

Press release

Stockholm, March 21, 2024

Essity completes divestment of its shares in Vinda

The hygiene and health company Essity has today completed the divestment of its entire holding of 51.59% of shares in the Asian hygiene company Vinda International Holdings Limited (Vinda) for HKD 23.50 per share. The sales proceeds amounted to HKD 14.6bn (approximately SEK 19bn). Essity will retain a presence in Asia and in Vinda through continued licensing of Essity's brands.

On December 15, 2023, Essity communicated that Isola Castle Ltd, a company indirectly wholly owned by Asia Pacific Resources International Limited (APRIL), had announced that it intended to make a pre-conditional public offer to the shareholders of Vinda to acquire 100% of the company's issued shares for HKD 23.50 per share. Essity signed an irrevocable undertaking to accept the offer in respect of all of its 51.59% shareholding. The offer was announced on March 8, 2024, and Essity has accepted it in line with its undertaking. The price in the public offer will correspond to an equity value for all shares of approximately HKD 28.3bn (SEK 37bn).

"Essity is now in better shape than ever. Following the divestment of Vinda, the categories with the highest margins and lowest capital intensity account for a larger part of the company. The company's pulp consumption has halved, and we have a more attractive portfolio with higher profitability and lower volatility. The transaction reduced Consumer Tissue's share of net sales in 2023 from 41% to 33%. We look forward to continuing to grow a portfolio of more value-generating categories," says Magnus Groth, President and CEO for Essity.

Essity's ownership of 51.59% in Vinda had been consolidated to 100% by Essity since 2014. As of the fourth quarter of 2023, Essity has classified Vinda's financial reporting as discontinued operations. Vinda is listed on the Hong Kong Stock Exchange and had a market capitalization of approximately HKD 25bn (SEK 33bn) at the time of the offer. 83% of Vinda's net sales were related to tissue and 17% to personal care products.

Essity has several legal opinions confirming that the divestment of the shares in Vinda does not constitute a 'cessation of business' under Essity's EMTN program. These opinions considered several qualitative and quantitative factors, such as the continued business with Vinda under licenses, etc. However, already the fact that Essity only owns 51.59% of the shares and sales account for 8.5% of Essity's total sales, means that the divestment of the shares does not qualify as 'cessation of business'.

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About Essity

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 2023, Essity had net sales of approximately SEK 147bn (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 www.essity.com.