377**	**–35,249**
Less discontinued operations	–	12	–
Interest income	–1,190	–1,191	–572
Contributions by plan participants	–6	–6	–2
Contributions by the employer	292	–330	–283
Benefits paid, excluding settlements	1,283	1,290	1,342
Benefits paid for settlements	–	–	10
Reclassification	–	–	–
Return in excess of recognized interest income	3,150	–2,086	9,951
Administrative expenses for pension obligations	45	38	37
Translation differences	–1,709	18	–1,611
Fair value, December 31	**–26,767**	**–28,632**	**–26,377**

The plan assets are distributed according to the following classes of assets:	2024	2023	2022
Shares and mutual funds	35	38	39
Interest-bearing securities	14	50	51
Properties	1	1	1
Insurance	47	–	–
Other	3	11	9
Total	**100%**	**100%**	**100%**

At the balance sheet date 52% (99; 98) of the plan assets were traded on active markets for which market quotations were used for the valuation. 47% 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, 2024.

Effect of asset ceiling TC4:4

SEKm	2024	2023	2022
Value, January 1	**3,097**	**3,266**	**5,261**
Interest expense	107	121	77
Other changes to asset ceiling	–1,628	–337	–2,190
Translation differences	115	47	118
Value, December 31	**1,691**	**3,097**	**3,266**

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 297m (1,803; 2,271) 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 1,394m (1,294; 995).

Principal actuarial assumptions TC4:5

	Sweden	UK	Germany	USA
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
2022				
Discount rate	4.04	4.77	3.63	4.65
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	22	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%	749
Price inflation, including salary inflation +0.25%	–620
Life expectancy +1 year	–856

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 2025 are calculated at SEK 526m. Contributions for multiemployer plans for 2025 are calculated at SEK 49m.

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 depreciated 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	2024	2023	2022[1]
Value, January 1	**39,337**	**44,786**	**37,803**
Assets held for sale	–	–4,361	–
Company acquisitions	–	–14	3,617
Reclassifications	–	–	–20
Impairment	–70	–356	–292
Translation differences	1,871	–718	3,678
Value, December 31 BS	**41,138**	**39,337**	**44,786**

1) Including discontinued operations.

D1. Intangible assets, cont.

Intangible assets

	Trademarks			Technologies, Customer relations and similar rights			Capitalized development costs			Total Intangible assets		
SEKm	**2024**	**2023**	**2022[1)]**	**2024**	**2023**	**2022[1)]**	**2024**	**2023**	**2022[1)]**	**2024**	**2023**	**2022[1)]**
Accumulated costs	15,525	14,986	18,072	16,128	15,001	15,756	781	671	661	32,434	30,658	34,489
Accumulated amortization	–1,099	–921	–915	–10,609	–8,850	–8,439	–424	–289	–260	–12,132	–10,060	–9,614
Accumulated impairment	–113	0	–	–85	–80	–81	–199	–193	–188	–397	–273	–269
Total	**14,313**	**14,065**	**17,157**	**5,434**	**6,071**	**7,236**	**158**	**189**	**213**	**19,905**	**20,325**	**24,606**
Value, January 1	**14,065**	**17,157**	**14,081**	**6,071**	**7,236**	**7,154**	**189**	**213**	**228**	**20,325**	**24,606**	**21,463**
Assets held for sale	–	–2,861	–	–	–332	–	–	–	–	–	–3,193	–
Investments[2)]	7	–	–	484	513	612	7	15	26	498	528	638
Company acquisitions	–	–	2,131	–	–	143	–	–	–	–	–	2,274
Reclassifications	–	–	–	18	20	38	–6	–	–	12	20	38
Amortization[3)]	–126	–117	–171	–1,299	–1,282	–1,225	–39	–37	–30	–1,464	–1,436	–1,426
Impairment	–113[4)]	–	–	–2	–	–	–	–	–31	–115	–	–31
Translation differences	480	–114	1,116	–162	–84	514	7	–2	20	649	–200	1,650
Value, December 31	**14,313**	**14,065**	**17,157**	**5,434**	**6,071**	**7,236**	**158**	**189**	**213**	**19,905**	**20,325**	**24,606**
Emission allowances, net value TD1:1										829	1,019	740
Value, December 31 including emission allowances BS										**20,734**	**21,344**	**25,346**

1) Including discontinued operations.
2) In 2024, interest expenses were capitalized in Capitalized development costs in the amount of SEK 6m (6; 9). The average interest rate used was 4%.
3) 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.
4) 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 other intangible assets is carried out in the fourth quarter. The testing showed that no impairment was needed for 2024, 2023 or 2022. 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.

Distribution by operating segment	Goodwill			Trademarks			WACC, before tax %		
SEKm	**2024**	**2023**	**2022[1)]**	**2024**	**2023**	**2022[1)]**	**2024**	**2023**	**2022[1)]**
Health & Medical	17,823	16,948	17,483	8,088	7,837	8,069	12.1	12.1	10.5
Consumer Goods	14,429	14,135	18,443	6,141	6,153	9,010	11.9	12.4	11.5
Professional Hygiene	8,886	8,254	8,860	83	75	78	11.1	11.1	9.8
Total BS	**41,138**	**39,337**	**44,786**	**14,312**	**14,065**	**17,157**			

1) Including discontinued operations.

Emission allowances TD1:1

SEKm	**2024**	**2023**	**2022**
Value, January 1	**1,019**	**740**	**343**
Emission allowances received	546	837	534
Purchases	48	151	136
Sales	–84	0	0
Impairment	–36	0	0
Settlement with the government	–702	–695	–313
Translation differences	38	–14	40
Value, December 31	**829**	**1,019**	**740**

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	**2024**	**2023**	**2022[1]**	**2024**	**2023**	**2022[1]**	**2024**	**2023**	**2022[1]**	**2024**	**2023**	**2022[1]**
Accumulated costs	24,273	22,515	29,533	4,564	4,329	4,973	89,910	84,186	100,835	7,382	7,197	5,617
Accumulated depreciation	–13,483	–12,553	–14,008	–809	–755	–752	–60,661	–57,441	–65,051	–	–	–1
Accumulated impairment	–506	–424	–863	–41	–38	–57	–2,284	–2,068	–2,679	–41	–39	–76
Total	**10,284**	**9,538**	**14,662**	**3,714**	**3,536**	**4,164**	**26,965**	**24,677**	**33,105**	**7,341**	**7,158**	**5,540**
Value, January 1	**9,538**	**14,662**	**13,431**	**3,536**	**4,164**	**3,567**	**24,677**	**33,105**	**30,789**	**7,158**	**5,540**	**6,178**
Assets held for sale	–	–4,884	–	–	–610	–	–	–7,784	–	–	–799	–
Investments	259	147	258	14	4	16	1,576	1,134	982	5,055	5,094	5,037
Sales and disposals	–5	–26	–17	–1	–5	–27	–60	–65	–58	–2	–4	–4
Company acquisitions	–	–	–	–	–	–	–	–	106	–	–	2
Company divestments	–	–	–	–	–	–	–	–1	–	–	–	–
Reclassifications	1,019	375	1,208	92	7	357	3,952	2,365	4,567	–5,075	–2,767	–6,170
Depreciation[2]	–721	–724	–891	–39	–37	–37	–3,914	–3,912	–4,978	–	–	–1
Impairment	–60	–156	–594	–	–15	–32	–307	–415	–1,151	–2	–2	–45
Reversal of impairment	–	22	–	–	–	–	149	57	–	15	2	–
Translation differences	254	122	1,267	112	28	320	892	193	2,848	192	94	543
Value, December 31	**10,284**	**9,538**	**14,662**	**3,714**	**3,536**	**4,164**	**26,965**	**24,677**	**33,105**	**7,341**	**7,158**	**5,540**

1) Including discontinued operations.
2) Included primarily in Cost of goods sold.

D2. Property, plant and equipment, cont.

Total property, plant and equipment

SEKm	2024	2023	2022[1]
Accumulated costs	126,129	118,227	140,958
Accumulated depreciation	–74,953	–70,749	–79,812
Accumulated impairment	–2,872	–2,569	–3,675
Total	**48,304**	**44,909**	**57,471**
Value, January 1	**44,909**	**57,471**	**53,965**
Assets held for sale	–	–14,077	–
Investments[2]	6,904	6,379	6,293
Sales and disposals	–68	–100	–106
Company acquisitions	–	–	108
Company divestments	–	–1	–
Reclassifications	–12	–20	–38
Depreciation[3]	–4,674	–4,673	–5,907
Impairment	–369	–588	–1,822
Reversal of impairment	164	81	–
Translation differences	1,450	437	4,978
Value, December 31	**48,304**	**44,909**	**57,471**

1) Including discontinued operations.
2) Government grants received in 2024 reduced recognized investments by SEK 2m (0; 36).
3) Included primarily in Cost of goods sold.

Impairment losses for the year totaling SEK 370m are related mainly to impairment of non-current assets in Professional Hygiene in the USA and Consumer Goods in Europe. The reversal of previous impairment losses of SEK 164m took place in Consumer Goods in Spain and Sweden, respectively.

During the period, interest was capitalized in machinery and equipment in an amount of SEK 21m (–; 41) and in construction in progress in an amount of SEK 12m (34; 3). The average interest rate used was 4% (4; 3).

Contract obligations relating to the acquisition of property, plant and equipment amounted to SEK 3,215m (4,048; 5,052) 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	2024	2023	2022
Raw materials and consumables	4,270	4,022	10,023
Spare parts and supplies	2,901	2,519	2,572
Products in progress	1,759	1,772	2,482
Finished products	9,899	9,210	13,775
Advance payments to suppliers	85	23	36
Total BS	**18,914**	**17,546**	**28,888**

Impairment of inventories amounted to SEK 686m (1,084; 821), of which SEK 77m (167; 83) was recognized in conjunction with restructuring as an item affecting comparability, refer to Note B3 Operating expenses on page 141.

