

Interim Report Quarter 1, 2023



Essity Aktiebolag (publ)



JANUARY 1 – MARCH 31, 2023

(compared with the corresponding period a year ago)

- Net sales increased 25.1% to SEK 42,926m (34,301)
- Sales growth, including organic sales growth and acquisitions, amounted to 17.2%, of which volume accounted for -2.6%, price/mix for 18.6% and acquisitions for 1.2%.
- Operating profit before amortization of acquisition-related intangible assets (EBITA) increased to SEK 4,445m (1,663)
- Adjusted EBITA increased to SEK 4,358m (2,826) and the adjusted EBITA margin to 10.2% (8.2)
- Profit for the period increased to SEK 2,703m (521)
- Earnings per share increased to SEK 3.79 (0.44) and adjusted earnings per share to SEK 3.97 (2.72)
- Cash flow from current operations amounted to SEK 849m (1,070)
- Return on capital employed increased to 12.9% (5.3) and the adjusted return on capital employed to 12.7% (9.0)
- Essity is initiating a strategic review of its ownership of Vinda and the Consumer Tissue Private Label Europe business

EARNINGS TREND

SEKm	2303	2203	%
Net sales	42,926	34,301	25
Adjusted operating profit before amortization of acquisition-related intangible assets (EBITA) ¹	4,358	2,826	54
Operating profit before amortization of acquisition-related intangible assets (EBITA)	4,445	1,663	167
Amortization of acquisition-related intangible assets	-286	-263	
Adjusted operating profit ¹	4,072	2,563	59
Items affecting comparability	87	-1,413	
Operating profit	4,159	1,150	262
Financial items	-655	-208	
Profit before tax	3,504	942	272
Adjusted profit before tax ¹	3,417	2,355	45
Income taxes	-801	-421	
Profit for the period	2,703	521	419
Earnings per share, SEK	3.79	0.44	
Adjusted earnings per share, SEK ²	3.97	2.72	

¹Excluding items affecting comparability; for amounts see page 12.

²Excluding items affecting comparability and amortization of acquisition-related intangible assets.

CEO'S COMMENTS

Strong start to the year for both sales and profitability

Essity's sales and profitability performed positively in the first quarter, primarily due to attractive customer offerings and higher sales prices to compensate for the cost increase. As part of our efforts to increase the company's long-term value creation, we have decided to initiate a strategic review of our ownership of Vinda and the Consumer Tissue Private Label Europe business with the aim of reducing Consumer Tissue's share of the company's total sales.

Higher sales and profitability

Essity's sales growth amounted to just over 17% for the first quarter of 2023, compared with the corresponding period of 2022. Sales prices were higher and the product mix better in all business areas. Volumes declined somewhat on account of the company's prioritization of higher profitability ahead of volume. Furthermore, volumes were negatively impacted by ongoing efforts to exit the Russian market and the discontinuation of the baby diaper business in Latin America. Adjusted EBITA increased by 54% and the adjusted EBITA margin by 2 percentage points to 10.2%. Profit for the period increased to approximately SEK 2.7bn and earnings per share to SEK 3.79.

Strategic review

Essity continuously evaluates the product portfolios within the company's three business areas, Health & Medical, Consumer Goods and Professional Hygiene, to achieve increased long-term value creation. In line with this, Essity is initiating a strategic review of the company's ownership of Vinda and the Consumer Tissue Private Label Europe business, with the aim of reducing Consumer Tissue's share of the company's total sales. The strategic review includes exploring different options and may result in divestments, although no such decisions have yet been taken.

Important step toward net zero emissions

During the first quarter of the year, Essity announced several important steps toward net zero emissions. We are first to produce tissue in a CO₂-free production process using renewable hydrogen and to produce high-quality tissue from agricultural waste. We have also entered an exclusive partnership to develop a new tissue making process with the aim of significantly reducing energy consumption, CO₂ emissions and water consumption. Essity has been included in S&P Global Sustainability Yearbook and been awarded a place on CDP's 2022 Supplier Engagement Leaderboard.

On the path toward achieving return target

The company's adjusted return on capital employed increased to 12.7% for the first quarter of 2023. We are working in a focused manner – through innovation, value-generating customer offerings, strong brands, efficiency improvements and sustainable, profitable growth – to achieve our target of an adjusted return on capital employed of more than 17% by 2025.

Magnus Groth
President and CEO

EARNINGS TREND

SEKm	2303	2203	%
Net sales	42,926	34,301	25
Cost of goods sold	-31,378	-25,601	
Items affecting comparability - cost of goods sold	38	-1,083	
Gross profit	11,586	7,617	52
Adjusted gross profit¹	11,548	8,700	33
Sales, general and administration	-7,192	-5,888	
Items affecting comparability - sales, general and administration	49	-80	
Share of results of associates and joint ventures	2	14	
Operating profit before amortization of acquisition-related intangible assets (EBITA)	4,445	1,663	167
Adjusted operating profit before amortization of acquisition-related intangible assets (EBITA)¹	4,358	2,826	54
Amortization of acquisition-related intangible assets	-286	-263	
Items affecting comparability - acquisition-related intangible assets	0	-250	
Operating profit	4,159	1,150	262
Adjusted operating profit¹	4,072	2,563	59
Financial items	-655	-208	
Profit before tax	3,504	942	272
Adjusted profit before tax¹	3,417	2,355	45
Income taxes	-801	-421	
Profit for the period	2,703	521	419
Adjusted profit for the period¹	2,622	1,928	36
¹ Excluding items affecting comparability			
Tax on amortization of acquisition-related intangible assets	79	66	
Margins (%)			
Gross margin	27.0	22.2	
Adjusted gross margin¹	26.9	25.4	
EBITA margin	10.4	4.8	
Adjusted EBITA margin¹	10.2	8.2	
Operating margin	9.7	3.4	
Adjusted operating margin¹	9.5	7.5	
Financial net margin	-1.5	-0.6	
Profit margin	8.2	2.8	
Adjusted profit margin¹	8.0	6.9	
Income taxes	-1.9	-1.2	
Adjusted income taxes ¹	-1.9	-1.2	
Net margin	6.3	1.6	
Adjusted net margin¹	6.1	5.7	
¹ Excluding items affecting comparability			

ADJUSTED EBITA BY BUSINESS AREA

SEKm	2303	2203	%
Health & Medical	769	836	-8
Consumer Goods	2,471	1,645	50
Professional Hygiene	1,301	563	131
Other	-183	-218	
Total¹	4,358	2,826	54

¹ Excluding items affecting comparability; for amounts see page 12.

ADJUSTED OPERATING PROFIT BY BUSINESS AREA

SEKm	2303	2203	%
Health & Medical	551	635	-13
Consumer Goods	2,408	1,586	52
Professional Hygiene	1,295	559	132
Other	-182	-217	
Total¹	4,072	2,563	59

¹ Excluding items affecting comparability; for amounts see page 12.

