

Personal Care

Key figures

Net sales, SEKm

46,639

Sales growth¹⁾

6.4%

Organic sales growth²⁾

5.0%

Adjusted EBITA margin³⁾

15.2%

Adjusted return on capital employed³⁾

16.3%

- ¹⁾ Including organic sales growth and acquisitions.
²⁾ Excluding exchange rate effects, acquisitions and divestments.
³⁾ Excluding items affecting comparability.

Offering

Essity's offering includes Incontinence Products, Medical Solutions, Baby Care and Feminine Care. Products are sold under brands such as Actimove, TENA, JOBST, Leukoplast, Libero, Libresse, Nosotras, Saba and TOM Organic, and as retailer brands.

In Incontinence Products, with the globally leading brand TENA, Essity offers a broad range of incontinence products that also includes skin-care products, wet wipes, wash gloves, washable absorbent underwear and digital solutions with sensor technology. In Baby Care, Essity offers open baby diapers and pant diapers as well as baby care products such as wet wipes, shampoo, lotion and baby oil. Essity's offering for Baby Care in Europe is sold under its own Libero and Lotus brands and as retailer brands. In Feminine Care, Essity offers a broad product portfolio that includes pads, panty liners, tampons, intimate soaps, intimate wipes, washable absorbent underwear and reusable menstrual cups. In Medical Solutions, Essity offers products and services in wound care, compression therapy and orthopedics.

Distribution channels are the retail trade, pharmacies, medical device stores, hospitals, distributors and care institutions and e-commerce.

Market positions

Essity is the global market leader in the market for incontinence products with the TENA brand. Essity is the market leader in Europe and Latin America. Essity is the third largest player in Asia and the fourth largest in North America.

In Baby Care, Essity is the world's fifth largest player and the second largest in Europe. Essity's strongest market is the Nordic region, where the Libero brand is the market leader. Examples of other strong regional brands are Drypers in South East Asia and Pequeñin in South America.

In Feminine Care, Essity is the world's fifth largest player, the third largest in Europe and the market leader in Latin America. Examples of regional brands supported by Essity's global brand platform in Feminine Care include Libresse in the Nordic region, Russia, Eastern Europe, the Netherlands, Malaysia and China, Bodyform in the UK, Nana in France and the Middle East, Saba and Nosotras in Latin America and Libra and TOM Organic in Australasia.

In Medical Solutions, in the product categories in which the company is active, Essity is the world's fourth largest player and the market leader in Europe. Essity is the largest global player in compression therapy and the third largest player in orthopedics. In wound care, which includes acute and advanced wound care, Essity is the sixth largest player. Essity holds the number three position within acute wound care. Examples of strong brands include JOBST, Leukoplast, Cutimed, Delta-Cast and Actimove.

Production facilities

At the end of 2021, Personal Care had production at 38 sites in 26 countries.

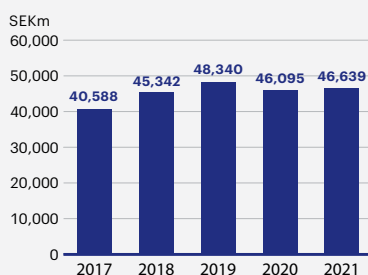
Operations in 2021

Net sales increased 1.2% to SEK 46,639m (46,095). The organic sales growth amounted to 5.0%, of

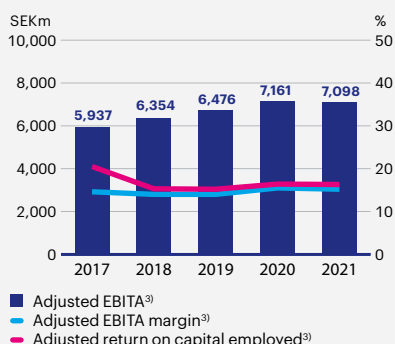
Brands



Net sales



Earnings trend



Key figures

SEKm	2021	2020	%
Net sales	46,639	46,095	1
Sales growth ¹⁾ , %	6.4	0.3	
Organic sales growth ²⁾ , %	5.0	0.0	
Adjusted gross margin ³⁾ , %	40.2	41.4	
Adjusted EBITA ³⁾	7,098	7,161	-1
Adjusted EBITA margin ³⁾ , %	15.2	15.5	
Adjusted return on capital employed ³⁾ , %	16.3	16.4	
Operating cash flow	6,469	7,485	-14
Investments in non-current assets	-1,779	-1,658	7
Average number of employees	17,971	18,298	-2

¹⁾ Including organic sales growth and acquisitions. ²⁾ Excluding exchange rate effects, acquisitions and divestments. ³⁾ Excluding items affecting comparability.

which volume accounted for 2.7% and price/mix for 2.3%. Organic sales growth amounted to 2.8% in mature markets. In emerging markets, which accounted for 35% of net sales, organic sales growth amounted to 9.0%. Exchange rate effects reduced net sales by 4.2%. The acquisition of Asaleo Care increased net sales by 1.4%. Divestments reduced net sales by 1.0%.