D4. Other current receivables

Other current receivables

SEKm	2024	2023	2022
VAT receivables	1,318	951	1,522
Prepaid expenses and accrued income	1,122	986	895
Suppliers with debit balance	91	103	198
Receivables for electricity and gas	326	282	168
Receivables from authorities	121	89	156
Derivatives[1]	356	228	2,158
Other receivables[2]	1,146	752	664
Total BS	**4,480**	**3,391**	**5,761**

1) For more information see Note E1 Financial instruments by category and measurement level on page 156.
2) Increase in other receivables mainly relates to an increase in receivables from insurance companies for damages and receivables from the sale of emission allowances.

D5. Other liabilities

Other liabilities

SEKm	2024	2023	2022
Other non-current liabilities			
Derivatives[1]	9	155	345
Other non-current liabilities[2]	507	918	851
Total BS	**516**	**1,073**	**1,196**
Of which items that fall due for payment later than within five years	15	21	23
Other current liabilities			
Derivatives[1]	181	1,755	1,072
Accrued expenses and prepaid income TD5:1	15,402	14,497	16,316
VAT liabilities	1,604	1,348	1,388
Other operating liabilities	1,762	1,543	2,219
Total BS	**18,949**	**19,143**	**20,995**

1) For more information see note E6 Derivatives and hedge accounting on page 160.
2) The post includes deferred purchase considerations for acquired operations and liabilities to non-controlling interests.

D5. Other liabilities, cont.

Accrued expenses and prepaid income TD5:1

SEKm	2024	2023	2022
Bonus and discounts to customers	7,874	7,782	8,016
Accrued vacation pay liability	1,060	996	944
Accrued social security costs	531	496	459
Other liabilities to personnel	2,344	2,000	2,014
Other items	3,593	3,223	4,883
Total	**15,402**	**14,497**	**16,316**

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 Intangible assets for accounting principles on carbon dioxide emission rights and 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 2024

SEKm	Restructuring program	Environment	Legal disputes	Other	Total
Value, January 1	**668**	**722**	**106**	**378**	**1,874**
Provisions	409	676	33	290	1,408
Utilizations	–541	–702	–14	–75	–1,332
Reclassifications	–	–	–3	3	0
Reversals	–62	–	–3	–47	–112
Translation differences	28	–	7	11	46
Value, December 31	**502**	**696**	**126**	**560**	**1,884**

Provisions comprise:	
Current provision BS	1,377
Non-current provision BS	507

Other provisions, previous periods

SEKm	2023	2022
Value, January 1	**1,708**	**1,132**
Provisions	1,876	1,044
Utilizations	–1,535	–476
Dissolutions	–141	–78
Translation differences	–34	86
Value, December 31	**1,874**	**1,708**

Distribution of other provisions by maturity, SEKm

Year of maturity	
2025	1,377
2026	340
2027	119
2028 and later	48
Total	**1,884**

Provisions for the period for Environment pertain to SEK 676m for carbon dioxide emissions, which will be settled in 2025. The provisions recognized at the end of the period attributable to Restructuring programs relate to restructuring measures in all three business areas. The provision for Environment mainly relates to liabilities for carbon dioxide emissions, and 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, SEKm

	Value December 31, 2024	Value January 1, 2024
Recognized in trade payables	581	489
of which suppliers have received payment from financing provider	383	399

The companies' payment terms are on average 23 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 cost, 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 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 159. 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 109m 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. Financial assets and liabilities can, on initial recognition, irrevocably and under certain circumstances, be recognized at fair value through profit or loss if this leads to more relevant information. 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 160.

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 160.

Financial instruments by category and measurement level

SEKm	Note	Measurement level	2024	2023	2022
Financial assets measured at fair value through profit or loss					
Derivatives – Non-current financial assets	E2	2	–	–	9
Derivatives – Current financial assets	E2	2	633	461	1,109
Derivatives – Other current receivables	D4	2	76	78	513
Total			**709**	**539**	**1,631**
Financial liabilities measured at fair value through profit or loss					
Non-current financial liabilities	E4	2	22,234	24,993	23,763
Current financial liabilities	E4	2	4,312	–	4,489
Derivatives – Non-current financial liabilities	E4	2	278	167	276
Derivatives – Current financial liabilities	E4	2	314	1,780	424
Derivatives – Other current liabilities	D5	2	83	277	65
Total			**27,221**	**27,217**	**29,017**
Loan and trade receivables measured at amortized cost					
Non-current financial assets	E2	–	19	19	22
Current financial assets	E2	–	4,652	3,504	3,459
Trade receivables	E3	–	23,538	21,920	25,990
Cash and cash equivalents	E2	–	10,962	5,159	4,288
Total			**39,171**	**30,602**	**33,759**
Financial assets measured at fair value through other comprehensive income					
Non-current financial assets	E2	1	109	98	92
Financial liabilities measured at amortized cost					
Non-current financial liabilities	E4	–	12,728	14,068	26,935
Non-current lease liabilities	E4	–	3,302	3,326	3,392
Current financial liabilities	E4	–	383	12,907	7,338
Current lease liabilities	E4	–	1,025	812	889
Trade payables	–	–	17,098	15,119	25,644
Total			**34,536**	**46,232**	**64,198**
Derivatives used for hedge accounting					
Non-current financial assets	E2	2	–	–	–
Other non-current assets	–	2	56	6	767
Other current receivables	D4	2	280	150	1,645
Current financial assets	E2	2	57	1,294	373
Total			**393**	**1,450**	**2,785**

E1. Financial instruments by category and measurement level, cont.

Financial instruments by category and measurement level

SEKm	Note	Measurement level	2024	2023	2022
Non-current financial liabilities	E4	2	2,132	2,781	3,876
Other non-current liabilities	D5	2	9	155	345
Current financial liabilities	E4	2	390	150	133
Other current liabilities	D5	2	98	1,478	1,007
Total			**2,629**	**4,564**	**5,361**

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 159.

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

		2024		2023		2022	
SEKm	Note	Financial instruments	Of which derivatives	Financial instruments	Of which derivatives	Financial instruments	Of which derivatives
Assets							
Financial assets, cash and cash equivalents	E2	16,432	690	10,535	1,755	9,352	1,491
Other non-current assets	–	56	56	6	6	767	767
Trade receivables	E3	23,538	–	21,920	–	25,990	–
Other current receivables	D4	356	356	228	228	2,158	2,158
Total		**40,382**	**1,102**	**32,689**	**1,989**	**38,267**	**4,416**
Liabilities							
Financial liabilities	E4	47,098	3,114	60,984	4,878	71,515	4,709
Other non-current liabilities	D5	9	9	155	155	345	345
Trade payables	–	17,098	–	15,119	–	25,644	–
Other current liabilities	D5	181	181	1,755	1,755	1,072	1,072
Total		**64,386**	**3,304**	**78,013**	**6,788**	**98,576**	**6,126**

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 41.

Financial assets, cash and cash equivalents

	Carrying amount		
SEKm	2024	2023	2022
Non-current financial assets			
Financial assets measured at fair value through other comprehensive income	109	98	92
Financial assets measured at amortized cost			
Loan receivables, other	19	19	22
Derivatives	–	–	9
Total BS	**128**	**117**	**123**
Current financial assets			
Financial assets measured at amortized cost			
Financial assets	2,353	3,504	3,459
Current investments	2,300	–	–
Derivatives	690	1,755	1,482
Total BS	**5,342**	**5,259**	**4,941**
Cash and cash equivalents			
Cash and bank balances	9,462	3,055	3,781
Current investments <3 months	1,500	2,104	507
Total BS	**10,962**	**5,159**	**4,288**
Total financial assets, cash and cash equivalents	**16,432**	**10,535**	**9,352**

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 148. 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, 2024 include SEK 2,241m (2,790; 3,391) 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 223m (501; 1,040).

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	2024	2023	2022
Trade receivables, gross	23,829	22,162	26,316
Provision for doubtful receivables TE3:2	–291	–242	–326
Total BS TE3:1	**23,538**	**21,920**	**25,990**

Analysis of credit risk exposure in Trade receivables TE3:1

SEKm	2024	2023	2022
Trade receivables after provision for doubtful receivables	23,538	21,920	25,990
Whereof: overdue			
< 30 days	2,506	2,054	1,976
30–90 days	958	459	669
> 90 days	723	600	733
Trade receivables, overdue	**4,187**	**3,113**	**3,378**

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 2024, Essity's ten largest customers accounted for 24.3% (25.8; 23.0) of Essity's sales. The single largest customer accounted for 4.4% (4.4; 4.5) of sales. Of the outstanding trade receivables on the balance sheet date 2024, the ten largest customers accounted for 22.5% (21.7; 18.2). Comparative figures for sales and trade receivables have been adjusted and exclude discontinued operations. During 2024, confirmed credit losses on trade receivables amounted to 0.03% (0.02; 0.01) of net sales, confirmed credit losses on trade receivables over the past five years amounted to an average of 0.02% (0.01; 0.02) 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 2024. 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 2024 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 785m (1,125; 1,239). Of this amount, SEK 12m (25; 3) relates to the category trade receivables overdue.

Provision for doubtful receivables TE3:2

SEKm	2024	2023	2022
Value, January 1	**–242**	**–326**	**–298**
Liabilities directly attributable to assets held for sale	–	63	–
Provision for expected credit losses	–128	–33	–52
Confirmed losses	44	26	17
Decrease due to divestments	–	23	–
Decrease due to reversal of provisions for expected credit losses	36	4	36
Translation differences	–1	1	–29
Value, December 31	**–291**	**–242**	**–326**

The expense for the period for doubtful receivables amounted to SEK –92m (–29; –16).