OPERATING CASH FLOW BY BUSINESS AREA

SEKm	2303	2203	%
Health & Medical	282	524	-46
Consumer Goods	1,131	1,974	-43
Professional Hygiene	929	130	615
Other	-111	-376	
Total	2,231	2,252	-1

GROUP

NET SALES AND EARNINGS

January–March 2023 compared with the corresponding period a year ago

Net sales increased 25.1% to SEK 42,926m (34,301). Sales growth, including organic sales growth and acquisitions, amounted to 17.2%, of which volume accounted for -2.6%, price/mix for 18.6% and acquisitions for 1.2%. Sales prices were higher and the mix better in all business areas. Approximately half of the volume decline was related to the ongoing efforts to exit the Russian market and the discontinuation of the baby diaper business in Latin America. Furthermore, the volumes were negatively impacted by the company's prioritization of higher profitability ahead of volume. Organic sales growth in mature markets amounted to 16.7% and in emerging markets to 14.8%. Emerging markets accounted for 37% of net sales. Exchange rate effects increased net sales by 7.9%.

The Group's gross margin was 27.0% (22.2). The Group's adjusted gross margin increased by 1.5 percentage points to 26.9% (25.4). The margin was positively impacted by higher selling prices and a better mix in all business areas. Higher costs for raw materials, energy and distribution reduced the margin by 8.8 percentage points. The margin was also negatively impacted by salary inflation and lower volumes, and thus lower cost absorption.

The Group's EBITA margin was 10.4% (4.8). The Group's adjusted EBITA margin increased 2.0 percentage points to 10.2% (8.2). Sales costs were higher, mainly due to salary inflation and higher marketing costs in Consumer Goods. Sales costs declined as a share of net sales.

Operating profit before amortization of acquisition-related intangible assets (EBITA) amounted to SEK 4,445m (1,663). Adjusted operating profit before amortization of acquisition-related intangible assets (adjusted EBITA) increased by 54% (39% excluding currency translation effects, acquisitions and divestments) to SEK 4,358m (2,826).

Items affecting comparability amounted to SEK 87m (-1,413).

Financial items increased to SEK -655m (-208), on account of higher average net debt and higher interest rates.

Profit before tax amounted to SEK 3,504m (942). Adjusted profit before tax increased 45% (31% excluding currency translation effects, acquisitions and divestments) to SEK 3,417m (2,355).

The tax expense was SEK 801m (421). The tax expense, excluding effects of items affecting comparability, was SEK 795m (427).

Profit for the period increased 419% (405% excluding currency translation effects, acquisitions and divestments) to SEK 2,703m (521). Adjusted profit for the period increased 36% (22% excluding currency translation effects, acquisitions and divestments) to SEK 2,622m (1,928).

Earnings per share were SEK 3.79 (0.44). Adjusted earnings per share were SEK 3.97 (2.72).

Return on capital employed was 12.9% (5.3). The adjusted return on capital employed was 12.7% (9.0). Return on equity was 14.4% (3.0). The adjusted return on equity was 14.0% (11.2).

CASH FLOW AND FINANCING

January–March 2023 compared with the corresponding period a year ago

The operating cash surplus amounted to SEK 6,471m (4,698). The cash flow effect of changes in working capital was SEK -2,354m (-777). Working capital was negatively impacted by lower trade payables and increased inventory value. Investments in non-current assets, net, excluding investments in operating assets through leases, amounted to SEK -1,542m (-1,402). Operating cash flow before investments in operating assets through leases amounted to SEK 2,421m (2,374). Operating cash flow was SEK 2,231m (2,252).

Financial items increased to SEK -655m (-208), on account of higher average net debt and higher interest rates.

Tax payments had an impact on cash flow of SEK -727m (-974).



Excluding items affecting comparability

Change in net sales (%)

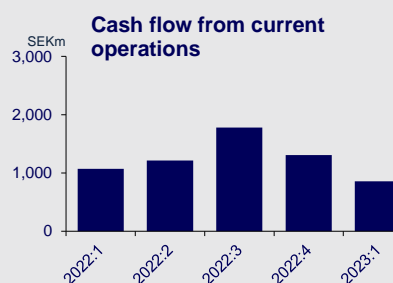
	2303 vs 2203
Total	25.1
Volume	-2.6
Price/mix	18.6
Currency	7.9
Acquisitions	1.2
Divestments	0.0

Change in adjusted EBITA (%)

	2303 vs 2203
Total	54
Volume	-3
Price/mix	221
Raw materials	-97
Energy	-20
Other goods sold	-37
Sales & admin	-30
Currency	13
Other	7



Excluding items affecting comparability



Acquisitions amounted to SEK -16m (-458). Net cash flow totaled SEK 831m (-4,273).

Net debt decreased by SEK 755m during the period to SEK 62,114m. Excluding pension liabilities, net debt amounted to SEK 61,888m. Net cash flow reduced net debt by SEK 831m. Fair value measurement of pension assets and updated assumptions and assessments that affect measurement of the net pension liability, together with fair value measurement of financial instruments, reduced net debt by SEK 467m. Exchange rate movements increased net debt by SEK 450m. Investments in non-operating assets through leases increased net debt by SEK 93m. The debt/equity ratio was 0.84 (0.86). Excluding pension liabilities, the debt/equity ratio was 0.84 (0.84). The debt payment capacity was 29% (27). Net debt in relation to EBITDA amounted to 2.84 (2.98). Net debt in relation to adjusted EBITDA amounted to 2.81 (3.05).

EQUITY

January–March 2023

The Group's equity decreased by SEK 2,887m during the period, to SEK 73,677m. Profit for the period increased equity by SEK 2,703m. Equity decreased due to dividends to shareholders of SEK 5,092m. Equity increased net after tax by SEK 346m as a result of fair value measurement of pension assets and updated assumptions and assessments that affect the valuation of the pension liability. Fair value measurement of financial instruments decreased equity by SEK 1,708m after tax. Exchange rate movements, including the effect of hedges of net foreign investments, after tax, increased equity by SEK 884m. Other items reduced equity by SEK 20m.

TAX

January–March 2023

A tax expense of SEK 795m was reported, excluding items affecting comparability, corresponding to a tax rate of 23.3% for the period. The tax expense including items affecting comparability was SEK 801m, corresponding to a tax rate of 22.9% for the period.

EVENTS DURING THE QUARTER

Essity included in S&P Global's Sustainability Yearbook 2023

On February 7, 2023, Essity announced that, for the second consecutive year, it had been included in S&P Global's Sustainability Yearbook. In the review of 7,800 companies globally, Essity is part of the top 10% to be selected for this year's Yearbook.

Essity first to produce tissue in a CO₂-free production process using renewable hydrogen

On March 9, 2023, Essity announced that the company had made another breakthrough on its journey to net zero emissions by 2050. In a recently concluded pilot, Essity became the first company in the industry to produce tissue in a CO₂ emission-free production process using renewable hydrogen at its production facility in Mainz-Kostheim, Germany.

Essity awarded Supplier Engagement Leader by CDP

On March 15, 2023, Essity announced that – for the fourth consecutive year – it had been recognized for its leadership in sustainability by the global non-profit environmental organization CDP. The company has been awarded a place on CDP's 2022 Supplier Engagement Leaderboard for successfully working with its suppliers on climate change.

Essity and Voith develop concept for sustainable tissue production

On March 23, 2023, Essity announced that the company had entered an exclusive partnership with the global technology company Voith to develop a new concept that rethinks tissue manufacturing. Compared to conventional paper making processes, this process enables CO₂-neutral tissue production, and reduces freshwater consumption by 95%, and energy consumption by up to 40%.

