

GlaxoSmithKline Consumer Healthcare ApS

Delta Park 37, 2665 Vallensbæk Strand

CVR no. 55 54 18 17

Annual report 2021

Approved at the Company's annual general meeting on 21 June 2022

Chair of the meeting:

.....
Simon Falbe-Hansen

Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Financial statements 1 January - 31 December	10
Income statement	10
Balance sheet	11
Statement of changes in equity	13
Notes to the financial statements	14

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of GlaxoSmithKline Consumer Healthcare ApS for the financial year 1 January - 31 December 2021.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Vallensbæk Strand, 21 June 2022
Executive Board:

.....
Michael Pedersen

Board of Directors:

.....
Jonas Bille Leerbech
Chair

.....
Michael Pedersen

.....
Trine Knudsen

Independent auditor's report

To the shareholders of GlaxoSmithKline Consumer Healthcare ApS

Opinion

We have audited the financial statements of GlaxoSmithKline Consumer Healthcare ApS for the financial year 1 January 2021 - 31 December 2021, which comprise the income statement, balance sheet, statement of changes in equity, and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31 December 2021 and of the results of its operations for the financial year 1 January 2021 - 31 December 2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark 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 financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, 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 opinion. 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 internal control relevant to the 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent auditor's report

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity'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 financial statements or, if such disclosures are inadequate, to modify our opinion. 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 the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management review

Management is responsible for the management review.

Our opinion on the financial statements does not cover the management review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management review and, in doing so, consider whether the management review is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management review.

Copenhagen, 21 June 2022
Deloitte
Statsautoriseret Revisionspartnerselskab
CVR no. 33 96 35 56

Flemming Larsen
State Authorised Public Accountant
mne27790

Management's review

Company details

Name	GlaxoSmithKline Consumer Healthcare ApS
Address, Postal code, City	Delta Park 37, 2665 Vallensbæk Strand
CVR no.	55 54 18 17
Established	17 October 1961
Registered office	Vallensbæk
Financial year	1 January - 31 December
Website	www.glaxosmithkline.dk
Telephone	+45 44 86 86 86
Telefax	+45 44 86 86 87
Board of Directors	Jonas Bille Leerbech, Chair Michael Pedersen Trine Knudsen
Executive Board	Michael Pedersen
Auditors	Deloitte Statsautoriseret Revisionspartnerselskab Weidekampsgade 6, 2300 København S

Management's review

Financial highlights

DKK'000	2021	2020	2019	2018	2017
Key figures					
Revenue	469,214	437,961	388,080	378,312	362,830
Gross profit	171,198	172,024	133,365	122,807	123,248
Profit before interest and tax (EBIT)	9,776	8,947	6,453	1,596	8,722
Net financials	-275	-143	536	-1,084	-3,486
Profit for the year	7,399	6,860	5,049	376	3,255
Balance sheet					
Total assets	351,089	390,684	351,517	346,684	345,102
Investments in property, plant and equipment	2,040	0	0	0	0
Equity	254,737	247,338	248,313	243,264	242,888
Financial ratios					
Gross margin	36.5%	39.3%	34.4%	32.5%	34.0%
EBITDA-margin	2.5%	2.5%	2.5%	1.3%	3.3%
Return on assets	3.8%	2.2%	0.1%	-0.3%	1.8%
Equity ratio	72.6%	63.3%	70.6%	70.2%	70.4%
Return on equity	2.9%	2.8%	2.1%	0.2%	1.3%
Average number of full-time employees					
	56	59	44	44	42

For terms and definitions, please see the accounting policies.

Management's review

Data ethics

We maintain data integrity by making sure that information is accurate and stored correctly. This is essential since much of our work relies on having robust data and information. As well as meeting legal and regulatory requirements, this means we have accurate information when making decisions about our products, our patients, and our people. To see more about the data ethics, the company has chosen to publish its statement on data ethics on the Company's website: www.gsk.com/en-gb/responsibility/
Look up page 14.

Business review

The Company's principal activities comprise the importation and sale of pharmaceuticals and consumer healthcare products.