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	2024	2023	2022
Non-current financial liabilities			
Bond issues	28,032	32,763	38,400
Derivatives	2,410	2,949	4,152
Non-current lease liabilities	3,302	3,326	3,392
Other non-current loans with maturities > 1 year < 5 years	4,930	971	5,892
Other non-current loans with maturities > 5 years	2,000	5,327	6,406
Total BS	**40,674**	**45,336**	**58,242**
Current financial liabilities			
Amortization within one year	84	55	14
Bond issues	4,312	6,632	5,599
Derivatives	704	1,930	557
Current lease liabilities	1,025	812	889
Loans with maturities of less than one year	176	5,989	6,000
Accrued financial expenses	123	230	214
Total[1] BS	**6,424**	**15,648**	**13,273**
Total financial liabilities	**47,098**	**60,984**	**71,515**
Fair value of financial liabilities excluding leases	41,862	55,984	64,324

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 amount of EUR 6,000m (SEK 68,764m) for issuing bonds in the European capital market. As of December 31, 2024, a nominal EUR 3,149m (3,952; 4,450) was outstanding in public and bilateral issues with a remaining maturity of 3.9 years (4.0; 4.5).

Public bond issues

Issued	Maturity	Carrying amount, SEKm	Fair value, SEKm	Interest rate, %
Notes SEK 850m	2025	853	853	0.50
Notes EUR 300m	2025	3,459	3,459	1.13
Notes EUR 500m	2026	5,771	5,751	3.00
Notes EUR 500m	2027	5,719	5,591	1.63
Notes EUR 600m	2029	6,117	6,039	0.25
Notes EUR 300m	2030	3,059	3,022	0.50
Notes EUR 700m	2031	7,366	6,740	0.25
Total		**32,344**	**31,455**	

Non-current financial liabilities	Carrying amount, SEKm	Fair value, SEKm
Other non-current loans with maturities > 1 year < 5 years	4,930	4,801
Other non-current loans with maturities > 5 years	2,000	2,136
Total	**6,930**	**6,937**

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.

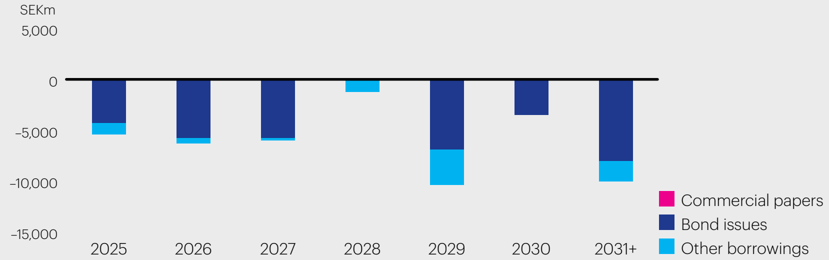
Credit facilities	Nominal	Maturity	Total SEKm	Utilized SEKm	Unutilized SEKm
Syndicated credit facilities	EUR 3,000m[1]	2025	34,382	–	34,382
	EUR 62m	2025	716	–	716
	EUR 938m	2027	10,744	–	10,744
	EUR 1,000m	2029	11,461	–	11,461
Total			**57,303**		**57,303**

1) Essity has a unilateral right to extend the maturity with up to 12 months from June 2025.

Maturity profile of gross debt[1], SEK m	Total	2025	2026	2027	2028	2029	2030	2031+
Commercial paper program	–	–	–	–	–	–	–	–
Bond issues	–34,086	–4,288	–5,730	–5,730	–	–6,876	–3,438	–8,022
Other borrowings	–8,664	–1,089	–589	–283	–1,232	–3,492	20	–1,999
Total[1]	**–42,749**	**–5,377**	**–6,319**	**–6,013**	**–1,232**	**–10,369**	**–3,418**	**–10,021**

1) Gross debt includes accrued interest in the amount of SEK 238m.

Maturity profile of gross debt[1]



1) Gross debt includes accrued interest in the amount of SEK 238m .

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 30,769m (49,964; 62,869). 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. 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
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
2022				
Loans including interest	12,492	16,645	11,747	24,588
Net settled derivatives	171	330	344	347
Energy derivatives	998	333	–	–
Lease liabilities	1,082	1,450	937	1,285
Trade payables	25,559	85	–	–
Total	**40,302**	**18,843**	**13,028**	**26,220**
Gross settled derivatives[1]	85,026	1,660	1,120	821

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

		Of which		
SEKm	**Total**	**Currency[1]**	**Interest rate**	**Energy**
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
2022				
Nominal	135,197	95,423	31,993	7,781
Asset	4,416	1,522	40	2,854
Liability	6,126	927	3,868	1,331

1) Nominal SEK 115,162m (108,717; 110,196) 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, 2024. For more information relating to derivatives in the balance sheet, see Note E1 Financial instruments by category on page 156.

Offsetting of outstanding derivatives

SEKm	Assets	Liabilities
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**
December 31, 2022		
Gross amount	4,436	6,146
Offsetable amount	–20	–20
Net amount recognized in the balance sheet	4,416	6,126
Collateral received/paid	–1,186	–3,252
ISDA agreements whose transactions are not offset in the balance sheet	–2,134	–2,134
Net after offsetting in accordance with ISDA agreements	**1,096**	**740**

Profit or loss

Hedges pertaining to transaction exposure had an impact of SEK 134m (–268; 164) on operating profit for the period. At year-end, fair value amounted to SEK 74m (–34; 0). Currency hedges increased the cost of non-current assets by SEK 31m (increased: 52; increased: 31). At year-end, fair value amounted to SEK –1m (–32;–15). Energy derivatives had an impact of SEK –1,625m (–2,288; 5,185) on operating profit for the period. Energy derivatives had an outstanding fair value of SEK 150m (–1,610; 1,523) at year-end. Derivatives impacted net interest items for the period in an amount of SEK –1,244m (–1,290; –585). The net fair value of outstanding interest rate derivatives amounted to SEK –2,164m (–2,781; –3,828) at year-end. For further information relating to financial items, see Note E7 Financial income and expenses on page 164.

Sensitivity analysis

Essity has performed sensitivity analysis calculations on the financial instruments' risk at December 31, 2024 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 35m (51; 2).

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 378m (464; 1,172). In addition to the earnings impact, equity would have increased/decreased by SEK 176m (79; 541). 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 2024, 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 2024, SEK 0m (0; 0) was recognized in profit or loss as ineffectiveness concerning the cash flow hedges. Currency derivatives mature until March 2027. Energy derivatives mature until December 2029 but most mature in 2025 and 2026.

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 –1,488m (720; –1,397) during the year. This result is largely due to hedges of net investments in USD and EUR. In 2024, 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 –281m (1,143; 203). In total at year-end, Essity hedged net investments outside Sweden amounting to SEK –10,080m (–16,870; –14,874). Essity's total foreign net investments at year-end amounted to SEK 96,858m (82,972; 87,796).

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 164.

E6. Derivatives and hedge accounting, cont.

Currency and energy derivatives, SEKm	Line in the balance sheet	2024 Nominal amount	2024 Carrying amount	2023 Nominal amount	2023 Carrying amount	2022 Nominal amount	2022 Carrying amount
Currency derivatives – cash flow hedges	Other non-current assets	148	1	–	–	68	5
Currency derivatives – cash flow hedges	Other current receivables	1,098	36	355	6	811	29
Currency derivatives – cash flow hedges	Other non-current liabilities	–	–	–	–	176	12
Currency derivatives – cash flow hedges	Other current liabilities	387	5	1,722	61	949	31
Energy derivatives – cash flow hedges	Other non-current assets	545	56	63	5	1,579	761
Energy derivatives – cash flow hedges	Other current receivables	1,244	244	272	144	1,767	1,616
Energy derivatives – cash flow hedges	Other non-current liabilities	166	9	556	155	877	333
Energy derivatives – cash flow hedges	Other current liabilities	567	93	3,212	1,417	3,027	976
Currency derivatives – hedging of net investments	Non-current financial assets	–	–	–	–	300	0
Currency derivatives – hedging of net investments	Current financial assets	5,841	57	25,908	1,293	10,579	334
Currency derivatives – hedging of net investments	Non-current financial liabilities	–	–	–	–	450	8
Currency derivatives – hedging of net investments	Current financial liabilities	23,571	358	7,013	150	6,166	133

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	Line in the balance sheet: Financial liabilities	Variable interest
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**	
2022							
Current derivatives							
2023	4,449	144	–143	1	40	–	Euribor 6m +0.7215–0.73165
Non-current derivatives							
2025	4,187	308	–302	6	–	–226	Euribor 6m +0.514–0.5168, Stibor +0.3375
2026	5,561	184	–157	27	–	–148	Euribor 6m +0.5902–0.5904
2029	10,010	1,593	–1,598	–5	–	–1,769	Euribor 6m +0.0517–0.3449
2030	3,337	606	–617	–11	–	–666	Euribor 6m +0.5077–0.5102
2031	4,449	882	–893	–11	–	–1,059	Euribor 6m +0.4298
Total	**31,993**	**3,717**	**–3,710**	**7**	**40**	**–3,868**	

E6. Derivatives and hedge accounting, cont.

Derivatives with hedge accounting[1]

SEKm	Asset	Liability	Net	Tax	Hedge reserve after tax	Recirculated before tax	Line in profit or loss/ balance sheet
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**		
2022							
Derivatives with hedge accounting in hedge reserve							
Cash flow hedges							
Energy risk	2,377	–1,309	1,068	–289	779	–5,260	3)
Currency risk	41 [5]	–43	–2	2	–	39	4)
Total	**2,418**	**–1,352**	**1,066**	**–287**	**779**		
Derivatives with hedge accounting without hedge reserve							
Hedges of net investments in foreign operations							
Currency risk[2]	350	–145	205				
Fair value hedges							
Interest rate risk	40	–3,868	–3,828				
Total	**2,808**	**–5,365**	**–2,557**	**–287**	**779**		

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 on page 164. 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 2025. At unchanged exchange rates, profit after tax will be affected in an amount of SEK 23m (–16; 5). Currency derivatives relating to hedging of the cost of non-current assets mature until March 2027. At unchanged exchange rates, the cost of non-current assets will increase by SEK 1m (increase by 25; increase by 5) after tax. The derivatives intended to hedge energy costs in the Group mature primarily during 2025 and 2026. At unchanged prices, the Group's profit after tax will be affected positively in an amount of SEK 172m (negative 1,037; positive 779).