Essity's 2023 Annual General Meeting

Essity's Annual General Meeting was held on March 29, 2023. The Meeting approved the Parent Company income statement and balance sheet and the consolidated income statement and consolidated balance sheet for 2022. The proposed dividend for the 2022 fiscal year of SEK 7.25 per share was approved by the Meeting.

EVENTS AFTER THE QUARTER

Essity initiates strategic review of its ownership of Vinda and the Consumer Tissue Private Label Europe business

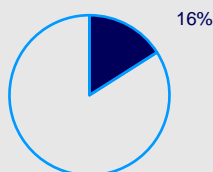
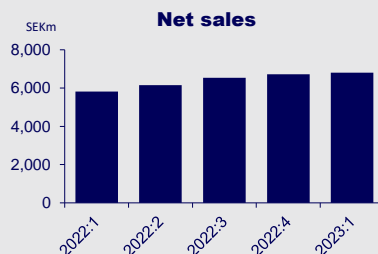
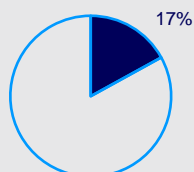
On April 26, 2023, Essity announced that the company has decided to initiate a strategic review of the company's ownership of the Asian hygiene company Vinda International Holdings Ltd (Vinda) and the Consumer Tissue Private Label Europe business with the aim of reducing Consumer Tissue's share of the company's total sales.

Essity continuously evaluates the product portfolios within the company's three business areas, Health & Medical, Consumer Goods and Professional Hygiene, to achieve increased long-term value creation. In line with this, Essity is initiating a strategic review of the company's ownership of Vinda and the Consumer Tissue Private Label Europe business. The strategic review includes exploring different options and may result in divestments, although no such decisions have yet been taken.

Essity's net sales for 2022 amounted to approximately SEK 156bn, of which Vinda accounted for approximately 16% and the Consumer Tissue Private Label Europe business approximately 6%. Vinda and the Consumer Tissue Private Label Europe business accounted for approximately 34% of the business area Consumer Goods net sales 2022 and approximately 45% of the Consumer Tissue category net sales in 2022.

Essity's ownership in Vinda amounts to 51.59% and Essity consolidates 100%. Vinda is listed on the Hong Kong Stock Exchange and had a market capitalization of approximately HKD 26bn (approximately SEK 34bn) at the end of trading on April 25, 2023. Vinda's net sales in 2022 amounted to approximately SEK 25.1bn and EBITA amounted to approximately SEK 1.1bn. Of Vinda's net sales, 83% were related to tissue and 17% were related to personal care.

Net sales for the Consumer Tissue Private Label Europe business amounted to approximately SEK 9.8bn in 2022, corresponding to about 15% of net sales in the Consumer Tissue category. The business encompasses seven production facilities in Belgium, France, Germany and Italy with approximately 1,900 employees. Other operations in Consumer Tissue, which include own brands and strategic collaborations to develop retailer brands, are a prioritized business focusing on innovation, brands and sustainability.

Share of Group, net sales
2303Share of Group, adjusted EBITA
2303

Change in net sales (%)

2303 vs
2203

	2303 vs 2203
Total	16.8
Volume	0.0
Price/mix	10.5
Currency	6.3
Acquisitions	0.0
Divestments	0.0

Change in adjusted EBITA (%)

2303 vs
2203

	2303 vs 2203
Total	-8
Volume	1
Price/mix	73
Raw materials	-40
Energy	-1
Other goods sold	-24
Sales & admin	-22
Currency	5
Other	0

HEALTH & MEDICAL

SEKm	2303	2203	%
Net sales	6,799	5,822	17
Adjusted gross profit margin, %*	37.2	39.7	
Adjusted EBITA*	769	836	-8
Adjusted EBITA margin, %*	11.3	14.4	
Adjusted operating profit*	551	635	-13
Adjusted operating margin, %*	8.1	10.9	
Adjusted return on capital employed, %*	8.8	10.5	
Operating cash flow	282	524	

*) Excluding restructuring costs, which are reported as items affecting comparability outside of the business area.

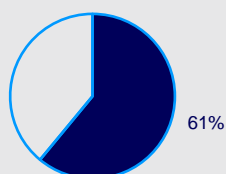
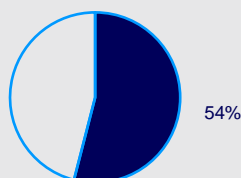
January–March 2023 compared with the corresponding period a year ago

Net sales increased 16.8% to SEK 6,799m (5,822). Sales growth, including organic sales growth and acquisitions, amounted to 10.5%, of which volume accounted for 0.0%, price/mix for 10.5% and acquisitions for 0.0%. The organic sales growth amounted to 9.8% in mature markets. In emerging markets, which accounted for 20% of net sales, organic sales growth was 13.3%. Exchange rate effects increased net sales by 6.3%.

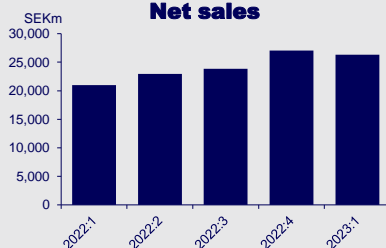
For Incontinence Products Health Care, with Essity's globally leading TENA brand, organic sales growth amounted to 10.7% due to higher prices and a better mix. Volumes decreased as a result of a decision to discontinue contracts with insufficient profitability and the ongoing efforts to exit the Russian market. In Medical Solutions, organic sales growth amounted to 10.2% as a result of higher volumes, higher prices and a better mix. Sales growth was high in all product segments: Compression Therapy, Orthopedics and Wound Care. For Incontinence Products Health Care and Medical Solutions, sales growth was high in all regions, including Europe, North America, Latin America and Asia.

The adjusted gross margin decreased 2.5 percentage points to 37.2% (39.7). Higher costs for raw materials, energy and distribution, as well as salary inflation, had a negative impact on the margin. The margin was positively impacted by higher volumes, higher prices and a better mix. The adjusted EBITA margin decreased 3.1 percentage points to 11.3% (14.4). Sales costs, including marketing costs, were higher and increased as a share of sales, mainly due to salary inflation. Adjusted EBITA decreased 8% (13% excluding currency translation effects, acquisitions and divestments) to SEK 769m (836).

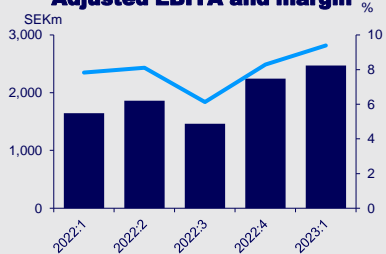
The operating cash surplus amounted to SEK 1,002m (1,044).

