

GlaxoSmithKline

Consumer Healthcare ApS

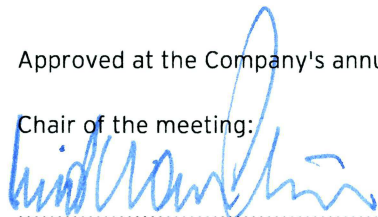
Delta Park 37, 2665 Vallensbæk Strand

CVR no. 55 54 18 17

Annual report 2020

Approved at the Company's annual general meeting on 11 June 2021

Chair of the meeting:



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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 2020.

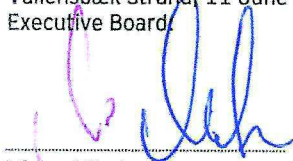
The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020.

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, 11 June 2021
Executive Board:



Michael Pedersen

Board of Directors:


Thomas Maximilian Maurer
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 2020 - 31 December 2020, 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 2020 and of the results of its operations for the financial year 1 January 2020 - 31 December 2020 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. 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, 11 June 2021

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR no. 33 96 35 56



Lars Hansen

State Authorised Public Accountant
mne24828

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	Thomas Maximilian Maurer, 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	2020	2019	2018	2017	2016
Key figures					
Revenue	437,961	388,080	378,312	362,830	479,393
Gross profit	171,269	133,365	122,807	123,248	167,554
Profit before interest and tax (EBITA)	8,946	6,453	1,596	8,722	19,282
Net financials	-143	536	-1,084	-3,486	6,444
Profit for the year	6,860	5,049	376	3,255	18,467
Balance sheet					
Total assets	390,685	351,517	346,684	345,102	445,350
Investments in property, plant and equipment	0	0	0	0	0
Equity	72,295	73,270	68,221	242,888	239,633
Financial ratios					
Gross margin	39.1%	34.4%	32.5%	34.0%	35.0%
EBITDA-margin	2.5%	2.5%	1.3%	3.3%	4.7%
Return on assets	2.0%	0.1%	-0.3%	1.8%	3.3%
Equity ratio	18.5%	20.8%	19.7%	70.4%	53.8%
Return on equity	9.4%	7.1%	0.2%	1.3%	5.3%
Operational metrics					
Average number of employees	59	44	44	42	43

For terms and definitions, please see the accounting policies.

Management's review

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 2020 shows a revenue increase of DKK 49,881 thousand and as of 31 December 2020 the balance sheet of the Company shows equity of DKK 72,295 thousand.

The Danish Consumer Healthcare business showed a strong performance across most of the categories it competes in, namely across Pain Relief, Smoker's Health, Oral Health and Vitamin Category. Performance in the Oral Care category was driven by Sensodyne and Aquafresh, benefiting from the increased investment and focus as part of the agreed strategic approach building on prior year experience.

The Pain Relief category also recorded strong performance, with both Panodil and Voltaren driving the performance of the Pain category from increased innovation of Voltaren Forte. Nicotinell, another key pillar of the Danish Consumer business, experienced an increased growth due to external factors, which was an increasing of cigarettes prices and increase focus from governmental side to stop smoking. This is a good performance in a strong competitive environment. Within Pain Relief, Panodil drove the performance of the category with a strong performance within the RX segment. Voltaren, as mentioned before, experienced a strong performance coming from the launch of Voltaren Forte variants, that have a higher value than existing product, the cannibalisation that have happen was higher than expected giving the strong performance. On the other hand, looking at the respiratory category specific Otrivin, which experience bad performance driving by a derived effect of COVID, and the social distance have had an effect of the flu season, which is a main driver for Otrivin performance in peak seasons.

During 2020 GSK Consumer Healthcare, divested Tavegyl, Venoruton and Breath Right. These brands was part of the Skin health category. This was a minor brand and did not account for a large sum of the total sales.

In summary, GSK Consumer Healthcare Denmark experienced a solid financial year benefitting from growth in its flagship brand such as Panodil, Voltaren, Nicotinell, and increasingly Sensodyne and navigating through significant external risks and internal changes.

Pfizer Consumer Healthcare business

The acquisition of Pfizer's consumer healthcare business completed globally on 31 July 2019. GSK and Pfizer have contributed their respective consumer healthcare businesses into a new Consumer Healthcare Joint Venture in a non-cash transaction, whereby GSK has acquired Pfizer's consumer healthcare business in return for shares in the Joint Venture. GSK has an equity interest of 68% and majority control of the Joint Venture and Pfizer has an equity interest of 32%. For GSK Consumer Healthcare Denmark Legal completion of the acquisition of the Pfizer business by an asset deal has occurred on May 1, 2020. The difference of the amount paid for the assets coming over and the actual book value is posted in equity, amounting DKK 10 million. The business has been integrated into the organization and no business continuity issues or significant employee experience issues were reported.

