

## Press release

Stockholm, January 26, 2022

# Financial reporting for Essity's new business areas

As of January 1, 2022, Essity's business areas are Health & Medical, Consumer Goods and Professional Hygiene. These are aligned with the company's customer and sales channels and will 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. The new areas support the company's new sales growth target through strategies for organic and acquisition-driven growth and aim to achieve higher growth and profit margins as well as less capital tied up. The business areas replace the former business areas Personal Care, Consumer Tissue and Professional Hygiene.

Business areas:

### Health & Medical

Health & Medical encompasses the Incontinence Products Health Care and Medical Solutions categories. 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 for the products are pharmacies, medical devices stores, hospitals, distributors and care institutions as well as online.

### Consumer Goods

Consumer Goods includes the categories of Incontinence Products Retail, Baby Care, Feminine Care and Consumer Tissue. The offering includes incontinence products, pads, diapers, wet wipes, skincare products, intimate soaps, washable absorbent underwear, menstrual cups, toilet paper, household towels, handkerchiefs, facial tissues and napkins. Products are sold under brands such as the globally leading TENA brand and other strong brands including Libero, Libresse, Nosotras, Saba, TOM Organic, Lotus, Regio, Tempo and Vinda. Distribution channels for the products are the retail trade and online.

### Professional Hygiene

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, enabling 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 online.



## Financial reporting proforma

Essity's business area reporting proforma for net sales, organic sales growth, adjusted gross margin<sup>1)</sup>, adjusted EBITA<sup>1)</sup>, adjusted EBITA margin<sup>1)</sup>, adjusted ROCE<sup>1)</sup>, operating cash flow and capital employed has been restated for the periods below:

| Net sales, SEKm             | 2019           | 2020           | 2021           | 2021:1        | 2021:2        | 2021:3        | 2021:4        |
|-----------------------------|----------------|----------------|----------------|---------------|---------------|---------------|---------------|
| <b>Health &amp; Medical</b> | 22,075         | 21,170         | 21,685         | 5,004         | 5,255         | 5,572         | 5,854         |
| <b>Consumer Goods</b>       | 76,169         | 75,146         | 74,040         | 17,309        | 17,577        | 18,310        | 20,844        |
| <b>Professional Hygiene</b> | 30,731         | 25,418         | 26,143         | 5,216         | 6,140         | 7,260         | 7,527         |
| <b>Other</b>                | -              | 18             | -1             | -1            | -4            | 3             | 1             |
| <b>Total</b>                | <b>128,975</b> | <b>121,752</b> | <b>121,867</b> | <b>27,528</b> | <b>28,968</b> | <b>31,145</b> | <b>34,226</b> |

| Net sales by category, %          | 2021       |
|-----------------------------------|------------|
| <b>Health &amp; Medical</b>       | <b>18%</b> |
| Incontinence Products Health Care | 11%        |
| Medical Solutions                 | 7%         |
| <b>Consumer Goods</b>             | <b>60%</b> |
| Consumer Tissue                   | 40%        |
| Incontinence Products Retail      | 6%         |
| Feminine Care                     | 7%         |
| Baby Care                         | 7%         |
| <b>Professional Hygiene</b>       | <b>22%</b> |

| Organic sales growth, %           | 2020         | 2021        | 2021:1       | 2021:2      | 2021:3      | 2021:4      |
|-----------------------------------|--------------|-------------|--------------|-------------|-------------|-------------|
| <b>Health &amp; Medical</b>       | -1.8%        | 5.4%        | -4.6%        | 13.4%       | 7.3%        | 6.9%        |
| Incontinence Products Health Care | 2.5%         | 2.1%        | -5.4%        | 2.1%        | 5.6%        | 6.8%        |
| Medical Solutions                 | -8.2%        | 10.8%       | -3.3%        | 35.4%       | 9.7%        | 7.1%        |
| <b>Consumer Goods</b>             | 3.2%         | 1.8%        | -4.4%        | 3.7%        | 2.9%        | 5.7%        |
| Consumer Tissue                   | 4.1%         | 0.5%        | -3.1%        | -0.2%       | -0.6%       | 5.5%        |
| Incontinence Products Retail      | 3.0%         | 5.7%        | -7.1%        | 14.1%       | 13.0%       | 5.5%        |
| Feminine Care                     | 5.0%         | 10.0%       | -0.1%        | 11.0%       | 15.8%       | 15.3%       |
| Baby Care                         | -2.5%        | -0.6%       | -12.2%       | 12.4%       | 1.5%        | -1.3%       |
| <b>Professional Hygiene</b>       | -14.6%       | 5.7%        | -27.5%       | 26.1%       | 20.7%       | 16.4%       |
| <b>Group</b>                      | <b>-1.9%</b> | <b>3.3%</b> | <b>-9.9%</b> | <b>9.5%</b> | <b>7.4%</b> | <b>8.0%</b> |

| Adjusted gross margin <sup>1)</sup> , % | 2019         | 2020         | 2021         | 2021:1       | 2021:2       | 2021:3       | 2021:4       |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Health & Medical                        | 42.4%        | 43.4%        | 42.3%        | 44.8%        | 43.2%        | 42.4%        | 39.2%        |
| Consumer Goods                          | 27.0%        | 31.4%        | 27.0%        | 31.1%        | 28.2%        | 26.4%        | 23.0%        |
| Professional Hygiene                    | 26.8%        | 26.9%        | 23.3%        | 23.7%        | 25.7%        | 24.0%        | 20.4%        |
| <b>Group</b>                            | <b>29.5%</b> | <b>32.5%</b> | <b>28.9%</b> | <b>32.2%</b> | <b>30.4%</b> | <b>28.7%</b> | <b>25.2%</b> |