Share of Group, net sales
2303Share of Group, adjusted EBITA
2303

Net sales



Adjusted EBITA and margin



Change in net sales (%)

	2303 vs 2203
Total	25.4
Volume	-3.1
Price/mix	18.8
Currency	7.8
Acquisitions	1.9
Divestments	0.0

Change in adjusted EBITA (%)

	2303 vs 2203
Total	50
Volume	-3
Price/mix	236
Raw materials	-124
Energy	-21
Other goods sold	-30
Sales & admin	-28
Currency	14
Other	6

CONSUMER GOODS

SEKm	2303	2203	%
Net sales	26,309	20,986	25
Adjusted gross profit margin, %*	24.7	23.0	
Adjusted EBITA*	2,471	1,645	50
Adjusted EBITA margin, %*	9.4	7.8	
Adjusted operating profit*	2,408	1,586	52
Adjusted operating margin, %*	9.2	7.6	
Adjusted return on capital employed, %*	12.8	9.7	
Operating cash flow	1,131	1,974	

*) Excluding restructuring costs, which are reported as items affecting comparability outside of the business area.

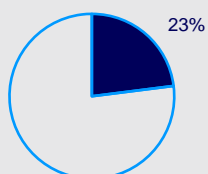
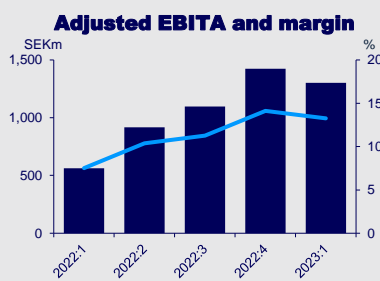
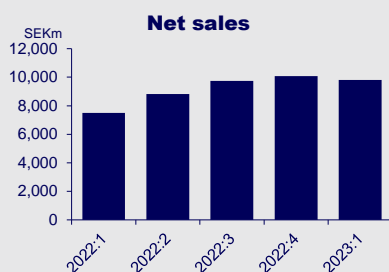
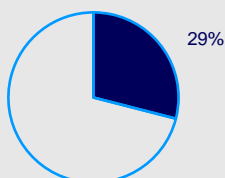
January–March 2023 compared with the corresponding period a year ago

Net sales increased 25.4% to SEK 26,309m (20,986). Sales growth, including organic sales growth and acquisitions, amounted to 17.6%, of which volume accounted for -3.1%, price/mix for 18.8% and acquisitions for 1.9%. Volumes declined on account of the company's prioritization of higher profitability ahead of volume. Furthermore, volumes were negatively impacted by the ongoing efforts to exit the Russian market. Organic sales growth amounted to 16.2% in mature markets. In emerging markets, which accounted for 48% of net sales, organic sales growth was 15.0%. Exchange rate effects increased net sales by 7.8%.

For Incontinence Products Retail, with Essity's globally leading TENA brand, organic sales growth amounted to 17.0% due to higher volumes, higher prices and a better mix. Sales growth was high in all regions, including Europe, North America, Latin America and Asia. In Feminine Care, organic sales growth amounted to 13.1% as a result of higher volumes and higher prices. For Feminine Care, sales growth was also high in all regions, including Europe, North America, Latin America and Asia. In Baby Care, organic sales growth was -7.3%, mainly due to lower volumes, which were negatively impacted by the discontinuation of the baby diaper business in Latin America and the decision to exit retailer brands contract with insufficient profitability in Europe. Sales prices in Baby Care were higher. In Consumer Tissue, organic sales growth amounted to 19.7%, mainly as a result of significantly higher prices in addition to a better mix. Volumes were lower on account of the prioritization of higher profitability ahead of volume. Sales growth was high in all regions, including Europe, Latin America and Asia. For the Consumer Tissue Private Label Europe division, organic sales growth amounted to 35.8%, which was mainly related to higher prices.

The adjusted gross margin increased 1.7 percentage points to 24.7% (23.0). The margin was positively impacted by higher prices and a better mix. Higher costs for raw materials, energy and distribution, lower volumes and salary inflation, had a negative impact on the margin. The adjusted EBITA margin increased 1.6 percentage points to 9.4% (7.8). Sales costs were higher and increased somewhat as a share of sales, due to salary inflation and higher marketing costs. Adjusted EBITA increased 50% (33% excluding currency translation effects, acquisitions and divestments) to SEK 2,471m (1,645).

The operating cash surplus amounted to SEK 3,666m (2,682).

Share of Group, net sales
2303Share of Group, adjusted EBITA
2303

Change in net sales (%)

	2303 vs 2203
Total	30.9
Volume	-3.2
Price/mix	24.2
Currency	9.6
Acquisitions	0.3
Divestments	0.0

Change in adjusted EBITA (%)

	2303 vs 2203
Total	131
Volume	-8
Price/mix	310
Raw materials	-69
Energy	-33
Other goods sold	-57
Sales & admin	-32
Currency	18
Other	2

PROFESSIONAL HYGIENE

SEKm	2303	2203	%
Net sales	9,810	7,493	31
Adjusted gross profit margin, %*	25.8	20.6	
Adjusted EBITA*	1,301	563	131
Adjusted EBITA margin, %*	13.3	7.5	
Adjusted operating profit*	1,295	559	132
Adjusted operating margin, %*	13.2	7.5	
Adjusted return on capital employed, %*	18.7	8.9	
Operating cash flow	929	130	

*) Excluding restructuring costs, which are reported as items affecting comparability outside of the business area.

January–March 2023 compared with the corresponding period a year ago

Net sales increased 30.9% to SEK 9,810m (7,493). Sales growth, including organic sales growth and acquisitions, amounted to 21.3%, of which volume accounted for -3.2%, price/mix for 24.2% and acquisitions for 0.3%. Volumes declined on account of the company's prioritization of higher profitability ahead of volume. Furthermore, volumes were negatively impacted by the ongoing efforts to exit the Russian market. Organic sales growth amounted to 22.9% in mature markets. In emerging markets, which accounted for 18% of net sales, organic sales growth was 14.8%. Sales growth was high in Europe, North America and Latin America. Exchange rate effects increased net sales by 9.6%.

The adjusted gross margin increased by 5.2 percentage points to 25.8% (20.6). The margin was positively impacted by higher prices and a better mix. Higher costs for raw materials and energy, lower volumes and salary inflation had a negative impact on the margin. The adjusted EBITA margin increased 5.8 percentage points to 13.3% (7.5). Sales costs were higher due to salary inflation and somewhat higher marketing costs. Sales costs declined as a share of net sales. Adjusted EBITA increased 131% (113% excluding currency translation effects, acquisitions and divestments) to SEK 1,301m (563).

The operating cash surplus amounted to SEK 1,920m (1,129).

Essity is continuing to position its production and sales for a more innovative and value-creating customer offering. In conjunction with this process, Essity is planning for the closure of some capacity in Professional Hygiene currently used for production of the lower value-creating range. Restructuring costs for this closure are expected to amount to approximately SEK 410m, of which approximately SEK 340m is expected to be recognized as an item affecting comparability in the second quarter of 2023. Of total restructuring costs, it is anticipated that approximately SEK 250m will impact cash flow. The restructuring measures are expected to have a low single-digit negative impact on volume in 2023 and the start of 2024. Essity is working over time to replace this volume with increased sales of more value-creating offerings, such as higher sales of Tork PeakServe.

DISTRIBUTION OF SHARES

March 31, 2023	Class A	Class B	Total
Registered number of shares	61,158,914	641,183,575	702,342,489

At the end of the period, the proportion of Class A shares was 8.7%. In the first quarter, 50,000 Class A shares were converted to Class B shares at the request of shareholders. The total number of votes in the company amounts to 1,252,772,715.