Financial review

The income statement of the Company for 2021 shows a revenue increase of DKK 31,253 thousand and as of 31 December 2021 the balance sheet of the Company shows equity of DKK 254,737 thousand.

The Danish Consumer Healthcare business showed a strong performance across most of the categories it competes in, namely across Wellness and Oral Health whereas Skin Health & Nutrition declined or delivered limited growth to the overall portfolio.

Performance in the Oral Health category was driven by Sensodyne, benefiting from the increased investment and focus as part of the agreed strategic approach building on from prior years' experience. The Wellness category also recorded strong performance, primarily coming from Panodil driving the performance of the Wellness category from increased Cold & Flu season and competitors being on-off out of stock, but also affected by a normalization of past Covid. Looking further into Panodil, that drove the performance of the category with a strong performance within the RX segment, but also a strong performance on OTC segment as mentioned driven by the Cold and Flu season coming back, and after the normalization past the covid restriction.

Otrivin has been another key pillar of the Danish Consumer business in 2021, experienced an increased growth due to external factors, which was an increasing Cold and Flu season and side effects from Covid. Despite the effect of cold and flu and Covid, this is strong performance in a highly competitive environment.

A drainer for the Danish consumer business is the NRT, where Nicotinell experienced a decline in the traditional formats which company competes in, whereas the formats that the company does compete in continues to grow. Further the Vitamin business experienced a large decline coming from internal optimization and strategy focus, whereas single vitamins was delisted which was 20% of the Multi-tabs portfolio. A watch out for the Danish business is the strong performance from the prior year of Voltaren, have slowed down in growth and is mainly driven by the competitive environment.

During 2021 GSK Consumer Healthcare, divested Scopederma. This brand was a tail brand and was a very small part of the total sales in Denmark.

In summary, looking GSK Consumer Healthcare Denmark experienced a strong financial year benefitting from growth in its flagship brand such as Panodil, Otrivin & Sensodyne and navigating through significant external risks and internal changes.

Pfizer Consumer Healthcare business

In May 1 2020, 3 brands was integrated into GSK business (Multi-tabs (Nutrition), Imedeem (Skin Health) and Biform/Idoform (Nutrition)), 2021 was the first full financial year maintaining the three new brands for Pfizer Consumer Healthcare.

Separation preparation

We remain firmly on track with our intention to separate GSK Group into two new, exciting companies next year - a New GSK in Biopharma and a new world leader in Consumer Healthcare called Haleon.

Management's review

Capital resources

Dividend on the amount DKK 200 million is proposed to be distributed, based on the results of Financial Statement for 2021.

Outlook

The Danish Consumer business will continue its drive on the organic growth of the combined portfolio, focusing on investing behind its Oral Health business. Further increased focus on investing and maintain the growth seen in the two flagship brand Panodil and Otrivin to keep the strong performance moving into 2022. The increase competitive landscape in the topical pain, is a key focus area for the Danish Consumer business to keep the same level of revenue. Further the Danish business will keep focusing on leveraging the remainder of its portfolio within the market. The forecast is to growth in line with in 2021. Revenue is expected to be approximately DKK 476,000 thousand, with operating profit in line with global strategic ambitions. It will continue to make selective investments in its brands, drive pricing initiatives and launch new products in the unwavering pursuit of delivering on its promise of bringing consumers the ability to Do More, Feel Better and Live Longer.

Financial risks and use of financial instruments

Financial risks

In consequence of its operations, investments and funding, the Company is exposed to changes in exchange rates and the interest level. It is the Company's policy not to speculate actively in, or hedge, financial risks.

Foreign exchange risks

The Company is affected by changes in exchange rates as purchases and sales are made in different currencies. As the primary currencies are Danish Krone, British pound and Euro no significant exchange risks are related.

Credit risks

It is expected that the Company's procedure for assessing trading partners will lead to a minimal risk of losses. The Company's loans have been contracted with group companies, and the counter-party risk is considered low.