As per the cutover day, May 1 2020, 3 brands was integrated into GSK business (Multi-tabs, Imedeem and Bifiform/Idoform), and also an online subscriptions business, that later was divested august 2020.

Separation preparation

We remain firmly on track with our intention to separate into two new, exciting companies next year - a New GSK in Biopharma and a new world leader in Consumer Healthcare. We have met all our first year targets for the separation program and the integration of the Consumer JV is substantially complete. As the second year of our two-year transformation, 2021 will see further to launching new products to sustain our long-term competitive growth.

Management's review

Capital resources

No dividend is proposed in the 2020 annual report.

Outlook

The Danish Consumer business will continue its drive on the organic growth of the combined portfolio, focusing on investing behind its Oral Care business, and Voltaren with the increased focus on the innovations coming from Voltaren Forte, and leveraging the remainder of its portfolio within a market that is forecasted to only grow marginally in 2021. Revenue is expected to be approximately DKK 454,000 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 is 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 - below is covering DFA § 99A & § 99B

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 minimising 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.

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.

Management's review

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 2020 of the Company and the results of the activities of the Company for the financial year 2020 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. Up to the date of this report, there have been a slight shift and a small downside of 10% of the Danish business for Q1, but is compensated by upside in Q2, looking at 2020 as comparison. Overall, for the Danish business, the full risk associated to Coronavirus is still uncertain. But we are still monitoring the situations, but as GSK have a wide range portfolio, some brands are affected, others are performing better than expectation. But the situation could change at any time and there can be no assurance that the coronavirus will not have a material adverse impact on the future results of the Group and the Company on a local level.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2020	2019
4	Revenue	437,961	388,080
	Cost of sales	-266,692	-254,715
	Gross profit	171,269	133,365
	Distribution costs	-78,064	-67,132
5,6	Administrative expenses	-85,738	-66,018
	Operating profit	7,467	215
7	Other operating income	1,480	6,238
	Profit before net financials	8,947	6,453
8	Financial income	130	1,393
9	Financial expenses	-273	-857
	Profit before tax	8,804	6,989
10	Tax for the year	-1,944	-1,940
	Profit for the year	6,860	5,049

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2020	2019
	ASSETS		
	Fixed assets		
11	Intangible assets		
	Computer Software	6,069	7,828
	Goodwill	0	242
		<u>6,069</u>	<u>8,070</u>
	Total fixed assets	<u>6,069</u>	<u>8,070</u>
	Non-fixed assets		
	Receivables		
	Trade receivables	84,297	56,590
	Receivables from group enterprises	270,636	257,104
14	Deferred tax assets	841	0
	Corporation tax receivable	4,022	3,193
	Other receivables	17,833	19,662
12	Prepayments	6,987	6,898
		<u>384,616</u>	<u>343,447</u>
	Total non-fixed assets	<u>384,616</u>	<u>343,447</u>
	TOTAL ASSETS	<u><u>390,685</u></u>	<u><u>351,517</u></u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2020	2019
	EQUITY AND LIABILITIES		
	Equity		
13	Share capital	3,000	3,000
	Retained earnings	69,295	70,270
	Total equity	<u>72,295</u>	<u>73,270</u>
	Provisions		
14	Deferred tax	0	1,247
	Total provisions	<u>0</u>	<u>1,247</u>
	Liabilities other than provisions		
	Non-current liabilities other than provisions		
	Other payables	0	1,266
		<u>0</u>	<u>1,266</u>
	Current liabilities other than provisions		
	Trade payables	39,475	24,508
	Payables to group enterprises	188,501	209,021
	Other payables	90,414	42,205
		<u>318,390</u>	<u>275,734</u>
		<u>318,390</u>	<u>277,000</u>
	TOTAL EQUITY AND LIABILITIES	<u><u>390,685</u></u>	<u><u>351,517</u></u>

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

Financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK'000	Share capital	Retained earnings	Total
	Equity at 1 January 2020	3,000	70,270	73,270
	Capital deficit due to the book value method	0	-10,045	-10,045
18	Transfer, see "Appropriation of profit"	0	6,860	6,860
	Tax on items recognised directly in equity	0	2,210	2,210
	Equity at 31 December 2020	3,000	69,295	72,295

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of GlaxoSmithKline Consumer Healthcare ApS for 2020 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

Effective from the financial year 2020, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities but has solely entailed a requirement for further disclosures. The accounting policies used in the preparation of the financial statements are consistent with those of last year.