FUTURE REPORTS

In 2023, interim reports will be published on July 20 and October 26. The year-end report for 2023 will be published on January 25, 2024.

INVITATION TO PRESENTATION OF THE INTERIM REPORT FOR QUARTER 1, 2023

In conjunction with publication, a telephone and web presentation will be held at 09:00 CET, where President and CEO Magnus Groth will present and answer questions.

Presentation

Date: Thursday, April 27, 2023

Time: 09:00 CET

Link to web presentation: <https://essity.videosync.fi/2023-04-27>

Telephone: UK: +44 (0) 33 0551 02 00, USA: +1 786 697 35 01, SWE: +46 (0) 8 505 204 24. Please call in well in advance of the start of the presentation. Indicate: "Essity".

Stockholm April 27, 2023
Essity Aktiebolag (publ)

Magnus Groth
President and CEO

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NB:

This report has not been reviewed by the company's auditors.

This information is such that Essity Aktiebolag (publ) is obligated to make public pursuant to the EU Market Abuse Regulation. This report has been prepared in both Swedish and English versions. In case of variations in the content between the two versions, the Swedish version shall govern. The information was submitted for publication, through the agency of Karl Stoltz, Media Relations Director, at 07:00 CET on April 27, 2023.

CONDENSED CONSOLIDATED INCOME STATEMENT

SEKm	2023:1	2022:1	2022:4	2303	2203
Net sales	42,926	34,301	43,834	42,926	34,301
Cost of goods sold ^{1,2}	-31,378	-25,601	-32,499	-31,378	-25,601
Items affecting comparability - cost of goods sold ²	38	-1,083	-302	38	-1,083
Gross profit	11,586	7,617	11,033	11,586	7,617
Sales, general and administration ^{1,2}	-7,192	-5,888	-7,259	-7,192	-5,888
Items affecting comparability - sales, general and administration ²	49	-80	8	49	-80
Share of results of associates and joint ventures	2	14	8	2	14
Operating profit before amortization of acquisition-related intangible assets (EBITA)	4,445	1,663	3,790	4,445	1,663
Amortization of acquisition-related intangible assets	-286	-263	-290	-286	-263
Items affecting comparability - acquisition-related intangible assets ²	0	-250	-29	0	-250
Operating profit	4,159	1,150	3,471	4,159	1,150
Financial items	-655	-208	-570	-655	-208
Profit before tax	3,504	942	2,901	3,504	942
Income taxes	-801	-421	-655	-801	-421
Profit for the period	2,703	521	2,246	2,703	521
Earnings attributable to:					
Owners of the Parent company	2,663	306	2,209	2,663	306
Non-controlling interests	40	215	37	40	215
Earnings per share - owners of the Parent company					
Earnings per share before and after dilution effects, SEK	3.79	0.44	3.15	3.79	0.44
Average numbers of shares before and after dilution, million	702.3	702.3	702.3	702.3	702.3
¹ Of which, depreciation and amortization	-2,194	-1,987	-2,190	-2,194	-1,987
² Of which, impairment	27	-1,382	-350	27	-1,382
Gross margin	27.0	22.2	25.2	27.0	22.2
EBITA margin	10.4	4.8	8.6	10.4	4.8
Operating margin	9.7	3.4	7.9	9.7	3.4
Financial net margin	-1.5	-0.6	-1.3	-1.5	-0.6
Profit margin	8.2	2.8	6.6	8.2	2.8
Income taxes	-1.9	-1.2	-1.5	-1.9	-1.2
Net margin	6.3	1.6	5.1	6.3	1.6
Excluding items affecting comparability:					
Gross margin	26.9	25.4	25.9	26.9	25.4
EBITA margin	10.2	8.2	9.3	10.2	8.2
Operating margin	9.5	7.5	8.7	9.5	7.5
Financial net margin	-1.5	-0.6	-1.3	-1.5	-0.6
Profit margin	8.0	6.9	7.4	8.0	6.9
Income taxes	-1.9	-1.2	-1.7	-1.9	-1.2
Net margin	6.1	5.7	5.7	6.1	5.7

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEKm	2023:1	2022:1	2022:4	2303	2203
Profit for the period	2,703	521	2,246	2,703	521
Other comprehensive income for the period					
Items that will not be reclassified to the income statement					
Actuarial gains/losses on defined benefit pension plans	466	1,328	-19	466	1,328
Fair value through other comprehensive income	1	-7	0	1	-7
Income tax attributable to components in other comprehensive income	-120	-316	-107	-120	-316
	347	1,005	-126	347	1,005
Items that have been or may be reclassified subsequently to the income statement					
Cash flow hedges					
Result from remeasurement of derivatives recognized in equity	-2,127	3,391	-7,787	-2,127	3,391
Transferred to profit or loss for the period	-212	-1,078	-1,121	-212	-1,078
Translation differences in foreign operations	770	2,202	-3,233	770	2,202
Gains/losses from hedges of net investments in foreign operations	138	-368	808	138	-368
Income tax attributable to components in other comprehensive income	600	-543	2,213	600	-543
	-831	3,604	-9,120	-831	3,604
Other comprehensive income for the period, net of tax	-484	4,609	-9,246	-484	4,609
Total comprehensive income for the period	2,219	5,130	-7,000	2,219	5,130
Total comprehensive income attributable to:					
Owners of the Parent company	2,125	4,654	-6,682	2,125	4,654
Non-controlling interests	94	476	-318	94	476

CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

SEKm	2303	2203
Equity attributable to owners of the Parent company		
Value, January 1	67,346	59,874
Total comprehensive income for the period	2,125	4,654
Dividend	-5,092*	-4,916
Acquisition of non-controlling interests	1	-9
Private placement to non-controlling interests	0	17
Transferred to cost of hedged investments	6	3
Revaluation effect upon acquisition of non-controlling interests	-20	0
Value, March 31	64,366	59,623
Non-controlling interests		
Value, January 1	9,218	8,633
Total comprehensive income for the period	94	476
Dividend	0	-18
Private placement to non-controlling interests	0	16
Acquisition of non-controlling interests	-1	-4
Value, March 31	9,311	9,103
Total equity, value March 31	73,677	68,726

*Dividend of SEK 5,092m as decided at the Annual General Meeting on March 29, 2023, paid on April 5, 2023.