Impact on the external environment

Environment Issues, Health and Safety

The Company, in line with GSK corporate policy, is committed to the good-keeping of the environment and continuously reviews its operating procedures to ensure that it is minimizing all risks of environmental pollution. The Company takes steps to limit the environment impact from its products and operations by eliminating waste and ensuring that products are disposed of in an environmentally friendly way. Packaging for new products is also considered to ensure that environmentally safe options are followed. The Company takes health & safety seriously and takes initiatives to ensure that our employees have a place of work where work-related risks are reduced to the extent possible.

Anti-bribery & corruption (ABAC)

We have appropriate controls in place such as training, awareness raising, and strong monitoring around transactions and payments to third parties. We plan to continue with pre- and post-transaction ABAC due diligence, increasing the capabilities in the business on monitoring, oversight, and red flag resolution of third parties. We continue to understand and assess our money-laundering risk exposure and mitigate any existing risk. The risk for the Company remains low.

Management's review

Research and development activities

The Company believes that innovation is a key driver of its business, and the ultimate parent company, GlaxoSmithKline plc., conducts extensive research and development (R&D) activities principally in the UK and the US. Significant areas of R&D focus include fast & long-lasting OTC tablet technologies, gum & lozenge developments, premium toothpaste formulation and formulation upgrades, as well as the redesign of product packaging with due regard to environmental considerations. The Company has no R&D facilities of its own and conducts no R&D activities except occasional product packaging redesign activities for its local market.

Social responsibility and diversity

The company is covered by the obligation of information with regards to social responsibility. Please refer to the Group's reports concerning social responsibility: "Do more, feel better, live longer - Corporate Responsibility Report" on www.gsk.com/en-gb/responsibility/responsibility-reports-data/

GSK management is committed to provide equal opportunity and career development to every employee irrespective of gender. The Danish GSK Consumer Legal entity is part of the GSK Consumer Area Benelux Nordics. The Full Area Leadership Team of Consumer Healthcare Benelux Nordics consists of 20 members of which 12 (60%) are female. The aim is to have a level of 50% women and 50% men in management and board. Within the Danish Consumer entity specifically, 67% of the board are male and 33% are female.

Recognition and measurement uncertainties

Recognition and measurement in the annual report have not been subject to any uncertainty.

Events after the balance sheet date

The financial position at 31 December 2021 of the Company and the results of the activities of the Company for the financial year 2021 have not been affected by any subsequent events.

Risks associated with the coronavirus

The impact of the Coronavirus on GSK's trading performance and supply continuity remains stable, when looking at the performance of the Danish Business in 2021. From 2022 the Coronavirus is no longer classified as a pandemic with Denmark; therefore, GSK see no business effect from Coronavirus in 2022. For 2021 the Corona Virus had a slight impact of the Danish business for Q1 2021 but was compensated by a fast bounce back in Q2 and Q3 when comparing to 2020. Overall, the Coronavirus had a large impact of the use of GSK products during the Autumn/Winter. The high number of affected with Coronavirus had flu symptoms boosting the sales of flu products (Otrivin & Panadol), showing a high growth versus last year 2020 and delivering strong a very strong year, comparing to 2020. But as GSK have a wide range of product portfolio, some brands are affected, others are performing better than expectation, evening out the risk of the impact of Coronavirus

Ukraine

As the war in Ukraine is impacting Europe inflation overall, this have also an effect on GSK as it has for its competitors aswell. GSK do not have any manufacturing facilities inside Ukraine, so for GlaxoSmithKline Consumer Healthcare ApS there are limitation to the direct influence of the war, and more the macro environmental impacts, such as the increasing cost of goods and the high inflations rates.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2021	2020
3	Revenue	469,214	437,961
	Cost of sales	-298,016	-265,937
	Gross profit	171,198	172,024
	Distribution costs	-68,412	-78,064
15,5	Administrative expenses	-88,624	-85,738
	Operating profit	14,162	8,222
4	Other operating income	0	1,480
6	Other operating expenses	-4,385	-755
	Profit before net financials	9,777	8,947
7	Financial income	79	130
8	Financial expenses	-354	-273
	Profit before tax	9,502	8,804
9	Tax for the year	-2,103	-1,944
	Profit for the year	7,399	6,860