E7. Financial income and expenses

Financial income and expenses

SEKm	2024	2023	2022
Result from non-current financial assets			
Dividend	1	1	2
Interest income and similar profit items			
Interest income, investments	592	411	139
Total financial income IS	**593**	**412**	**141**
Interest expenses and similar loss items			
Interest expenses, borrowings	–889	–1,259	–690
Interest expenses, derivatives	–1,227	–1,220	–592
Interest expenses, lease liabilities	–154	–138	–98
Fair value hedges, unrealized	–17	–70	7
Other financial expenses	–237	–81	–88
Total financial expenses IS	**–2,524**	**–2,768**	**–1,461**
Total OCF	**–1,931**	**–2,356**	**–1,320**

Other financial income and expenses include foreign exchange differences of SEK –123m (–43; –38).

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 269m (219; 332) higher/lower. Sensitivity analysis calculations have been performed on the risk to which Essity was exposed at December 31, 2024 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 41.

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 160 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 166 and Note F4 Acquisitions and divestments of Group companies and other operations on page 169.

Call/put options issued for future acquisitions of non-controlling interests
The 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. The 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 29, 2024 resolved to distribute SEK 7.75 per share as an ordinary dividend to shareholders, or a total of SEK 5,443m. For the 2024 fiscal year, the Board of Directors proposes an ordinary dividend of SEK 8.25 per share, or a total of SEK 5,733m, the total dividend amount may change due to the ongoing buyback program described on page 9. Equity totaled SEK 88,741m (79,405; 76,564) at December 31, 2024. Pages 118–119 show the Consolidated statement of change in equity.

The tables below show specifications of reserves and income tax attributable to components in other comprehensive income.

At December 31, 2024, the debt/equity ratio amounted to 0.35 (0.68; 0.82). 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 9 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.

Equity, specification of reserves TE8:1

	Hedge reserve[1]			Fair value through other comprehensive income[5]			Translation reserve[5]			Total reserves in equity[5]		
SEKm	**2024**	**2023**	**2022**	**2024**	**2023**	**2022**	**2024**	**2023**	**2022**	**2024**	**2023**	**2022**
Value, January 1	**–1,078**	**779**	**2,221**	**3**	**–3**	**10**	**10,496**	**10,701**	**4,078**	**9,421**	**11,477**	**6,309**
Fair value through other comprehensive income				4	5	–16				4	5	–16
Cash flow hedges:												
Result from remeasurement of derivatives recognized in equity	–3	–4,360	3,110							–3	–4,360	3,110
Transferred to profit or loss for the period	1,740	1,681	–5,252							1,740	1,681	–5,252
Translation differences in foreign operations[2]	–43	59	108				3,833	–796	7,733	3,790	–737	7,841
Gains/losses from hedges of net investments in foreign operations[3]							–1,641	720	–1,397	–1,641	720	–1,397
Tax on items recognized directly in/transferred from equity[4]	–453	711	561	–3	1	3	338	–129	287	–118	583	848
Other comprehensive income for the period, net of tax	**1,241**	**–1,909**	**–1,473**	**1**	**6**	**–13**	**2,530**	**–205**	**6,623**	**3,772**	**–2,108**	**5,137**
Transfer to cost of non-current assets concerning hedged investments, net of tax	31	52	31							31	52	31
Value, December 31	**194**	**–1,078**	**779**	**4**	**3**	**–3**	**13,026**	**10,496**	**10,701**	**13,224**	**9,421**	**11,477**

1) See also Note E6 Derivatives and hedge accounting on page 161 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 –627m (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 –152m (–; –).
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 31m (–; –).
5) Certain comparative figures have been corrected compared to what was presented in the 2023 annual report.

Specification of income tax attributable to components in other comprehensive income TE8:2

	2024			2023			2022		
SEKm	**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	92	–33	59	1,334	–162	1,172	2,299	–662	1,637
Fair value through other comprehensive income	4	–3	1	5	1	6	–16	3	–13
Cash flow hedges	1,737	–453	1,284	–2,679	711	–1,968	–2,142	561	–1,581
Translation differences in foreign operations	4,623		4,623	–270		–270	8,216		8,216
Gains/losses from hedges of net investments in foreign operations	–1,488	307	–1,181	572	–99	473	–1,435	295	–1,140
Total, continuing operations	**4,968**	**–182**	**4,786**	**–1,038**	**451**	**–587**	**6,922**	**197**	**7,119**
Total, discontinued operations	–588	31	–557	–902	–30	–932	133	–8	125
Total operations	**4,380**	**–151**	**4,229**	**–1,940**	**421**	**–1,519**	**7,055**	**189**	**7,244**

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.

Jointly owned Group companies with significant non-controlling interests
In September 2022, Essity acquired 80% of the Canadian company Knix Wear Inc., a leading provider of leakproof apparel for periods and incontinence. The agreement with the seller includes a call/put option to buy/sell the remaining shares in three years at fair value. The amount is recorded as a liability at present value, meaning 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, 2024 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 2024.

Company name	Corp. Reg. No.	Domicile	Share of equity at December 31, 2024	Share of equity at December 31, 2023	Share of equity at December 31, 2022
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
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	Mainz-Kostheim, 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 Horska, 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
Familia del Ecuador	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 on page 169.

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 on page 169.

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	2024	2023	2022
Associates			
Value, January 1	**62**	**60**	**49**
Assets held for sale	–	–3	
Share of results of associates	67	23	6
Dividends received	–27	–17	–
Translation differences	3	–1	5
Value, December 31	**105**	**62**	**60**
Joint ventures			
Value, January 1	**232**	**231**	**190**
Share of results of joint ventures	11	16	32
Dividends received	–6	–14	–9
Translation differences	9	–1	18
Value, December 31	**246**	**232**	**231**
Value, December 31, investments in associates and joint ventures BS TF3:1	**351**	**294**	**291**

Associates and joint ventures
Associates
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. 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 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 GmbH has its registered office in Vienna, Austria and its corporate registration number is FN 79555 v.

F2. Investments in associates and joint ventures, cont.

Material investments in associates and joint ventures, 100% of operations TF3:1

	Associates Cartografica Galeotti			Joint ventures Bunzl & Biach			Total		
SEKm	**2024**	**2023**	**2022**	**2024**	**2023**	**2022**	**2024**	**2023**	**2022**
Condensed income statement									
Net sales	959	901	571	1,572	1,310	2,331	2,531	2,211	2,902
Depreciation	27	26	18	–23	–21	–19	4	5	–1
Operating profit	198	69	8	35	40	41	233	109	49
Interest income	–	–	–	4	–	–	4	–	–
Interest expenses	–	–	–	–2	–	–	–2	–	–
Other financial items	–1	–1	–1	–1	2	2	–2	1	1
Tax expense	–50	–9	7	–9	–14	–12	–59	–23	–5
Profit for the period	147	59	14	29	28	39	176	87	53
Other comprehensive income for the period	–	–	–	–	–	–	–	–	–
Comprehensive income for the period	**147**	**59**	**14**	**29**	**28**	**39**	**176**	**87**	**53**
Condensed balance sheet									
Non-current assets	79	95	117	244	232	197	323	327	314
Cash and cash equivalents	140	38	47	148	90	95	288	128	142
Other current assets	375	467	285	267	256	322	642	723	607
Total assets	**594**	**600**	**449**	**659**	**578**	**614**	**1,253**	**1,178**	**1,063**
Non-current financial liabilities	21	54	74	94	95	114	115	149	188
Other non-current liabilities	8	8	8	17	10	69	25	18	77
Current financial liabilities	260	79	53	5	15	23	265	94	76
Other current liabilities	15	4	4	205	149	99	220	153	103
Total liabilities	**304**	**145**	**139**	**321**	**269**	**305**	**625**	**414**	**444**
Net assets	**290**	**455**	**310**	**338**	**309**	**309**	**628**	**764**	**619**
Group share of net assets	96	150	102	166	151	151	262	301	253
Surplus value[1)]	8	–89	–46	56	50	49	64	–39	3
Carrying amount of the companies	**104**	**61**	**56**	**222**	**201**	**200**	**326**	**262**	**256**
Carrying amount of other associates[2)]	1	1	4				1	1	4
Carrying amount of other joint ventures				24	31	31	24	31	31
Carrying amount of investments in associates and joint ventures BS TF3:2	**105**	**62**	**60**	**246**	**232**	**231**	**351**	**294**	**291**

1) The results from the share in Cartografica Galeotti for the years 2023 and 2022 have been reported with a one-year delay. This means that Essity's share of the results for the years 2023 and 2022 is based on Cartografica Galeotti's annual reports for 2022 and 2021, respectively, as stated in the above summary of results and balance sheet for 2023 and 2022. However, Essity's reported value in the balance sheet of Cartografica Galeotti as of the end of December 2023 and 2022 has been reduced by the dividends received during these years, 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.

2) The carrying amount of other associates has changed for comparative years as Cartografica Galeotti is reported separately.

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 172.

Joint operations

Company name	Corp. Reg. No.	Domicile	Share of equity at December 31, 2024 %	Share of equity at December 31, 2023 %	Share of equity at December 31, 2022 %
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 in the Netherlands and Delaware in the 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 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.

Acquisitions in 2022

Legacy

On February 2, 2022, Essity acquired Legacy Converting, Inc., a USA-based company that operates in professional wiping and cleaning products. The company has about 30 employees. The final purchase price amounts to USD 39m (SEK 362m) with a potential additional earn-out amount of USD 10m (SEK 94m) on a cash and debt-free basis excluding financial lease liabilities.