CONSOLIDATED CASH FLOW STATEMENT

SEKm	2303	2203
Operating activities		
Operating profit	4,159	1,150
Adjustment for non-cash items ¹⁾	2,273	3,531
Interest paid	-451	-265
Interest received	68	25
Other financial items	-358	-69
Capitalized expenditures to fulfill contracts with customers	-115	-100
Change in liabilities relating to restructuring programs, etc.	0	-28
Paid tax	-727	-974
Cash flow from operating activities before changes in working capital	4,849	3,270
Cash flow from changes in working capital		
Change in inventories	-689	-811
Change in operating receivables	-311	-746
Change in operating liabilities	-1,354	780
Cash flow from operating activities	2,495	2,493
Investing activities		
Acquisitions of Group companies and other operations	-12	-356
Investments in intangible assets and property, plant and equipment	-1,534	-1,397
Sale of property, plant and equipment	-4	9
Investments in financial assets, etc.	0	-685
Paid interest capitalized in intangible assets and property, plant and equipment	-3	-15
Disposal of financial assets, etc.	302	0
Cash flow from investing activities	-1,251	-2,444
Financing activities		
Private placement to non-controlling interests	0	33
Acquisition of non-controlling interests	0	-13
Dividend	0	-4,916
Proceeds from borrowings	4,321	10,232
Repayment of borrowings	-886	-4,125
Dividend to non-controlling interests	-2	-2
Cash flow from financing activities	3,433	1,209
Cash flow for the period	4,677	1,258
Cash and cash equivalents at the beginning of the period	4,288	3,904
Translation differences in cash and cash equivalents	-61	111
Cash and cash equivalents at the end of the period	8,904	5,273
Cash flow from operating activities per share, SEK	3.55	3.55
Reconciliation with consolidated operating cash flow statement		
Cash flow for the period	4,677	1,258
Repayment of borrowings	886	4,125
Proceeds from borrowings	-4,321	-10,232
Investments in financial assets, etc.	0	685
Disposal of financial assets, etc.	-302	0
Investments in operating assets through leases	-190	-122
Net debt in acquired and divested operations	-4	-89
Accrued interest	85	101
Other	0	1
Net cash flow according to consolidated operating cash flow statement	831	-4,273
¹⁾ Adjustment for non-cash items		
Depreciation/amortization and impairment of non-current assets	2,167	3,369
Gain/loss on sale of assets	1	5
Depreciation of prepaid selling expenses	121	108
Non-cash items relating to efficiency programs	-11	-5
Other	-5	54
Total	2,273	3,531

CONSOLIDATED OPERATING CASH FLOW STATEMENT, SUPPLEMENTARY DISCLOSURE

SEKm	2303	2203
Operating cash surplus	6,471	4,698
Change in working capital	-2,354	-777
Investments in non-current assets, net	-1,542	-1,402
Restructuring costs, etc.	-154	-145
Operating cash flow before investments in operating assets through leases	2,421	2,374
Investments in operating assets through leases	-190	-122
Operating cash flow	2,231	2,252
Financial items	-655	-208
Income taxes paid	-727	-974
Cash flow from current operations	849	1,070
Acquisitions of Group companies and other operations	-16	-458
Cash flow before transactions with shareholders	833	612
Private placement to non-controlling interests	0	33
Dividend to non-controlling interests	-2	-2
Dividend	0	-4,916
Net cash flow	831	-4,273
Net debt at the beginning of the period	-62,869	-55,433
Net cash flow	831	-4,273
Remeasurements to equity	467	1,321
Investments in non-operating assets through leases	-93	-49
Translation differences	-450	-889
Net debt at the end of the period	-62,114	-59,323
Debt/equity ratio	0.84	0.86
Debt payment capacity, %	29	27
Net debt / EBITDA	2.84	2.98
Net debt / Adjusted EBITDA	2.81	3.05

CONSOLIDATED BALANCE SHEET

SEKm	March 31, 2023	December 31, 2022
ASSETS		
Non-current assets		
Goodwill	44,964	44,786
Other intangible assets	25,713	25,346
Property, plant and equipment	63,583	62,898
Investments in associates and joint ventures	297	291
Shares and participations	6	6
Surplus in funded pension plans	2,349	1,965
Non-current financial assets	131	123
Deferred tax assets	2,710	2,545
Other non-current assets	989	1,620
Total non-current assets	140,742	139,580
Current Assets		
Inventories	29,845	28,888
Trade receivables	26,395	25,990
Current tax assets	983	1,152
Other current receivables	4,487	5,761
Current financial assets	4,396	4,941
Cash and cash equivalents	8,904	4,288
Total current assets	75,010	71,020
Total assets	215,752	210,600
EQUITY AND LIABILITIES		
Equity		
Share capital	2,350	2,350
Reserves	10,596	11,477
Retained earnings	51,420	53,519
Attributable to owner of the Parent	64,366	67,346
Non-controlling interests	9,311	9,218
Total equity	73,677	76,564
Non-current liabilities		
Non-current financial liabilities	53,055	58,242
Provisions for pensions	2,575	2,671
Deferred tax liabilities	8,111	8,718
Other non-current provisions	523	491
Other non-current liabilities	1,331	1,196
Total non-current liabilities	65,595	71,318
Current liabilities		
Current financial liabilities	22,264	13,273
Trade payables	24,296	25,644
Current tax liabilities	1,743	1,589
Current provisions	968	1,217
Other current liabilities	27,209*	20,995
Total current liabilities	76,480	62,718
Total liabilities	142,075	134,036
Total equity and liabilities	215,752	210,600

* Of this amount, SEK 5,092m represents a liability relating to the dividend for Essity's shareholders paid on April 5, as decided at the Annual General Meeting on March 29, 2023.

CONSOLIDATED BALANCE SHEET (cont.)

SEKm	March 31, 2023	December 31, 2022
Debt/equity ratio	0.84	0.82
Equity/assets ratio	30%	32%
Equity	73,677	76,564
Equity per share, SEK	105	109
Return on equity	14.4%	8.1%
Return on equity excluding items affecting comparability	14.0%	11.1%
Capital employed	135,791	139,433
- of which working capital	9,909	14,033
Return on capital employed*	12.9%	8.1%
Return on capital employed* excluding items affecting comparability	12.7%	9.7%
Net debt	62,114	62,869
Provisions for restructuring costs are included in the balance sheet as follows		
-Other non-current provisions	107	105
-Other current provisions	181	213

*) rolling 12 months

NET SALES (business area reporting)

SEKm	2303	2203	2023:1	2022:4	2022:3	2022:2	2022:1	2021:4
Health & Medical	6,799	5,822	6,799	6,728	6,544	6,145	5,822	5,854
Consumer Goods	26,309	20,986	26,309	27,060	23,825	22,970	20,986	20,844
Professional Hygiene	9,810	7,493	9,810	10,077	9,733	8,811	7,493	7,527
Other	8	0	8	-31	7	3	0	1
Total	42,926	34,301	42,926	43,834	40,109	37,929	34,301	34,226

ORGANIC SALES GROWTH (business area reporting)

(%)	2303	2203	2023:1	2022:4	2022:3	2022:2	2022:1	2021:4
Health & Medical	10.5	9.5	10.5	4.6	7.6	7.9	9.5	6.9
Consumer Goods	15.7	11.5	15.7	15.7	17.6	17.9	11.5	5.7
Professional Hygiene	21.0	29.8	21.0	18.3	19.9	26.1	29.8	16.4
Total	16.0	14.6	16.0	14.3	16.3	17.8	14.6	8.0

SALES GROWTH, INCLUDING ORGANIC SALES GROWTH AND ACQUISITIONS (business area reporting)

(%)	2303	2203	2023:1	2022:4	2022:3	2022:2	2022:1	2021:4
Health & Medical	10.5	11.7	10.5	6.3	9.9	10.9	11.7	8.2
Consumer Goods	17.6	13.8	17.6	17.8	18.4	20.0	13.8	7.8
Professional Hygiene	21.3	34.1	21.3	18.8	20.3	30.2	34.1	20.2
Total	17.2	17.3	17.2	16.0	17.3	20.6	17.3	10.3