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2021	2020
	ASSETS		
	Fixed assets		
10	Intangible assets		
	Computer Software	4,309	6,068
	Goodwill	0	0
		<u>4,309</u>	<u>6,068</u>
11	Property, plant and equipment		
	Equipment	1,773	0
		<u>1,773</u>	<u>0</u>
	Total fixed assets	<u>6,082</u>	<u>6,068</u>
	Non-fixed assets		
	Receivables		
	Trade receivables	78,911	84,297
	Receivables from group enterprises	231,924	270,636
14	Deferred tax assets	1,299	841
	Corporation tax receivable	403	4,022
	Other receivables	24,897	17,833
12	Prepayments	7,573	6,987
		<u>345,007</u>	<u>384,616</u>
	Total non-fixed assets	<u>345,007</u>	<u>384,616</u>
	TOTAL ASSETS	<u><u>351,089</u></u>	<u><u>390,684</u></u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2021	2020
	EQUITY AND LIABILITIES		
	Equity		
13	Share capital	3,000	3,000
	Retained earnings	51,737	244,338
	Dividend proposed	200,000	0
	Total equity	<u>254,737</u>	<u>247,338</u>
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Trade payables	36,008	39,474
	Payables to group enterprises	1,746	13,458
	Other payables	58,598	90,414
		<u>96,352</u>	<u>143,346</u>
	Total liabilities other than provisions	<u>96,352</u>	<u>143,346</u>
	TOTAL EQUITY AND LIABILITIES	<u>351,089</u>	<u>390,684</u>

- 1 Accounting policies
- 2 Events after the balance sheet date
- 16 Contractual obligations and contingencies, etc.
- 17 Collateral
- 18 Related parties
- 19 Fee to the auditors appointed by the Company in general meeting
- 20 Appropriation of profit

Financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK'000	Share capital	Retained earnings	Dividend proposed	Total
	Equity at 1 January 2020	3,000	70,270	0	73,270
	Adjustment of equity through corrections of errors	0	175,043	0	175,043
	Capital deficit due to the book value method	0	-10,045	0	-10,045
20	Transfer, see "Appropriation of profit"	0	6,860	0	6,860
	Tax on items recognised directly in equity	0	2,210	0	2,210
	Equity at 1 January 2021	3,000	244,338	0	247,338
20	Transfer, see "Appropriation of profit"	0	-192,601	200,000	7,399
	Equity at 31 December 2021	3,000	51,737	200,000	254,737

Adjustment of equity through corrections of errors amounts to t.DKK 175,043 equal to the proposed dividend in the financial statements for the financial year 2017. The proposed dividend has not been approved at the general meeting and therefore never been paid. Therefore, the amount has been presented as payables to group entities incorrectly, from the financial year 2018 to the financial year 2020. The exact amount has been reversed in the financial year 2021.

The entity's trial balance has been impacted in the following way, in both current years figures and comparative figures:

Income statement: 0
Assets: 0
Liabilities: -175,034
Equity: 175,034.

Financial highlights have also been adjusted in relation to the above mentioned correction. The following figures have been impacted in the following financial years:

2018:

- Equity: from 68,221 to 243,264, net change: 175,043
- Equity ratio: from 19.7% to 70.2%, net change: 50.5%
- Return on equity: no changes

2019:

- Equity: from 73,270 to 248,313, net change: 175,043
- Equity ratio: from 20.8% to 70.6%, net change: 49.8%
- Return on equity: from 7.1% to 2%, net change: -5.1%

2020:

- Equity: from 72,295 to 247,338, net change: 175,043
- Equity ratio: from 18.5% to 63.3%, net change: 44.8%
- Return on equity: from 9.4 % to 2.7%, net change: -6.7%

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of GlaxoSmithKline Consumer Healthcare ApS for 2021 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Material misstatements

Adjustment of equity through corrections of errors amounts to t.DKK 175,043 equal to the proposed dividend in the financial statements for the financial year 2017. The proposed dividend has not been approved at the general meeting and therefore never been paid. Therefore, the amount has been presented as payables to group entities incorrectly, from the financial year 2018 to the financial year 2020. The exact amount has been reversed in the financial year 2021.