F4. Acquisitions and divestments of Group companies and other operations, cont.

Modibodi

On July 7, 2022, Essity announced that the company has acquired the Australian company Modibodi, a leading leak-proof apparel company in Australia, New Zealand and the UK. The purchase price amounts to AUD 141m (approximately SEK 1bn) on a cash and debt-free basis. Modibodi has about 45 employees and headquarters in Sydney, Australia. Modibodi was consolidated into Essity's accounts from August 1, 2022.

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 at fair value when the option can be redeemed. 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	2024	2023	2022
Intangible assets	–	–	2,274
Property, plant and equipment and right-of-use assets	–	4	247
Other non-current assets	–	26	31
Operating assets	–	–3	669
Cash and cash equivalents	–	–	49
Provisions and other non-current liabilities	–	–16	–632
Net debt excluding cash and cash equivalents	–	–4	–144
Operating liabilities	–	3	–353
Fair value of net assets	**–**	**10**	**2,141**
Goodwill	–	–14	3,608
Non-transferred consideration, recognized as a liability	–	–	–908
Non-controlling interests	43	–	3
Acquisition of non-controlling interests recognized in equity attributable to owners of the Parent company	8	–	10
Consideration transferred	**51**	**–4**	**4,854**
Consideration transferred	–51	4	–4,854
Settled debt pertaining to acquisitions in earlier years	–17	–182	–6
Cash and cash equivalents in acquired companies	–	–	49
Effect on Group's cash and cash equivalents, acquisition of Group companies and other operations CF	**–68**	**–178**	**–4,811**
of which recognized as acquisitions in investing activities	–17	–178	–4,798
of which recognized as acquisitions of non-controlling interests in financing activities	–51	–	–13
Acquired net debt excluding cash and cash equivalents	–	–4	–144
Acquisitions of Group companies and other operations during the period, including net debt assumed OCF	**–68**	**–182**	**–4,955**

Divestments of Group companies and other operations

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 discointinued operations on page 173 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 item affecting comparability.

No divestments took place in 2022.

Assets and liabilities included in divestments of Group companies and other operations

SEKm	2024[1]	2023	2022
Intangible assets	7,404	–	–
Property, plant and equipment and right-of-use assets	14,724	10	–
Other non-current assets	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]	8,366	578	–
Compensation received	**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	**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	**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 173.

2) Excluding reversal of realized translation differences of SEK 775m (–1,102; –) in divested companies that was reclassified to 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 items affecting comparability in the income statement.

G. Other

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

	Right-of-use assets				
SEKm	**Properties**	**Vehicles**	**Other**	**Total**	**Lease liabilities**
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.

In addition to the expenses in the table above, Essity recognized SEK 382m (343; 302) 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 1,625m (1,507; 1,528). Lease payments totaled SEK 1,605m (1,468; 1,413).

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 395m distributed over the next ten years.

G1. Leases, cont.

TG1:1

SEKm	Right-of-use assets Properties	Vehicles	Other	Total	Lease liabilities
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	1,009
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**

TG1:1

SEKm	Right-of-use assets[1] Properties	Vehicles	Other	Total	Lease liabilities
Value, January 1, 2022	**4,552**	**372**	**29**	**4,953**	**3,771**
Additional right-of-use assets, net	926	186	–3	1,109	1,109
Leases included in acquisitions	139	2	–	141	141
Depreciation	–839	–222	–13	–1,074	
Impairment	–45	–	–	–45	
Interest expenses					107
Payments					–1,111
Translation differences	305	36	2	343	264
Value, December 31	**5,038**	**374**	**15**	**5,427**	**4,281**

1) Including discontinued operations.

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	2024	2023	2022
Guarantees for			
associates	1	1	1
customers and others	57	57	53
Other contingent liabilities	318	333	275
Total	**376**	**391**	**329**

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. Furthermore, claims for early payment of bonds maturing in 2029, 2030 and 2031 have been made against the company in connection with Essity's sale of shares in Vinda. The company has rejected these claims.

Pledged assets

SEKm	Pledged assets related to financial liabilities	Other	Total 2024	2023	2022
Real estate mortgages	–	–	–	–	21
Other	–	191	191	245	295
Total	**–**	**191**	**191**	**245**	**316**

Liabilities for which some of these assets were pledged as collateral amounted to SEK 191m (200; 199).

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 period.

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 167 and Note F3 Joint operations on page 169. 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 145.

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

Transactions and dealings with related parties 2022

SEKm	Cartografica Galeotti	Bunzl & Biach	ProNARO	Uni-Charm Mölnlycke
Sales	126	–	–	–
Purchases	21	455	752	1,367
Trade receivables	49	–	–	75
Trade payables	10	41	32	131

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 separately on a 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 charges. 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 28.3 bn (SEK 37.3 bn). 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 14.6 bn (approximately SEK 19 bn).

After consultation with legal experts, Essity has determined that the sale of the shares in Vinda does not constitute a "cessation of business" under the terms of outstanding bond loans. On October 17, 2024, Essity announced that it had received a demand for early payment from a few bondholders regarding bonds maturing in 2029, 2030 and 2031. On December 16, 2024, Essity announced that it had received information that some of these investors in some of its Luxembourg-listed bond series had initiated proceedings in English court. The investors' holdings represent a small portion of the outstanding bonds. Essity still considers the demand to be unfounded.

Statement of profit for the period, discontinued operations

SEKm	2024	2023	2022
Earnings for the period relating to Vinda	217	279	899
Other earnings attributable to divestment of Vinda	8,798	–	–
Earnings from discontinued operations	**9,015**	**279**	**899**

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**

Income statement

SEKm	2024	2023	2022
Net sales	4,533	26,770	24,853
Operating expenses	–4,261	–26,318	–23,865
Operating profit	**272**	**452**	**988**
Financial items	–27	–157	–51
Profit before tax	**245**	**295**	**937**
Income taxes	–28	–16	–38
Profit for the period, discontinued operations	**217**	**279**	**899**
Profit from discontinued operations attributable to:			
Owners of the Parent company	8,919	114	457
Non-controlling interests	96	165	442
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	0.65
Average number of shares before and after dilution, million	700.3	702.3	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 22, 2025, Essity announced that Magnus Groth will step down from his position as President and CEO of Essity during 2025. Magnus Groth has a notice period of one year. He will continue as President and CEO of Essity until a successor has been appointed. No other significant events, with impact on the financial statements, have occurred after the balance sheet date.

Financial statements, Parent company

Income statement IS

SEKm	Note	2024	2023
Administrative expenses		–1,090	–1,048
Other operating income		688	382
Operating loss	PC2	**–402**	**–666**
Financial items	PC10		
Result from participations in Group companies		22,201	4,859
Interest income and similar profit items		691	945
Interest expenses and similar loss items		–4,248	–3,317
Total financial items		**18,644**	**2,487**
Profit after financial items		**18,242**	**1,821**
Appropriations	PC4	1	–633
Income taxes	PC4	–92	–812
Profit for the period		**18,151**	**376**

Statement of comprehensive income

SEKm	2024	2023
Profit for the period	**18,151**	**376**
Other comprehensive income	–	–
Total comprehensive income	**18,151**	**376**

Cash flow statement CF

SEKm	2024	2023
Operating activities		
Profit after financial items	18,242	1,821
Adjustment for non-cash items T:1	–2,127	2,145
Paid tax	–385	–110
Cash flow from operating activities before changes in working capital	**15,730**	**3,856**
Change in operating receivables[1]	1,515	–1,374
Change in operating liabilities[1]	1,725	–1,402
Cash flow from operating activities	**18,970**	**1,080**
Investing activities		
Investments in non-current assets	–4	–1
Investments in subsidiaries	–375	–
Cash flow from investing activities	**–379**	**–1**
Financing activities		
Proceeds from borrowings	–	4,013
Repayment of borrowings	–10,923	–
Dividend paid	–5,443	–5,092
Buyback of own shares	–2,225	–
Cash flow from financing activities	**–18,591**	**–1,079**
Cash flow for the period	**0**	**0**
Cash and cash equivalents, January 1	0	0
Cash and cash equivalents, December 31[2]	0	0

Adjustment for non-cash items T:1	2024	2023
Depreciation of non-current assets	2	2
Change in accrued items	–2,059	2,124
Change in provisions	–70	19
Total	**–2,127**	**2,145**

1) 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.
2) 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	2024	2023
Dividends received	23,502	3,000
Group contribution received	1,874	641
Group contribution paid	–15	–1,468
Interest paid	–4,543	–3,811
Interest received	580	504
Total	**21,398**	**–1,134**

Change in liabilities attributable to financing activities

SEKm	Value, January 1	Cash flow	Translation difference	Value, December 31
Non-current interest-bearing liabilities	29,345	–5,537	378	24,186
Non-current interest-bearing liabilities to Group companies	12,119	11	442	12,572
Current interest-bearing liabilities	12,172	–7,331	–553	4,288
Current interest-bearing liabilities to Group companies	45,283	1,934	–	47,217
Total	**98,919**	**–10,923**	**267**	**88,263**

Balance sheet BS

SEKm	Note	2024	2023
Assets			
Non-current assets			
Capitalized development costs		0	0
Intangible assets	PC5	**0**	**0**
Machinery and equipment		12	10
Property, plant and equipment	PC6	**12**	**10**
Participations in subsidiaries	PC7	176,111	175,736
Receivables from Group companies	PC8	484	400
Other non-current receivables		253	245
Deferred tax assets	PC4	304	393
Financial non-current assets		**177,152**	**176,774**
Total non-current assets		**177,164**	**176,784**
Current assets			
Receivables from Group companies	PC8	684	2,122
Current tax assets	PC4	7	–
Other current receivables	PC9	79	56
Total current assets		**770**	**2,178**
Total assets		**177,934**	**178,962**