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.

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

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 standard 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.

Administrative expenses

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

Other operating income

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

Amortisation

The item comprises amortisation of intangible assets.

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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:

Depreciation period: 5-10 years

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Equity

Proposed dividends

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

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 receivables and liabilities

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 management company 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

Other payables comprise rebates payable, accruals and payroll accruals.

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.

3 Special items

There are no special items for the year recognised in the income statement.

DKK'000	2020	2019
4 Segment information		
Breakdown of revenue by business segment:		
Wellness	367,611	332,323
Oral Health	34,999	30,335
Skin Health	21,603	17,214
Respiratory	0	8,208
Nutrition	13,748	0
	<u>437,961</u>	<u>388,080</u>
Breakdown of revenue by geographical segment:		
Denmark	396,879	351,361
Iceland	41,082	36,719
	<u>437,961</u>	<u>388,080</u>
5 Staff costs		
Wages/salaries	37,900	30,366
Pensions	2,670	2,637
Other social security costs	1,054	841
	<u>41,624</u>	<u>33,844</u>
Average number of full-time employees	<u>59</u>	<u>44</u>

Remuneration to members of Management:

According to section 98 B(3) of the Danish Financial Statements Act, remuneration to the Executive Board has not been disclosed.

Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	2020	2019
6 Amortisation of intangible assets		
Amortisation of intangible assets	2,001	3,212
	<u>2,001</u>	<u>3,212</u>
Amortisation of intangible assets is recognised in the income statement under the following items:		
DKK'000	2020	2019
Administrative expenses	2,001	3,212
	<u>2,001</u>	<u>3,212</u>
7 Other operating income		
Intercompany service fees	1,480	6,238
	<u>1,480</u>	<u>6,238</u>
8 Financial income		
Interest receivable, group entities	34	21
Other financial income	96	1,372
	<u>130</u>	<u>1,393</u>
9 Financial expenses		
Other financial expenses	273	857
	<u>273</u>	<u>857</u>
10 Tax for the year		
Estimated tax charge for the year	1,382	2,009
Deferred tax adjustments in the year	122	-454
Tax adjustments, prior years	440	385
	<u>1,944</u>	<u>1,940</u>

11 Intangible assets

DKK'000	Computer Software	Goodwill	Total
Cost at 1 January 2020	18,822	7,263	26,085
Cost at 31 December 2020	18,822	7,263	26,085
Impairment losses and amortisation at 1 January 2020	10,994	7,021	18,015
Amortisation for the year	1,759	242	2,001
Impairment losses and amortisation at 31 December 2020	12,753	7,263	20,016
Carrying amount at 31 December 2020	<u>6,069</u>	<u>0</u>	<u>6,069</u>
Amortised over	<u>10 years</u>	<u>5 years</u>	

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12 Prepayments

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

DKK'000	2020	2019
13 Share capital		
Analysis of the share capital:		
3,000 shares of DKK 1,000.00 nominal value each	3,000	3,000
	<u>3,000</u>	<u>3,000</u>

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

DKK'000	2020	2019
14 Deferred tax		
Deferred tax at 1 January	1,247	1,701
Deferred tax for the year	-2,088	-454
Deferred tax at 31 December	<u>-841</u>	<u>1,247</u>
Deferred tax relates to:		
Intangible assets	-787	1,319
Property, plant and equipment	-54	-72
	<u>-841</u>	<u>1,247</u>

15 Contractual obligations and contingencies, etc.

Other financial obligations

Other rent and lease liabilities:

DKK'000	2020	2019
Rent and lease liabilities	<u>4,520</u>	<u>3,989</u>

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 DKK 1,886 thousand. From 1st April 2021 GSK has a new landlord with new set-ups.

Other

The Company is jointly taxed with other Danish group companies. As a group company, together with the other companies included in the joint taxation, the Company has joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties.

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16 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

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 312 million of inventory from GSK Consumer Trading Services. GSK Consumer has DKK 267 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 189 million of payables to affiliates relating to cost of goods sold, intercompany charges of DKK 1 million and FY17 dividends.

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	2020	2019
17 Fee to the auditors appointed by the Company in general meeting		
Total fees to Deloitte	404	408
Statutory audit	404	408
	404	408
18 Appropriation of profit		
Recommended appropriation of profit	6,860	5,049
Retained earnings	6,860	5,049