The entity's trial balance has been impacted in the following way, in both current years figures and comparative figures:

Income statement: 0
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Liabilities: -175,034
Equity: 175,034.

Financial highlights have also been adjusted in relation to the above mentioned correction. The following figures have been impacted in the following financial years:

2018:

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- Return on equity: no changes

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- Equity: from 72,295 to 247,338, net change: 175,043
- Equity ratio: from 18.5% to 63.3%, net change: 44.8%
- Return on equity: from 9.4 % to 2.7%, net change: -6.7%

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are reflected in the consolidated cash flow statement for the higher-ranking parent company GlaxoSmithKline plc., Brentford, Middlesex, England.

Basis of recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised costs are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Intra-group business combinations

The book value method is applied to business combinations such as acquisition and disposal of investments, mergers, demergers, contributions of assets and share conversions, etc. in which entities controlled by the parent company are involved, provided that the combination is considered completed at the time of acquisition without any restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquiree are recognised directly in equity.

Foreign currency translation

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Segment reporting

Segment information is presented in respect of business segments and geographical segments based on the Company's risks and returns and its internal financial reporting system.

Income statement

Revenue

Revenue from the sale of goods is recognised in the income statement when supply and transfer of risk to the buyer have taken place and the income can be reliably measured and is expected to be received.

Revenue is recognised exclusive of VAT, taxes and net of discounts relating to sales.

Cost of sales

The cost of goods sold comprises of costs incurred for the year.

Distribution costs

Sales and distribution expenses comprise costs in the form of salaries to sales and distribution staff, advertising and marketing expenses, depreciation, etc.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc.

Other operating income and operating expenses

Other operating income comprise items of a secondary nature to the core activities of the enterprise.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses comprising of interest, bank charges and foreign exchange are recognised in the income statement at the amounts relating to the financial year.

Tax

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Danish sister company. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance sheet

Intangible assets

Goodwill is amortised on a straight-line basis over the estimated useful life determined on the basis of Management's experience with the individual business areas. If it is not possible to reliably estimate useful life the amortisation period is 5 years.

Intangible assets are measured at cost less accumulated amortisation and less any accumulated impairment losses. Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are 5-10 years.

Property, plant and equipment

Property, plant and equipment assets are measured at cost less accumulated depreciation and less any accumulated impairment losses. Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the assets is ready for use. Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are 3-10 years.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount, and the asset is written down to its lower recoverable amount. This impairment test is performed on an annual basis for development projects in progress irrespective of any indication of impairment.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Prepayments

Prepayments are measured at cost and comprise insurance premiums, advertising expenses, etc.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Equity

Proposed dividends

Dividend distribution proposed by Management for the year is recognised in equity.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable Income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

As administration entity for all the entities in the joint taxation arrangement, the parent company is liable for payment of the subsidiaries' income taxes vis à vis the tax authorities as the subsidiaries pay their joint taxation contributions. Joint taxation contributions payable or receivable are recognised in the balance sheet as income tax receivables or payables.

Liabilities

Debts are measured at amortised cost, substantially corresponding to nominal value.

Other payables comprise rebates payable, accruals and payroll accruals.

Lease liabilities

Lease liabilities are measured at the net present value of the remaining lease payments including any guaranteed residual value based on the interest rate implicit in the lease.

Cash flow statement

The cash flow of GlaxoSmithKline Consumer Healthcare A/S are recognised in the consolidated financial statements of GlaxoSmithKline plc., Brentford, Middlesex, England. Therefore, cash flow statement is not presented in the annual report of GlaxoSmithKline Consumer Healthcare A/S, ref. Danish Financial Statements Act § 86, stk. 4.

Segment information

The allocation of revenue to activities and geographical markets is disclosed where these activities and markets differ significantly in the organisation of sales of goods and services.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating profit/loss	Profit/loss before financial items adjusted for other operating income and other operating expenses
Gross margin	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$
EBITDA-margin	$\frac{\text{Earnings before interest, taxes and amortisations (EBITDA)} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit/loss from operating activities} \times 100}{\text{Average assets}}$
Equity ratio	$\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

Financial statements 1 January - 31 December

Notes to the financial statements

2 Events after the balance sheet date

There are no known events after the balance sheet with significant impact on the company's financial position.