For Incontinence Products, with Essity's globally leading TENA brand, organic sales growth amounted to 3.5%. In Medical Solutions, organic sales growth amounted to 10.8%. For Baby Care, organic sales growth amounted to -0.6%. For Feminine Care, organic sales growth amounted to 10.0%.

The adjusted gross margin decreased 1.2 percentage points to 40.2% (41.4). Higher costs for raw materials and distribution had a negative impact on the margin. The margin was positively impacted by higher volumes, higher prices, a better mix and cost savings. The adjusted EBITA margin decreased 0.3 of a percentage point to 15.2% (15.5). Sales costs, excluding marketing costs, were lower also as a share of net sales. Marketing costs were higher but decreased as a share of net sales. Adjusted EBITA decreased 1% (increased 3% excluding currency translation effects, acquisitions and divestments) to SEK 7,098m (7,161).

During the year we have for example launched washable absorbent underwear under TENA Silhouette and TENA for Men, an upgrade of Saba® Buenas Noches® pads in Mexico, and Lotus Baby Douceur Naturelle, which was awarded the "Product of the Year" prize in France.



Net sales by product category



- Incontinence Products, 46%
- Medical Solutions, 19%
- Feminine Care, 18%
- Baby Care, 17%

Net sales by region



- Europe, 57%
- Latin America, 18%
- Asia, 11%
- North America, 10%
- Other, 4%



Consumer Tissue

Key figures

Net sales, SEKm

49,086

Sales growth¹⁾

1.2%

Organic sales growth²⁾

0.5%

Adjusted EBITA margin³⁾

9.5%

Adjusted return on capital employed³⁾

9.6%

- ¹⁾ Including organic sales growth and acquisitions.
²⁾ Excluding exchange rate effects, acquisitions and divestments.
³⁾ Excluding items affecting comparability.

Offering

Essity's offering includes toilet paper, household towels, handkerchiefs, facial tissues, wet wipes, napkins and face masks. Products are sold under brands such as Lotus, Regio, Tempo, Vinda and Zewa. In Europe, Essity also sells products under retailer brands. Distribution channels for the products are the retail trade and e-commerce.

Preparations for a new division

In 2021, Essity commenced work to create a new division in Consumer Tissue, Consumer Tissue Private Label Europe. The new division accounts for approximately 14% of net sales in Consumer Tissue. Approximately 1,900 employees and seven production facilities in Belgium, France, Italy and Germany will be included in the new division.

Market positions

Essity is the world's second largest supplier of consumer tissue. Essity's brand portfolio comprises many strong brands.

In Europe, Essity is the market leader and holds a market share that is more than twice the size of the second largest player. Lotus, Tempo and Zewa are the leading brands in, for example, France, Germany and Russia. Cushelle and Plenty are strong brands in the UK and Ireland. Essity is the market leader in China and Asia through its majority shareholding in Vinda. Vinda is the leading brand in China. In Latin America, Essity is the market leader in Colombia and Ecuador and the company holds the number two position in Mexico. Familia and Regio are leading brands in Colombia and Mexico, respectively.

Production facilities

At the end of 2021, Consumer Tissue had production at 45 sites in 18 countries.

Operations in 2021

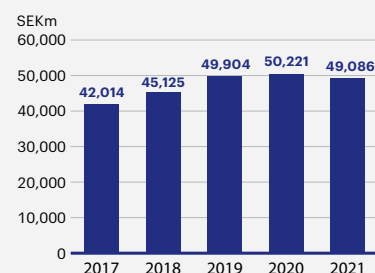
Net sales decreased 2.3% to SEK 49,086m (50,221). Organic sales growth amounted to 0.5%, of which volume accounted for 0.3% and the price/mix 0.2%. Organic sales growth amounted to -5.6% in mature markets. In emerging markets, which accounted for 50% of net sales, organic sales growth amounted to 7.3%. Exchange rate effects decreased net sales by 2.6%. The acquisition of Asaleo Care increased net sales by 0.8%. Divestments and deconsolidation decreased net sales by 1.0%.

The adjusted gross margin decreased by 6.0 percentage points to 21.2% (27.2). Higher costs for raw materials, energy and distribution and lower prices had a negative impact on the margin. The margin was positively impacted by higher volumes, a better mix and cost savings. The adjusted EBITA margin decreased 6.5 percentage points to 9.5% (16.0). Sales and marketing costs were higher also as a share of net sales. Adjusted EBITA decreased 42% (40% excluding currency translation effects, acquisitions and divestments) to SEK 4,661m (8,045).