| Adjusted EBITA <sup>1)</sup> , SEKm | 2019          | 2020          | 2021          | 2021:1       | 2021:2       | 2021:3       | 2021:4       |
|-------------------------------------|---------------|---------------|---------------|--------------|--------------|--------------|--------------|
| Health & Medical                    | 3,734         | 3,668         | 3,821         | 920          | 950          | 1,024        | 928          |
| Consumer Goods                      | 8,333         | 11,538        | 7,938         | 2,473        | 1,967        | 1,832        | 1,665        |
| Professional Hygiene                | 4,463         | 3,317         | 2,710         | 419          | 710          | 900          | 681          |
| Other                               | -690          | -897          | -789          | -204         | -218         | -170         | -197         |
| <b>Total</b>                        | <b>15,840</b> | <b>17,626</b> | <b>13,680</b> | <b>3,608</b> | <b>3,409</b> | <b>3,586</b> | <b>3,077</b> |

| Adjusted EBITA margin <sup>1)</sup> , % | 2019         | 2020         | 2021         | 2021:1       | 2021:2       | 2021:3       | 2021:4      |
|---|--------------|--------------|--------------|--------------|--------------|--------------|-------------|
| Health & Medical                        | 16.9%        | 17.3%        | 17.6%        | 18.4%        | 18.1%        | 18.4%        | 15.9%       |
| Consumer Goods                          | 10.9%        | 15.4%        | 10.7%        | 14.3%        | 11.2%        | 10.0%        | 8.0%        |
| Professional Hygiene                    | 14.5%        | 13.0%        | 10.4%        | 8.0%         | 11.6%        | 12.4%        | 9.0%        |
| <b>Group</b>                            | <b>12.3%</b> | <b>14.5%</b> | <b>11.2%</b> | <b>13.1%</b> | <b>11.8%</b> | <b>11.5%</b> | <b>9.0%</b> |

| Adjusted ROCE <sup>1)</sup> , % | 2019         | 2020         | 2021         | 2021:1       | 2021:2       | 2021:3       | 2021:4       |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Health & Medical                | 12.2%        | 11.9%        | 12.7%        | 12.4%        | 12.6%        | 13.8%        | 12.1%        |
| Consumer Goods                  | 13.6%        | 19.4%        | 12.8%        | 17.0%        | 13.1%        | 11.6%        | 10.0%        |
| Professional Hygiene            | 18.9%        | 14.6%        | 11.8%        | 7.7%         | 12.7%        | 15.3%        | 11.1%        |
| <b>Group</b>                    | <b>13.8%</b> | <b>15.7%</b> | <b>12.0%</b> | <b>13.5%</b> | <b>12.4%</b> | <b>12.3%</b> | <b>10.1%</b> |

| Operating cash flow, SEKm | 2019          | 2020          | 2021          | 2021:1       | 2021:2       | 2021:3       | 2021:4       |
|---------------------------|---------------|---------------|---------------|--------------|--------------|--------------|--------------|
| Health & Medical          | 3,550         | 4,141         | 3,832         | 732          | 755          | 1,307        | 1,038        |
| Consumer Goods            | 7,815         | 9,799         | 6,328         | 1,957        | 927          | 1,640        | 1,804        |
| Professional Hygiene      | 4,938         | 3,183         | 2,512         | -29          | 655          | 1,132        | 754          |
| Other                     | -664          | -1,105        | -1,554        | -384         | -377         | -403         | -390         |
| <b>Total</b>              | <b>15,639</b> | <b>16,018</b> | <b>11,118</b> | <b>2,276</b> | <b>1,960</b> | <b>3,676</b> | <b>3,206</b> |

| Capital employed, SEKm | 2019           | 2020           | 2021           | 2021:1         | 2021:2         | 2021:3         | 2021:4         |
|------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Health & Medical       | 30,362         | 28,642         | 31,401         | 30,734         | 29,618         | 29,931         | 31,401         |
| Consumer Goods         | 61,251         | 57,146         | 66,939         | 58,994         | 61,040         | 65,827         | 66,939         |
| Professional Hygiene   | 22,996         | 20,915         | 24,518         | 22,607         | 22,305         | 24,595         | 24,518         |
| Other                  | -868           | -673           | 1,082          | -5,092         | -281           | 567            | 1,082          |
| <b>Total</b>           | <b>113,741</b> | <b>106,030</b> | <b>123,940</b> | <b>107,243</b> | <b>112,682</b> | <b>120,920</b> | <b>123,940</b> |

<sup>1)</sup> Excluding items affecting comparability

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#### About Essity

Essity is a leading global hygiene and health company. We are dedicated to improving well-being through our products and services. Sales are conducted in approximately 150 countries under the leading global brands TENA and Tork, and other strong brands, such as JOBST, Leukoplast, Libero, Libresse, Lotus, Nosotras, Saba, Tempo, Vinda and Zewa. Essity has about 46,000 employees. Net sales in 2020 amounted to approximately SEK 122bn (EUR 11.6bn). The company's headquarters is located in Stockholm, Sweden, and Essity is listed on Nasdaq Stockholm. Essity breaks barriers to well-being and contributes to a healthy, sustainable and circular society. More information at [www.essity.com](http://www.essity.com).