DKK'000	<u>2021</u>	<u>2020</u>
3 Segment information		
Breakdown of revenue by business segment:		
Wellness	389,078	367,611
Oral Health	36,975	34,999
Skin Health	21,228	21,603
Nutrition	21,933	13,748
	<u>469,214</u>	<u>437,961</u>
Breakdown of revenue by geographical segment:		
Denmark	426,186	396,879
Iceland	43,028	41,082
	<u>469,214</u>	<u>437,961</u>
4 Other operating income		
Intercompany service fees	0	1,480
	<u>0</u>	<u>1,480</u>
5 Amortisation/depreciation of intangible assets and property, plant and equipment		
Amortisation of intangible assets	1,759	2,001
Depreciation of property, plant and equipment	267	0
	<u>2,026</u>	<u>2,001</u>
Amortisation/depreciation of intangible assets and property, plant and equipment is recognised in the income statement under the following items:		
DKK'000	<u>2021</u>	<u>2020</u>
Administrative expenses	2,026	2,001
	<u>2,026</u>	<u>2,001</u>

6 Other operating expenses

Other operating expenses include losses on the sale of property, plant and equipment and intercompany service fees. Losses on sale of fixed assets amount to 0 DKK and intercompany service fees amount to 4,385 t.DKK in 2021.

Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	2021	2020
7 Financial income		
Interest receivable, group entities	25	34
Other financial income	54	96
	<u>79</u>	<u>130</u>
8 Financial expenses		
Other financial expenses	354	273
	<u>354</u>	<u>273</u>
9 Tax for the year		
Estimated tax charge for the year	2,561	1,382
Deferred tax adjustments in the year	-458	122
Tax adjustments, prior years	0	440
	<u>2,103</u>	<u>1,944</u>

10 Intangible assets

DKK'000	Computer Software	Goodwill	Total
Cost at 1 January 2021	18,822	7,263	26,085
Cost at 31 December 2021	18,822	7,263	26,085
Impairment losses and amortisation at 1 January 2021	12,754	7,263	20,017
Amortisation for the year	1,759	0	1,759
Impairment losses and amortisation at 31 December 2021	14,513	7,263	21,776
Carrying amount at 31 December 2021	<u>4,309</u>	<u>0</u>	<u>4,309</u>
Amortised over	<u>10 years</u>	<u>5 years</u>	

11 Property, plant and equipment

DKK'000	Equipment
Cost at 1 January 2021	18,653
Additions	2,040
Disposals	-1,062
Cost at 31 December 2021	<u>19,631</u>
Impairment losses and depreciation at 1 January 2021	18,653
Depreciation	267
Reversal of accumulated depreciation and impairment of assets disposed	-1,062
Impairment losses and depreciation at 31 December 2021	<u>17,858</u>
Carrying amount at 31 December 2021	<u>1,773</u>
Depreciated over	<u>3-10 years</u>

Financial statements 1 January - 31 December

Notes to the financial statements

12 Prepayments

Prepayments consist primarily of prepaid expenses concerning insurance premiums, lease plans, etc.

DKK'000	2021	2020
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13 Share capital

Analysis of the share capital:

3,000 shares of DKK 1,000.00 nominal value each	3,000	3,000
	3,000	3,000

The Company's share capital has remained DKK 3,000 thousand over the past 5 years.

DKK'000	2021	2020
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14 Deferred tax

Deferred tax at 1 January	-841	1,247
Deferred tax for the year	-458	-2,088
Deferred tax at 31 December	-1,299	-841

Deferred tax relates to:

Intangible assets	-630	-787
Property, plant and equipment	13	-54
Liabilities	-682	0
	-1,299	-841

15 Staff costs

Wages/salaries	55,141	37,900
Pensions	3,909	2,670
Other social security costs	230	1,054
	59,280	41,624

Average number of full-time employees	56	59
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By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed.