Balance sheet BS

SEKm	Note	2024	2023
Equity, provisions and liabilities			
Equity	PC12		
Share capital		2,350	2,350
Statutory reserve		0	0
Total restricted equity		**2,350**	**2,350**
Retained earnings		63,862	71,154
Profit for the period		18,151	376
Total non-restricted equity		**82,013**	**71,530**
Total equity		**84,363**	**73,880**
Untaxed reserves	PC4	**827**	**828**
Provisions			
Provisions for pensions	PC3	761	811
Other provisions		57	69
Total provisions		**818**	**880**
Non-current liabilities			
Liabilities to Group companies	PC8	13,691	13,556
Non-current interest-bearing liabilities	PC10	24,186	29,345
Total non-current liabilities		**37,877**	**42,901**
Current liabilities			
Liabilities to Group companies	PC8	49,268	47,309
Current tax liabilities	PC4	–	375
Current interest-bearing liabilities	PC10	4,288	12,172
Trade payables		40	45
Other current liabilities	PC11	453	572
Total current liabilities		**54,049**	**60,473**
Total equity, provisions and liabilities		**177,934**	**178,962**

Change in equity (Refer also to Note PC12)

SEKm	Share capital	Statutory reserve	Retained earnings and profit/loss for the period	Total equity
Equity at December 31, 2022	**2,350**	**0**	**76,246**	**78,596**
Comprehensive income for the period			376	376
Dividend, SEK 7.25 per share			–5,092	–5,092
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**

PC. Notes to the Parent company's financial statements

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 principles 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 loss

Operating profit/loss by type of cost

SEKm	Note	2024	2023
Other operating income		688	382
Other external costs		–730	–580
Personnel and Board costs		–358	–466
Depreciation of property, plant and equipment	PC6	–2	–2
Total IS		**–402**	**–666**

The item Other external costs includes primarily consultancy fees, travel expenses, lease expenses and management costs.

Auditing expenses

SEKm	2024	2023
EY		
Audit assignments	–12	–12
Auditing activities other than the audit assignment	–4	–1
Total	**–16**	**–13**

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	2024	2023
Within 1 year	37	37
Between 2 and 5 years	141	141
Later than 5 years	–	35
Total	**178**	**213**

Cost for the period for leasing of assets amounted to SEK –42m (–40). Leased assets comprise means of transportation and office premises.

PC3. Personnel and Board costs

Salaries and remuneration

SEKm	2024	2023
Board of Directors[1], President, Executive Vice President and senior executives (5 (4))	–103	–101
of which variable remuneration	–43	–46
Other employees	–147	–182
Total	**–250**	**–283**

1) Board fees decided by the Annual General Meeting amounted to SEK –11m (–12). For further information, see Notes C1–C4 on pages 145–150.

Social security costs

SEKm	2024	2023
Total social security costs	–94	–176
of which pension costs[1]	–23	–85

1) Of the Parent company's pension costs, SEK –24m (–16) 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 122m (102).

Pension costs

SEKm	2024	2023
Self-administered pension plans		
Costs excluding interest expense	26	–38
Interest expense (recognized in personnel costs)	–19	–8
Sub-total	**7**	**–46**
Retirement through insurance		
Insurance premiums	–39	–33
Other	12	14
Sub-total	**–20**	**–65**
Policyholder tax	0	0
Special payroll tax on pension costs	–2	–17
Cost of credit insurance, etc.	–1	–3
Pension costs for the period	**–23**	**–85**

Premiums during the year for disability and family pension insurance with Alecta amounted to SEK –1m (–1). Premiums for 2025 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 –14m (–7).

Average number of employees

	2024	2023
Sweden	109	108
of whom women, %	62	62
of whom men, %	38	38

Breakdown of employees by age groups, %

2024	21–30 years	31–40 years	41–50 years	51–60 years	61+ years
	7	13	27	40	13

Women comprised 50% (42) of Board members and 31% (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, 2024, amounted to SEK 339m (322). In 2024, compensation was received in an amount of SEK 9m (–). The capital value of the pension obligations at December 31, 2024 amounted to SEK 287m (264). Pension payments of SEK –9m (–9) were made in 2024. In 2024, the assets exceeded pension obligations by SEK 52m (58).

Other pension obligations

The Group's Note C2 Remuneration of senior executives on page 145 describes the other defined benefit pension plans of the Parent company. The table below shows the change between the years.

Capital value of pension obligations relating to self-administered pension plans

SEKm	2024	2023
Provisions under Pension Obligations Vesting Act	653	701
Provisions outside the rules of the Pension Obligations Vesting Act	108	110
Value, December 31 BS	**761**	**811**

Capital value of pension obligations under the Pension Obligations Vesting Act

SEKm	2024	2023
Value, January 1	**701**	**729**
Compensation received for assumption of pension obligations	20	–
Costs excluding interest expense	–26	20
Interest expense (recognized in personnel costs)	17	7
Payment of pensions	–59	–55
Value, December 31 BS	**653**	**701**

Capital value of pension obligations outside the rules of the Pension Obligations Vesting Act

SEKm	2024	2023
Value, January 1	**110**	**99**
Costs excluding interest expense	0	18
Interest expense (recognized in personnel costs)	3	1
Payment of pensions	–5	–8
Value, December 31 BS	**108**	**110**

Out of the total pension liability in 2024 amounting to SEK 761m (811), SEK 108m (110) comprises a direct pension liability 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% (1.0). 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 59m.

PC4. 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	2024	2023
Deferred tax	89	421
Current tax	3	391
Total IS	**92**	**812**

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.

	2024		2023	
Reconciliation	**SEKm**	**%**	**SEKm**	**%**
Profit before tax IS	18,243		1,188	
Tax expense IS	92	0.5	812	68.3
Expected tax	3,758	20.6	245	20.6
Difference	**–3,666**	**–20.1**	**567**	**47.7**
The difference is due to:				
Taxes related to prior periods	–	–	39	3.3
Non-taxable dividends from subsidiaries	–4,842	–26.6	–618	–52.1
Non-taxable Group contributions from Group companies[1]	–2	0.0	–12	–1.0
Non-deductible Group contributions to Group companies[1]	362	2.0	480	40.4
Non-deductible interest expenses	–	–	–212	–17.8
Other non-taxable/non-deductible items	816	4.5	890	74.9
Total	**–3,666**	**–20.1**	**567**	**47.7**

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.

PC4. Income taxes, cont.

Current tax expense (+), tax income (–)

SEKm	2024	2023
Income tax for the period	3	391
Adjustments for prior periods	–	0
Total	**3**	**391**

Current tax liability (+), tax asset (–)

SEKm	2024	2023
Value, January 1	**375**	**94**
Current tax expense	3	391
Paid tax	–385	–110
Value, December 31 BS	**–7**	**375**

Deferred tax expense (+), tax income (–)

SEKm	2024	2023
Changes in temporary differences	89	382
Adjustments for prior periods	–	39
Total	**89**	**421**

Deferred tax assets (–)

SEKm	Value, January 1	Deferred tax income	Value, December 31
Provisions for pensions	–166	10	–156
Non-current and current receivables from Group companies	82	18	100
Non-current liabilities to Group companies	–296	60	–236
Other	–13	1	–12
Total BS	**–393**	**89**	**–304**

Appropriations and untaxed reserves

The Parent company's untaxed reserves include accumulated depreciation in excess of plan totaling SEK 7m (8) and provisions to tax allocation reserves of SEK 820m (820).

PC5. Intangible assets

Capitalized development costs

SEKm	2024	2023
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**

PC6. Property, plant and equipment

Equipment

SEKm	2024	2023
Accumulated costs	28	24
Accumulated amortization	–16	–14
Residual value according to plan	**12**	**10**
Value, January 1	**10**	**12**
Investments	4	0
Sales and disposals	0	0
Depreciation for the period	–2	–2
Value, December 31 BS	**12**	**10**

PC7. 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

	Subsidiaries	
SEKm	2024	2023
Accumulated costs	176,987	176,612
Accumulated impairment	–876	–876
Carrying amount	**176,111**	**175,736**
Value, January 1	**175,736**	**175,736**
Investments	375	–
Value, December 31 BS TPC7:1	**176,111**	**175,736**

In 2024, the Parent company made an unconditional shareholder contribution to Essity Försäkringsaktiebolag amounting to SEK 375m.

PC7. Participations in subsidiaries, cont.

The Parent company's holdings of shares and participations in subsidiaries, December 31, 2024 TPC7:1

Company name	Corp. Reg. No.	Domicile	No. of shares	Share of equity, %	Carrying amount, SEKm
Swedish subsidiaries:					
Fastighets- och Bostadsaktiebolaget FOBOF	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 Neuss GmbH, domicile in Neuss, Germany
4. Essity Operations Mannheim GmbH, domicile in Mannheim, Germany
5. Essity Operations Mainz-Kostheim GmbH, domicile in Wiesbaden, Germany
6. Essity Professional Hygiene Germany GmbH, domicile in Mannheim, Germany
7. Essity Germany GmbH, domicile in Mannheim, Germany
8. Essity Operations Witzenhausen GmbH, domicile in Witzenhausen, Germany
9. Essity Hygiene Holding GmbH, domicile in Mannheim, Germany
10. BSN medical GmbH, domicile in Hamburg, Germany
11. BSN medical IP GmbH, domicile in Hamburg, Germany
12. BSN-Jobst GmbH, domicile in Emmerich am Rhein, Germany
13. Essity PLD Germany GmbH, domicile in Mannheim, Germany

PC8. Receivables from and liabilities to Group companies

Receivables from and liabilities to Group companies

SEKm	2024	2023
Non-current assets		
Derivatives	484	400
Total BS	**484**	**400**
Current assets		
Financial derivatives	101	2
Trade receivables	125	244
Other receivables	458	1,876
Total BS	**684**	**2,122**
Non-current liabilities		
Interest-bearing liabilities	12,572	12,119
Derivatives	1,119	1,437
Total BS	**13,691**	**13,556**
Current liabilities		
Interest-bearing liabilities	47,217	45,283
Financial derivatives	214	1,920
Trade payables	22	29
Other liabilities	1,815	77
Total BS	**49,268**	**47,309**

PC9. Other current receivables

Other current receivables

SEKm	2024	2023
Prepaid expenses and accrued income TPC9:1	65	47
Other receivables	14	9
Total BS	**79**	**56**
Prepaid expenses and accrued income TPC9:1		
Prepaid lease of premises	10	10
Prepaid financial expenses	26	1
Prepaid user licenses and subscriptions	16	15
Other items	13	21
Total	**65**	**47**

PC10. 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 156–159. Hedge accounting was not applied by the Parent company.