ADJUSTED EBITA (business area reporting)

SEKm	2303	2203	2023:1	2022:4	2022:3	2022:2	2022:1	2021:4
Health & Medical	769	836	769	721	673	673	836	927
Consumer Goods	2,471	1,645	2,471	2,245	1,460	1,861	1,645	1,666
Professional Hygiene	1,301	563	1,301	1,423	1,096	916	563	681
Other	-183	-218	-183	-305	-239	-292	-218	-197
Total	4,358	2,826	4,358	4,084	2,990	3,158	2,826	3,077

ADJUSTED OPERATING PROFIT (business area reporting)

SEKm	2303	2203	2023:1	2022:4	2022:3	2022:2	2022:1	2021:4
Health & Medical	551	635	551	500	456	463	635	737
Consumer Goods	2,408	1,586	2,408	2,182	1,395	1,801	1,586	1,608
Professional Hygiene	1,295	559	1,295	1,417	1,091	911	559	679
Other	-182	-217	-182	-305	-239	-293	-217	-197
Total adjusted operating profit¹	4,072	2,563	4,072	3,794	2,703	2,882	2,563	2,827
Financial items	-655	-208	-655	-570	-368	-224	-208	-190
Profit before tax¹	3,417	2,355	3,417	3,224	2,335	2,658	2,355	2,637
Income taxes	-795	-427	-795	-734	-509	-575	-427	-373
Net profit for the period²	2,622	1,928	2,622	2,490	1,826	2,083	1,928	2,264
¹ Excluding items affecting comparability before tax amounting to:	87	-1,413	87	-323	-212	-515	-1,413	-73
² Excluding items affecting comparability after tax amounting to:	81	-1,407	81	-244	-202	-410	-1,407	-46

ADJUSTED EBITA MARGIN (business area reporting)

(%)	2303	2203	2023:1	2022:4	2022:3	2022:2	2022:1	2021:4
Health & Medical	11.3	14.4	11.3	10.7	10.3	11.0	14.4	15.8
Consumer Goods	9.4	7.8	9.4	8.3	6.1	8.1	7.8	8.0
Professional Hygiene	13.3	7.5	13.3	14.1	11.3	10.4	7.5	9.0
Total	10.2	8.2	10.2	9.3	7.5	8.3	8.2	9.0

STATEMENT OF PROFIT OR LOSS

SEKm	2023:1	2022:4	2022:3	2022:2	2022:1
Net sales	42,926	43,834	40,109	37,929	34,301
Cost of goods sold	-31,378	-32,499	-30,625	-28,321	-25,601
Items affecting comparability - cost of goods sold	38	-302	-131	-383	-1,083
Gross profit	11,586	11,033	9,353	9,225	7,617
Sales, general and administration	-7,192	-7,259	-6,500	-6,460	-5,888
Items affecting comparability - sales, general and administration	49	8	-75	-125	-80
Share of results of associates and joint ventures	2	8	6	10	14
EBITA	4,445	3,790	2,784	2,650	1,663
Amortization of acquisition-related intangible assets	-286	-290	-287	-276	-263
Items affecting comparability - acquisition-related intangible assets	0	-29	-6	-7	-250
Operating profit	4,159	3,471	2,491	2,367	1,150
Financial items	-655	-570	-368	-224	-208
Profit before tax	3,504	2,901	2,123	2,143	942
Income taxes	-801	-655	-499	-470	-421
Net profit for the period	2,703	2,246	1,624	1,673	521

CONDENSED INCOME STATEMENT PARENT COMPANY

SEKm	2303	2203
Administrative expenses	-196	-178
Other operating income	12	14
Operating loss	-184	-164
Financial items	-556	-914
Profit before tax	-740	-1,078
Tax on profit for the period	-46	219
Profit for the period	-786	-859

CONDENSED BALANCE SHEET PARENT COMPANY

SEKm	March 31, 2023	December 31, 2022
Intangible assets	0	0
Property, plant and equipment	11	12
Financial non-current assets	176,779	176,780
Total non-current assets	176,790	176,792
Total current assets	1,343	3,046
Total assets	178,133	179,838
Restricted equity	2,350	2,350
Non-restricted equity	70,368	76,246
Total equity	72,718	78,596
Untaxed reserves	195	195
Provisions	857	846
Non-current liabilities	46,284	52,470
Current liabilities	58,079	47,731
Total equity, provisions and liabilities	178,133	179,838

NOTES

1 ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with IAS 34 and recommendation RFR 1 of the Swedish Financial Reporting Board (RFR), and with regards to the Parent company, RFR 2. A few amended accounting standards published by the IASB entered into force on January 1, 2023, following approval by the EU. Essity Aktiebolag (publ) applies these amendments, which have not had any material impact on the Group's or the Parent company's financial statements. All other applied accounting principles and calculation methods correspond to those presented in Essity Aktiebolag's (publ) Annual and Sustainability Report for 2022.

2 RISKS AND UNCERTAINTIES

Processes for risk management

Essity's Board determines the Group's strategic direction based on recommendations from the Executive Management Team. Responsibility for the long-term, overall management of strategic risks corresponds to the company's delegation structure, from the Board of Directors to the CEO and from the CEO to the Business Unit Presidents. This means that most operational risks are managed by Essity's business units at the local level, but that they are coordinated when considered necessary. The tools used in this coordination consist primarily of the business units' regular reporting and the annual strategy process, where risks and risk management are a part of the process.

Essity's financial risk management is centralized, as is the Group's internal bank for the Group companies' financial transactions and management of the Group's energy risks. Financial risks are managed in accordance with the Group's Finance Policy, which is adopted by Essity's Board of Directors and which – together with Essity's Energy Risk Policy – makes up a framework for risk management. Risks are aggregated and monitored on a regular basis to ensure compliance with these guidelines. Essity has also centralized other risk management.

Essity has a staff function for internal audit, which monitors compliance with the Group's policies in the organization.

Essity's risk exposure and risk management are described on pages 40–45 of Essity's Annual and Sustainability Report for 2022. No significant changes have taken place that have affected the reported risks.

Risks in conjunction with company acquisitions are analyzed in the due diligence processes that Essity carries out prior to all acquisitions. In cases where acquisitions have been carried out that may affect the assessment of Essity's risk exposure, these are described under the heading "Events during the quarter" in the interim and year-end reports.

Russia

In 2022, an impairment of the Group's tangible assets was carried out in Russia. Work is ongoing to exit the Russian market. In 2022, Essity's net sales in Russia amounted to approximately SEK 3.6bn, corresponding to about 2% of total consolidated net sales. Net assets in Russia amounted to approximately SEK 1.4bn as of December 31, 2022.