Financial statements 1 January - 31 December

Notes to the financial statements

16 Contractual obligations and contingencies, etc.

Other financial obligations

Other rent and lease liabilities:

DKK'000	2021	2020
Rent and lease liabilities	10,731	4,520

Contractual obligations

The company has entered into agreements with an affiliated company regarding rendering of services. The agreements may be terminated by 3 - 6 months notice after the non-terminable period is ended. Total commitments in the period of non-terminability amounts to t.DKK 82.

The company has entered into lease agreements of company cars. Total commitments amount to t.DKK 2,035 at 31 December 2021 with a non-terminability period up to 44 months.

The company has entered into rent agreements with a non-terminable period of 101 months. Total commitments in the period of non-terminability amounts to t.DKK 8,614.

Other

As administration entity, the Company is jointly taxed with other Danish group entities and is jointly and severally with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends.

17 Collateral

The company's bank have issued a bank guarantee regarding rent deposit amounting to t.DKK 640 at 31 December 2021.

18 Related parties

GlaxoSmithKline Consumer Healthcare ApS' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
GlaxoSmithKline plc.	Brentford, UK	Ultimate parent company
GlaxoSmithKline Consumer Healthcare (Overseas) Ltd.	Brentford, UK	Immediate parent company

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
GlaxoSmithKline plc.	Brentford, UK	www.GSK.com

Financial statements 1 January - 31 December

Notes to the financial statements

18 Related parties (continued)

Related party transactions

There have been no transactions with the Supervisory Board, the Executive Board, senior employees, significant shareholders, group enterprises or other related parties, except for intercompany transactions and normal management remuneration.

GSK Consumer has purchased DKK 286 million of inventory from GSK Consumer Trading Services. GSK Consumer has DKK 222 million of receivables from affiliates relating to loans, intercompany service fees and interests, and cross charges for warehousing and distribution costs. GSK Consumer has DKK 2 million of payables to affiliates relating to cost of goods sold and intercompany charges.

Information on the remuneration to management

Information on the remuneration to Management appears from note 15, "Staff costs".

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the votes or minimum 5% of the share capital:

Name	Domicile
GlaxoSmithKline Consumer Healthcare (Overseas) Ltd.	980 Great West Road, Brentford, Middlesex, Tw8 965, United Kingdom

DKK'000	2021	2020
19 Fee to the auditors appointed by the Company in general meeting		
Total fees to Deloitte	413	404
Statutory audit	413	404
	413	404
20 Appropriation of profit		
Recommended appropriation of profit		
Proposed dividend recognised under equity	200,000	0
Retained earnings/accumulated loss	-192,601	6,860
	7,399	6,860

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"By my signature I confirm all dates and content in this document."

Michael Pedersen

Executive Board

On behalf of: GlaxoSmithKline Consumer Healthcare ApS

Serial number: PID:9208-2002-2-741729989821

IP: 198.28.xxx.xxx

2022-06-21 10:22:52 UTC

NEM ID 

Jonas Bille Leerbech

Board of Directors

On behalf of: GlaxoSmithKline Consumer Healthcare ApS

Serial number: 07797a3b-289e-4f55-8f47-fc52d42619a1

IP: 93.167.xxx.xxx

2022-06-21 10:31:37 UTC

Mit  

Trine Knudsen

Board of Directors

On behalf of: GlaxoSmithKline Consumer Healthcare ApS

Serial number: PID:9208-2002-2-385392327359

IP: 198.28.xxx.xxx

2022-06-21 11:21:09 UTC

NEM ID 

Michael Pedersen

Board of Directors

On behalf of: GlaxoSmithKline Consumer Healthcare ApS

Serial number: 5e7ea668-1336-49ed-87ec-70464ca7a043

IP: 198.28.xxx.xxx

2022-06-23 06:16:32 UTC

Mit  

Flemming Larsen

State Authorised Public Accountant

On behalf of: Deloitte

Serial number: CVR:33963556-RID:28835534

IP: 83.151.xxx.xxx

2022-06-23 06:22:03 UTC

NEM ID 

Simon Falbe-Hansen

Chairman

On behalf of: GlaxoSmithKline Consumer Healthcare ApS

Serial number: PID:9208-2002-2-299181521528

IP: 92.241.xxx.xxx

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