Financial items

SEKm	2024	2023
Result from participations in Group companies		
Dividends from subsidiaries	23,502	3,000
Group contributions received	455	1,874
Group contributions paid	–1,756	–15
Interest income and similar profit items		
Interest income, external	1	62
Interest income, Group companies	690	883
Interest expenses and similar loss items		
Interest expenses, external	–659	–1,047
Interest expenses, Group companies	–3,484	–2,238
Other financial expenses[1]	–105	–32
Total IS	**18,644**	**2,487**

1) The item other financial expenses includes financial fees and exchange rate differences. Exchange rate differences amounted to SEK 4m (2), net.

Interest-bearing liabilities

Non-current interest-bearing liabilities

	Carrying amount		Fair value	
SEKm	2024	2023	2024	2023
Bond issues	17,110	22,805	15,338	20,610
Other non-current loans with a term > 1 yr < 5 yrs	7,076	6,540	6,993	6,669
Total BS	**24,186**	**29,345**	**22,331**	**27,279**

Current interest-bearing liabilities

	Carrying amount		Fair value	
SEKm	2024	2023	2024	2023
Bond issues	4,288	6,633	4,288	6,633
Loans with maturities of less than one year	–	5,539	–	5,539
Total BS	**4,288**	**12,172**	**4,288**	**12,172**

Bond issues

Issued	Maturity	Carrying amount, SEKm	Fair value, SEKm	Interest rate %
Notes SEK 850m	2025	850	850	0.50
Notes EUR 300m	2025	3,438	3,438	1.13
Upfront fee, Notes EUR 500m	2026	–4	–4	–
Notes EUR 500m	2027	5,719	5,591	1.63
Upfront fee, Notes EUR 600m	2029	–13	–11	–
Notes EUR 300m	2030	3,418	3,022	0.50
Notes EUR 700m	2031	7,990	6,740	0.25
Total		**21,398**	**19,626**	

Financial instruments by category

Accounting principles AP

In 2024, 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 156. 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.

PC10. Financial instruments, cont.

Financial instruments by category

SEKm	Note	2024	2023
Financial assets measured at fair value through profit or loss			
Derivatives with Group companies – Non-current financial assets	PC8	484	400
Endowment insurances – Other non-current receivables		252	245
Derivatives with Group companies – Current financial assets	PC8	101	2
Total		**837**	**647**
Financial liabilities measured at fair value through profit or loss			
Derivatives with Group companies – Non-current financial liabilities	PC8	1,119	1,437
Derivatives with Group companies – Current financial liabilities	PC8	214	1,920
Total		**1,333**	**3,357**
Loan and trade receivables measured at amortized cost			
Trade receivables with Group companies	PC8	125	244
Trade receivables – Other current receivables		0	0
Total		**125**	**244**
Financial liabilities measured at amortized cost			
Non-current interest-bearing liabilities to Group companies	PC8	12,572	12,119
Non-current interest-bearing liabilities		24,186	29,345
Current interest-bearing liabilities to Group companies	PC8	47,217	45,283
Current interest-bearing liabilities		4,288	12,172
Trade payables to Group companies	PC8	22	29
Trade payables		40	45
Other current liabilities to Group companies		58	62
Other current liabilities		184	298
Total		**88,567**	**99,353**

The nominal value of the derivatives before the right of set-off is SEK 131,557m (166,636). The nominal value of the derivatives after the right of set-off is SEK 131,557m (166,636).

PC11. Other current liabilities

Other current liabilities

SEKm	2024	2023
Accrued expenses and prepaid income TPC11:1	412	518
Other operating liabilities	41	54
Total BS	**453**	**572**

Accrued expenses and prepaid income TPC11:1

SEKm	2024	2023
Accrued interest expenses	184	298
Accrued social security costs	66	73
Accrued vacation pay liability	17	17
Other liabilities to personnel	106	90
Other items	39	40
Total	**412**	**518**

PC12. Share capital

The change in equity is shown in the financial report relating to Equity presented on page 175. The Parent company was formed in 1988. The share capital and number of shares have increased since the formation via new issues and bonus issue as set out below:

YEAR	Event	No. of shares	Increase 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
2024	**Number of shares, December 31, 2024**	**702,342,489**	**2,350.4**	**0.5**

The quotient value of the company's shares amounts to SEK 3.35 (3.35).

In 2024, Essity Aktiebolag (publ) repurchased 7,398,000 own Class B shares for a total value of SEK 2,225m. Accordingly, holdings of treasury shares amounted to 7,398,000 shares at year-end. The buybacks are part of the SEK 3bn buyback program announced by Essity on June 17, 2024, which extends for the period June 17, 2024 until the 2025 Annual General Meeting. The holdings of treasury shares corresponded to 1.1% of outstanding shares at December 31, 2024. The repurchased shares are expected to be canceled.

PC13. Contingent liabilities and pledged assets

Contingent liabilities

SEKm	2024	2023
Guarantees for Group companies	16,229	18,583
Other contingent liabilities	21	22
Total	**16,250**	**18,605**

Pledged assets

SEKm	2024	2023
Endowment insurances	191	245
Total	**191**	**245**

PC14. 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 27, 2025.

PC15. Events after the balance sheet date

No significant events, with impact on the financial statements, have occurred after the balance sheet date.

PC16. Proposed disposition of earnings

Annual accounts 2024

Disposition of earnings Essity Aktiebolag (publ)	
Non-restricted equity in the Parent company:	
retained earnings	63,862,307,344
net profit for the year	18,150,845,487
Total	**82,013,152,831**
The Board of Directors and the President propose:	
to distribute to shareholders, a dividend of SEK 8.25 per share	5,733,292,034[1]
to be carried forward	76,279,860,797[2]
Total	**82,013,152,831**

1) Based on the number of shares outstanding, December 31, 2024. The final dividend amount will be based on the number of shares outstanding on the record date, March 31, 2025.
2) The company's equity would have been SEK 592,566,774 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 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 20, 2025

Ewa Björling
Board member

Maria Carell
Board member

Annemarie Gardshol
Board member

Magnus Groth
President,
CEO and Board member

Jan Gurander
Chairman

Sofia Lafqvist
Board member,
employee representative

Susanna Lind
Board member,
employee representative

Torbjörn Lööf
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 February 28, 2025
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 104–113 and the statutory sustainability report on pages 47–103 for the year 2024. The annual accounts and consolidated accounts of the company are included on pages 9–11, 28–46, and 114–186 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 2024 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 2024 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 104–113 and the statutory sustainability report on pages 47–103. 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 other intangibles assets (trademarks)

Description	How our audit addressed this key audit matter
The value of goodwill and other intangibles (trademarks) with an indefinite useful life as of 31 December 2024 amounted to 55,4 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 2024 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 other intangibles assets with an indefinite useful life to be a key audit matter.	In our audit of the fiscal year 2024, 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.

Revenue recognition and 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, 2024, which amounted to 7,9 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, 2024. 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 3–8 and 12–27. 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 AB (publ) for the year 2024 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 2024.

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 XHMTL 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 104–113 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.

The auditor´s opinion regarding the statutory sustainability report

The Board of Directors is responsible for the statutory sustainability report on pages 47–103, and that it is prepared in accordance with the Annual Accounts Act according to the prior wording that was in effect before 1 July 2024

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 *The auditor´s opinion regarding the statutory sustainability report*. This means that our examination of the statutory sustainability report is 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 opinion.

A statutory sustainability report has been prepared.

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 21 March 2024 and has been the company's auditor since the 27 May 2016.

Stockholm 28 February 2025
Ernst & Young AB

Erik Sandström
Authorized Public Accountant

Description of costs

Group

Total operating expenses[1]: SEK 126,390m
- Sales, general and administration[2], 22%
- Energy, 5%
- Transport and distribution expenses, 12%
- Other costs of goods sold[3], 25%
- Raw materials and consumables, 36%

Of which	
Pulp	11%
Recovered paper	3%
Super absorbents	2%
Non-woven	2%
Other[4]	18%
Total raw materials and consumables	**36%**

Health & Medical

Total operating expenses[1]: SEK 23,931m
- Sales, general and administration, 31%
- Energy, 1%
- Transport and distribution expenses, 13%
- Other costs of goods sold, 25%
- Raw materials and consumables, 30%

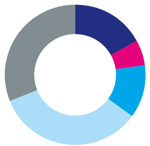
Of which	
Pulp	6%
Non-woven	5%
Super absorbents	4%
Other[4]	15%
Total raw materials and consumables	**30%**

Consumer Goods

Total operating expenses[1]: SEK 69,715m
- Sales, general and administration, 19%
- Energy, 7%
- Transport and distribution expenses, 11%
- Other costs of goods sold, 21%
- Raw materials and consumables, 42%

Of which	
Pulp	16%
Recovered paper	2%
Super absorbents	2%
Non-woven	2%
Other[4]	20%
Total raw materials and consumables	**42%**

Professional Hygiene



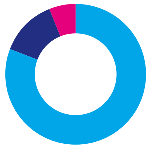
Total operating expenses[1]: SEK 31,253m
- Sales, general and administration, 17%
- Energy, 6%
- Transport and distribution expenses, 12%
- Other costs of goods sold, 34%
- Raw materials and consumables, 31%

Of which	
Recovered paper	8%
Pulp	6%
Other[4]	17%
Total raw materials and consumables	**31%**

1) Excluding items affecting comparability and profit from associates and joint ventures.
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 (3 percentage points).
4) The item Other in raw materials and consumables includes costs for chemicals, packaging material and plastic material.