3 FINANCIAL INSTRUMENTS PER CATEGORY

Distribution by level for measurement at fair value

SEKm	Carrying amount in the balance sheet	Measured at fair value through profit or loss	Derivatives used for hedge accounting	Financial assets measured at fair value through OCI	Financial liabilities measured at amortized cost	Of which fair value by level ¹	
						1	2
March 31, 2023							
Derivatives	2,083	1,019	1,064	-	-	-	2,083
Non-current financial assets	94	-	-	94	-	94	-
Total assets	2,177	1,019	1,064	94	-	94	2,083
Derivatives	6,637	894	5,743	-	-	-	6,637
Financial liabilities							
Current financial liabilities	21,665	4,589	-	-	17,076	-	4,589
Non-current financial liabilities	49,251	24,453	-	-	24,798	-	24,453
Total liabilities	77,553	29,936	5,743	-	41,874	-	35,679
December 31, 2022							
Derivatives	4,416	1,631	2,785	-	-	-	4,416
Non-current financial assets	92	-	-	92	-	92	-
Total assets	4,508	1,631	2,785	92	-	92	4,416
Derivatives	6,126	765	5,361	-	-	-	6,126
Financial liabilities							
Current financial liabilities	12,501	4,489	-	-	8,012	-	4,489
Non-current financial liabilities	54,090	23,763	-	-	30,327	-	23,763
Total liabilities	72,717	29,017	5,361	-	38,339	-	34,378

¹ No financial instruments have been classified to level 3.

The total fair value of the above financial liabilities, excluding lease liabilities, is SEK 69,303m (64,324). The fair value of trade receivables, other current and non-current receivables, cash and cash equivalents, trade payables and other current and non-current liabilities is estimated to be equal to their carrying amount.

No transfers between level 1 and 2 were made during the period.

4 ACQUISITIONS AND DIVESTMENTS

On February 2, 2022, Essity acquired the USA-based professional wiping and cleaning company Legacy Converting, Inc. The purchase price allocation for this acquisition has been finalized. No significant adjustments were made compared with the preliminary purchase price allocation.

On August 1, 2022, Essity acquired the Australian company Modibodi, a leading leakproof apparel company. The purchase price allocation for this acquisition has not yet been finalized. No significant adjustments have been made compared with the preliminary purchase price allocation presented in the Annual and Sustainability Report for 2022.

On September 1, 2022, Essity acquired the Canadian company Knix, a leading supplier of leakproof apparel for periods and incontinence. No significant adjustments have been made compared with the preliminary purchase price allocation presented in the Annual and Sustainability Report for 2022.

5 USE OF NON-INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) PERFORMANCE MEASURES

Guidelines for Alternative Performance Measures (APMs) for companies with securities listed on a regulated market in the EU have been issued by ESMA (European Securities and Markets Authority). These guidelines are to be applied for APMs not supported under IFRS.

This interim report refers to a number of performance measures not defined in IFRS. These performance measures are used to help investors, management and other stakeholders analyze the company's operations. These non-IFRS measures may differ from similarly titled measures among other companies. Essity's 2022 Annual Report, pages 82–86, describes the various non-IFRS performance measures that are used as a complement to the financial information presented in accordance with IFRS. Tables are presented below that show how the performance measures have been calculated.

Capital employed

SEKm	2303	2212
Total assets	215,752	210,600
-Financial assets	-15,780	-11,317
-Non-current non-interest bearing liabilities	-9,965	-10,405
-Current non-interest bearing liabilities	-54,216	-49,445
Capital employed	135,791	139,433

SEKm	2023:1	2022:4	2022:3	2022:2	2022:1
Health & Medical	34,944	34,557	35,708	34,799	32,471
Consumer Goods	77,776	76,672	81,936	73,267	68,526
Professional Hygiene	27,722	27,911	30,622	28,750	26,213
Other	-4,651	293	-326	-950	839
Capital employed	135,791	139,433	147,940	135,866	128,049

Working capital

SEKm	2303	2212
Inventories	29,845	28,888
Trade receivables	26,395	25,990
Other current receivables	4,487	5,761
Trade payables	-24,296	-25,644
Other current liabilities	-27,209*	-20,995
Other	687	33
Working capital	9,909	14,033

*Of the amount, SEK -5,092m refers to debt regarding the dividend to Essity's shareholders on April 5, which was decided at the annual general meeting on March 29, 2023.

Net debt

SEKm	2303	2212
Surplus in funded pension plans	2,349	1,965
Non-current financial assets	131	123
Current financial assets	4,396	4,941
Cash and cash equivalents	8,904	4,288
Financial assets	15,780	11,317
Non-current financial liabilities	53,055	58,242
Provisions for pensions	2,575	2,671
Current financial liabilities	22,264	13,273
Financial liabilities	77,894	74,186
Net debt	62,114	62,869

EBITDA

SEKm	2303	2203
Operating profit	4,159	1,150
-Amortization of acquisition-related intangible assets	286	263
-Depreciation/amortization	1,623	1,467
-Depreciation right-of-use assets	285	257
-Impairment	36	3
-Items affecting comparability - impairment net	-63	1,129
-Items affecting comparability - impairment of acquisition-related intangible assets	0	250
EBITDA	6,326	4,519
-Items affecting comparability excluding depreciation/amortization and impairment	-24	34
Adjusted EBITDA	6,302	4,553

EBITA

SEKm	2303	2203
Operating profit	4,159	1,150
-Amortization of acquisition-related intangible assets	286	263
-Items affecting comparability - impairment of acquisition-related intangible assets	0	250
Operating profit before amortization and impairment of acquisition-related intangible assets (EBITA)	4,445	1,663
EBITA margin (%)	10.4	4.8
-Items affecting comparability - cost of goods sold	-38	1,083
-Items affecting comparability - sales, general and administration	-49	80
Adjusted EBITA	4,358	2,826
Adjusted EBITA margin (%)	10.2	8.2

Operating cash flow

SEKm	2303	2203
Health & Medical		
Operating cash surplus	1,002	1,044
Change in working capital	-576	-355
Investments in non-current assets, net	-168	-147
Restructuring costs, etc.	49	13
Operating cash flow before investments in operating assets through leases	307	555
Investments in operating assets through leases	-25	-31
Operating cash flow	282	524
Consumer Goods		
Operating cash surplus	3,666	2,682
Change in working capital	-1,438	251
Investments in non-current assets, net	-854	-823
Restructuring costs, etc.	-58	-58
Operating cash flow before investments in operating assets through leases	1,316	2,052
Investments in operating assets through leases	-185	-78
Operating cash flow	1,131	1,974
Professional Hygiene		
Operating cash surplus	1,920	1,129
Change in working capital	-549	-671
Investments in non-current assets, net	-340	-227
Restructuring costs, etc.	-121	-88
Operating cash flow before investments in operating assets through leases	910	143
Investments in operating assets through leases	19	-13
Operating cash flow	929	130

Sales growth

SEKm	2303
Health & Medical	
Organic sales growth	611
Acquisitions	0
Sales growth including organic sales growth and acquisitions	611
Divestments	0
Exchange rate effects ¹	366
Recognized change	977
Consumer Goods	
Organic sales growth	3,289
Acquisitions	397
Sales growth including organic sales growth and acquisitions	3,686
Divestments	0
Exchange rate effects ¹	1,637
Recognized change	5,323
Professional Hygiene	
Organic sales growth	1,577
Acquisitions	22
Sales growth including organic sales growth and acquisitions	1,599
Divestments	0
Exchange rate effects ¹	718
Recognized change	2,317
Essity	
Organic sales growth	5,485
Acquisitions	420
Sales growth including organic sales growth and acquisitions	5,905
Divestments	0
Exchange rate effects ¹	2,720
Recognized change	8,625

¹Consists solely of currency translation effects.