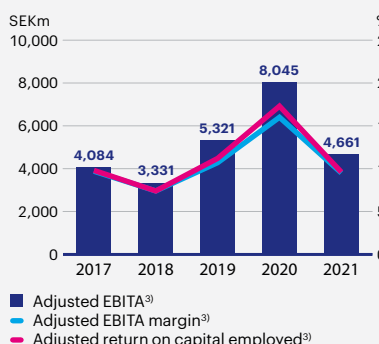
Brands



Net sales



Earnings trend



Key figures

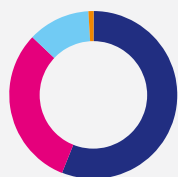
SEKm	2021	2020	%
Net sales	49,086	50,221	-2
Sales growth ¹⁾ , %	1.2	4.1	
Organic sales growth ²⁾ , %	0.5	4.1	
Adjusted gross margin ³⁾ , %	21.2	27.2	
Adjusted EBITA ³⁾	4,661	8,045	-42
Adjusted EBITA margin ³⁾ , %	9.5	16.0	
Adjusted return on capital employed ³⁾ , %	9.6	17.3	
Operating cash flow	3,691	6,455	-43
Investments in non-current assets	-3,563	-3,191	12
Average number of employees	21,244	20,878	2

¹⁾ Including organic sales growth and acquisitions. ²⁾ Excluding exchange rate effects, acquisitions and divestments. ³⁾ Excluding items affecting comparability.



During the year we have for example launched an upgrade of our moist toilet paper under the Lotus, Tempo and Zewa brands. It is just as safe to flush down the toilet as dry toilet paper and consists of 100% plant-based fibers.

Net sales by region



- Europe, 56%
- Asia, 31%
- Latin America, 12%
- Other, 1%

Professional Hygiene

Key figures

Net sales, SEKm

26,143

Sales growth¹⁾

7.5%

Organic sales growth²⁾

5.7%

Adjusted EBITA margin³⁾

10.4%

Adjusted return on capital employed³⁾

11.8%

- ¹⁾ Including organic sales growth and acquisitions.
²⁾ Excluding exchange rate effects, acquisitions and divestments.
³⁾ Excluding items affecting comparability.

Offering

Essity's offering comprises complete and professional hygiene solutions, including toilet paper, paper hand towels, napkins, soap, lotion, sanitizer, dispensers, cleaning and wiping products, face masks, and service and maintenance. Essity also offers digital solutions, such as 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.

Market positions

Essity is the world's largest supplier of products and services in the market for professional hygiene with the globally leading Tork brand. We are the market leader in Europe and hold a market share that is nearly three times the size of the second largest player. Essity is the second largest supplier in North America and holds a particularly strong market position in the food service segment, where we estimate that the company supplies approximately every second napkin. Essity also has strong positions in emerging markets, such as Russia and Colombia, where we are the market leader. Essity is number three in the market in Asia through its majority shareholding in Vinda.

Production facilities

At the end of 2021, Professional Hygiene had production at 44 sites in 21 countries.

Operations in 2021

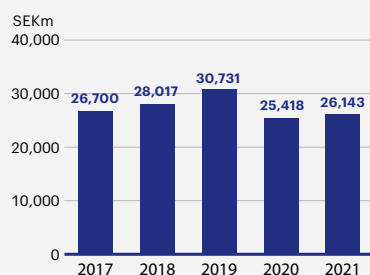
Net sales increased 2.9% to SEK 26,143m (25,418). Organic sales growth amounted to 5.7%, of which volume accounted for 2.8% and price/mix for 2.9%. Organic sales growth amounted to 3.3% in mature markets. In emerging markets, which accounted for 21% of net sales, organic sales growth amounted to 15.0%. Exchange rate effects reduced net sales by 4.5%. The acquisition of Asaleo Care increased net sales by 1.8%. Divestments decreased net sales by 0.1%.

The adjusted gross margin decreased 3.6 percentage points to 23.3% (26.9). Higher costs for raw materials, energy and distribution had a negative impact on the margin. The margin was positively impacted by higher prices, higher volumes, a better mix and cost savings. The adjusted EBITA margin decreased 2.6 percentage points to 10.4% (13.0). Sales and marketing costs were lower also as a share of net sales. Adjusted EBITA decreased 18% (14% excluding currency translation effects, acquisitions and divestments) to SEK 2,710m (3,317).

Brands



Net sales



Earnings trend



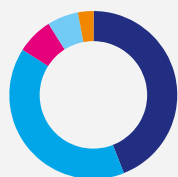
Key figures

SEKm	2021	2020	%
Net sales	26,143	25,418	3
Sales growth ¹⁾ , %	7.5	-14.16	
Organic sales growth ²⁾ , %	5.7	-14.6	
Adjusted gross margin ³⁾ , %	23.3	26.9	
Adjusted EBITA ³⁾	2,710	3,317	-18
Adjusted EBITA margin ³⁾ , %	10.4	13.0	
Adjusted return on capital employed ³⁾ , %	11.8	14.6	
Operating cash flow	2,512	3,183	-21
Investments in non-current assets	-941	-1,135	-17
Average number of employees	7,060	6,909	2

¹⁾ Including organic sales growth and acquisitions. ²⁾ Excluding exchange rate effects, acquisitions and divestments. ³⁾ Excluding items affecting comparability.

During the year we have for example launched Tork cleaning cloths and several different refillable variants of Tork hand soap and sanitizer.

Net sales by region



- Europe, 44%
- North America, 40%
- Asia, 7%
- Latin America, 6%
- Other, 3%