Raw materials

Pulp consumption



- Consumer Goods, 81%
- Professional Hygiene, 13%
- Health & Medical, 6%

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

- Professional Hygiene, 63%
- Consumer Goods, 37%

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	Stembert	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	
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
UK	Skelmersdale	
UK	Stubbins	55
USA	Barton	180
USA	Bordentown	
USA	Bowling Green	
USA	Harrodsburg	55
USA	Manchester (CT)	
USA	Menasha	170
USA	Middletown	100
USA	Neenah	
	Total	**2,898**

1) At December 31, 2024. 2) Non-woven production.

Financial multi-year summary

SEKm	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
INCOME STATEMENT[1]										
Net sales	**145,546**	**147,147**	**131,320**	**101,466**	**121,752**	**128,975**	**118,500**	**109,265**	**101,238**	**98,519**
EBITA excl. IAC	**20,344**	**18,898**	**12,047**	**11,451**	**17,626**	**15,840**	**12,935**	**13,405**	**11,992**	**10,603**
Health & Medical	5,509	4,037	2,904	3,800	3,668	3,734				
Consumer Goods	9,509	9,797	6,354	5,767	11,538	8,333				
Professional Hygiene	6,829	6,288	3,843	2,673	3,317	4,463				
Other operations	–1,503	–1,224	–1,054	–789	–897	–690	–591	–620	–577	–737
Items affecting comparability (IAC)	–869	–2,291	–2,171	371	–59	–713	–1,375	–855	–2,645	–292
EBITA	**19,475**	**16,607**	**9,876**	**11,822**	**17,567**	**15,127**	**11,560**	**12,550**	**9,347**	**10,311[2]**
Amortization of acquisition-related intangible assets	–1,110	–1,109	–1,111	–844	–809	–778	–732	–560	–159	–133
Items affecting comparability (IAC)	–70	–350	–274	–	–	–	–69	–85	–180	–494
Operating profit	**18,295**	**15,148**	**8,491**	**10,978**	**16,758**	**14,349**	**10,759**	**11,905**	**9,008**	**9,684**
Financial income	593	412	141	81	108	106	91	158	202	312[3]
Financial expenses	–2,524	–2,768	–1,461	–648	–1,066	–1,415	–1,248	–1,340	–1,037	–1,140
Profit before tax	**16,364**	**12,792**	**7,171**	**10,411**	**15,800**	**13,040**	**9,602**	**10,723**	**8,173**	**8,856**
Income taxes	–4,331	–3,275	–2,006	–2,398	–4,053	–2,828	–1,050	–1,938	–3,931	–2,278
Profit for the period	**12,033**	**9,517**	**5,165**	**8,013**	**11,747**	**10,212**	**8,552**	**8,785**	**4,242**	**6,578**
BALANCE SHEET										
Non-current assets (excluding financial receivables)	117,772	112,913	137,492	122,196	107,974	116,779	110,370	105,398	77,238	67,483
Receivables and inventories	48,605	44,146	61,791	45,949	37,141	38,486	38,646	34,664	29,917	29,171
Non-current assets held for sale	–	–	–	–	–	42	69	42	156	120
Financial receivables	2,603	3,189	2,088	1,851	3,555	3,535	1,751	1,700	1,052	766
Current financial assets	5,342	5,259	4,941	1,150	993	525	422	1,105	1,677	12,983
Cash and cash equivalents	10,962	5,159	4,288	3,904	4,982	2,928	3,008	4,107	4,244	4,828
Assets held for sale, discontinued operations	–	32,327	–	–	–	–	–	–	–	–
Total assets	**185,284**	**202,993**	**210,600**	**175,050**	**154,645**	**162,295**	**154,266**	**147,016**	**114,284**	**115,351**
Equity	88,314	70,846	67,346	59,874	54,352	54,125	47,141	42,289	33,204	42,986
Non-controlling interests	427	8,559	9,218	8,633	8,990	8,676	7,758	7,281	6,376	5,289
Provisions	11,440	11,396	13,097	12,855	12,671	14,017	15,696	14,659	11,961	8,450
Interest-bearing debt	47,098	60,984	71,515	58,189	46,890	52,062	54,327	54,838	36,873	34,717
Operating and other non-interest bearing liabilities	38,005	37,500	49,424	35,499	31,742	33,415	29,344	27,949	25,870	23,909
Liabilities directly attributable to assets held for sale	–	13,708	–	–	–	–	–	–	–	–
Total equity and liabilities	**185,284**	**202,993**	**210,600**	**175,050**	**154,645**	**162,295**	**154,266**	**147,016**	**114,284**	**115,351**
Average capital employed	115,346	115,105	110,727	92,227	112,473	114,663	107,575	90,167	73,145	70,115
Net debt, including pension liabilities	30,769	53,703	62,869	55,433	42,688	50,940	54,404	52,467	35,173	19,058

1) Income statement and operating cash flow statement for the 2021–2024 period refer to continuing operations.
2) 2015 includes the sale of securities, SEK 970m.
3) 2015 does not include the sale of securities, SEK 970m.

Financial multi-year summary, cont.

SEKm	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
OPERATING CASH FLOW STATEMENT 1)										
Operating cash flow	17,242	17,685	7,680	9,744	16,018	15,639	9,900	10,622	10,998	8,261
Cash flow from current operations	9,485	11,625	4,088	5,991	11,175	13,208	6,363	6,644	6,530	5,371
Cash flow before transactions with shareholders	33,325	12,692	–867	–5,807	10,795	13,285	5,737	–19,372	359	5,328
Investments in non-current assets, net	–7,332	–6,819	–5,362	–5,182	–6,439	–5,707	–6,781	–6,012	–6,255	–5,472
Acquisitions of Group companies and other operations	–68	–182	–4,955	–11,813	–747	–143	–694	–26,045	–6,540	–92
Divestments of Group companies and other operations	23,908	1,249	–	15	367	220	68	29	369	49
KEY FIGURES										
Equity/assets ratio, %	48	35	32	34	35	33	31	29	29	37
Interest coverage ratio 4)	9.5	6.4	6.4	19.4	17.5	11.0	9.3	10.1	10.8	11.7
Debt payment capacity, including pension liabilities, %4)	59	34	24	26	46	38	25	26	29	65
Debt/equity ratio, including pension liabilities	0.35	0.68	0.82	0.81	0.67	0.81	0.99	1.06	0.89	0.39
Debt/equity ratio, excluding pension liabilities	0.35	0.68	0.81	0.77	0.63	0.76	0.92	0.99	0.76	0.34
ROCE, %4)	16.9	14.4	8.9	12.8	15.6	13.2	10.8	13.9	12.8	13.8
ROCE excl. IAC, %4)	17.6	16.4	10.9	12.4	15.7	13.8	12.0	14.9	16.4	15.1
ROE, %	25.2	12.5	8.1	15.0	18.2	17.4	16.1	19.8	9.3	13.9
EBITA margin, %4)	13.4	11.3	7.5	11.7	14.4	11.7	9.8	11.5	9.2	10.5
EBITA margin excl. IAC, %4)	14.0	12.8	9.2	11.3	14.5	12.3	10.9	12.3	11.8	10.8
Operating margin, %4)	12.6	10.3	6.5	10.8	13.8	11.1	9.1	10.9	8.9	9.8
Operating margin excl. IAC, %4)	13.2	12.1	8.3	10.5	13.8	11.7	10.3	11.8	11.7	10.6
Net margin, %4)	8.3	6.5	4.0	7.8	9.7	7.9	7.2	8.0	4.2	6.7
Capital turnover rate4)	1.26	1.28	1.19	1.10	1.08	1.12	1.1	1.21	1.38	1.41
Cash flow from current operations per share, SEK4)	13.54	16.55	5.82	8.53	15.91	18.81	9.06	9.46	9.30	7.65
Earnings per share, SEK	29.83	13.60	7.93	12.27	14.56	13.12	11.23	11.56	5.41	8.73
Dividend per share, SEK	8.25 5)	7.75	7.25	7.00	6.75	6.25	5.75	5.75		

4) The key figure for the 2021–2024 period refers to continuing operations.
5) Board of Directors' dividend proposal.

Calendar and contact points

Annual General Meeting on March 27, 2025

Essity's Annual General Meeting will be held on Thursday, March 27, 2025. For further information about the 2025 Annual General Meeting, see essity.com.

Essity's Nomination Committee

- Helena Stjernholm, AB Industrivärden, the Chairman of the Nomination Committee
- Anders Hansson, AMF and AMF Funds
- Marianne Nilsson, 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 104–113.

Financial information 2025–2026

Annual General Meeting 2025	March 27, 2025
Interim report, quarter 1 2025	April 24, 2025
Interim report, quarter 2 2025	July 17, 2025
Interim report, quarter 3 2025	October 23, 2025
Report for quarter 4 and full-year 2025	January 22, 2026
Annual Report 2025	Feb/March 2026

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, or subscribed for, on essity.com.

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Breaking Barriers to Well-being

Essity is a global, leading hygiene and health company. Every day, our products, solutions and services are used by a billion people around the world. Our purpose is to break barriers to well-being for the benefit of consumers, patients, caregivers, customers and society. Sales are conducted in approximately 150 countries under the leading global brands TENA and Tork, and other strong brands such as Actimove, Cutimed, JOBST, Knix, Leukoplast, Libero, Libresse, Lotus, Modibodi, Nosotras, Saba, Tempo, TOM Organic and Zewa. In 2024, Essity had net sales of approximately SEK 146bn (EUR 13bn) and employed 36,000 people. The company's headquarters is located in Stockholm, Sweden and Essity is listed on Nasdaq Stockholm.

› More information at essity.com and follow Essity on social media

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